



Virginia State Procurement

Leveraging the Power of
Procurement

“The Way Ahead”

If you want to go fast, go alone. If you want to go far, go together.

Objective

Ensure your organizational procurement strategy is successful.

Success in Procurement

- How do we define procurement success
- What do we need to achieve it
- How would your customers define it
- Success is the single most important thing we cannot have - unless and until what _____?

The common denominator of every successful endeavor is unity of effort among all parties involved.
When you achieve unity of effort, then all things are possible and success is the outcome.

– Five Questions –

1. What are Procurement's strengths and values
2. How does Procurement help achieve goals
3. Who must understand Procurement's value
4. What words, measures or tools create and communicate value
5. How does Procurement help an organization achieve its mission

THE BIG PICTURE



Personal Perspective

- Integrity - first and foremost
- Always keeping “big picture” in mind
- Have a plan and be methodically relentless
- Learn the “art of woo” and how to SELL
- Do best we can, where we are, with what we have
- Maximize agility - continuous OODA
- Beware of distractions, disguised as opportunities
- Always take the initiative
- Every person is a leader, the credit is theirs
- Teach, coach, train - at all times, and with all people

In teaching you will learn; in learning you will teach



STOP looking for complexities – K.I.S.S.




None of the secrets of success will work unless you do.

Procurement “Push it Up”

- Who
- What
- Why
- When
- Where
- How

"Push it up!" is a metaphor for taking fierce action – step-by-step – on a path to victory. It stands for maximum trust and effort.

LTC (Ret) Rob "Waldo" Waldman USAF

A photograph of a wooden sign mounted on a dark wooden wall. The sign is light-colored and features a quote in bold, black, sans-serif capital letters. The background is dark, with some structural elements of a building visible, including a window or opening on the right side.

THE BITTERNESS OF POOR QUALITY
REMAINS LONG AFTER THE SWEETNESS
OF LOW PRICE IS FORGOTTEN.



Procurement “Influencer”

Persons with the power to affect purchase decisions of others because of their authority, knowledge, position, or relationship. For us, they are internal employees (procurement staff, business leaders and managers, engineers, legal, finance and technical SMEs) as well as external political leaders, appointees, and others with a capacity or power to be a compelling force to affect the actions, behavior, opinions, etc., of others and the procurement process.

The largest obstacle to Procurements’ value evolution is described by the Hackett Group as its limited circle of influence

Influencers

- A.T. Kearney
- Aberdeen
- Ardent Partners
- Assoc's (IACCM, ISM, NIGP)
- Azul Partners
- Buyers Meeting Point
- Capgemini
- CAPS Research
- Denali Group
- Emptoris (IBM)
- Everest Group
- Forrester Research
- Gartner
- GEP
- Hackett Group
- KPMG
- McKinsey
- NextLevel
- Procurian
- SCMR
- SDCE
- Vantage Partners

Influencers – Thought Leaders

- Rick Grimm NIGP
- Kelly Barner BMP
- Chris Sawchuk Hackett
- Jon Hanson PI
- Steve Gordon ODU
- Tim Cummins IACCM
- David Dise MD
- John Blascovich ATK
- John Tracy KTN
- Kate Vitasek UTenn
- Stephen Guth NRECA
- Local Councils/Boards
- Customers/Suppliers
- Elected Officials
- Bosses, peers, me
- YOU

Working hard for something we don't care about is called stress.
Working hard for something we care about is called passion.



Today, Procurement's #1 priority is to expand its spend influence with innovation support close behind. (Hackett Group)

Our #1 priority **anytime** is to help our organizations achieve their strategic goals.



Contributing Factors

- Procurement “*influence*” difficult to assess
- Includes subjective and objective values
 - records of success
 - reputation + credibility
 - quality of affiliations, associations, contacts
 - personality
- Procurement “*influence*” varies among all of us
- Power

Principles to Leverage Procurement

Relevance

Influence strategy to achieve meet mission **Goals**

+ Value

Effective contracts that support mission **Strategy**

= Credibility

Practiced competency delivering efficient **Solutions**

Pressure is something you feel when you don't know what you are doing.

OUR “PLAN”

- Alignment
- Category Management
- Supplier Relationship Management
- Technology
- Talent

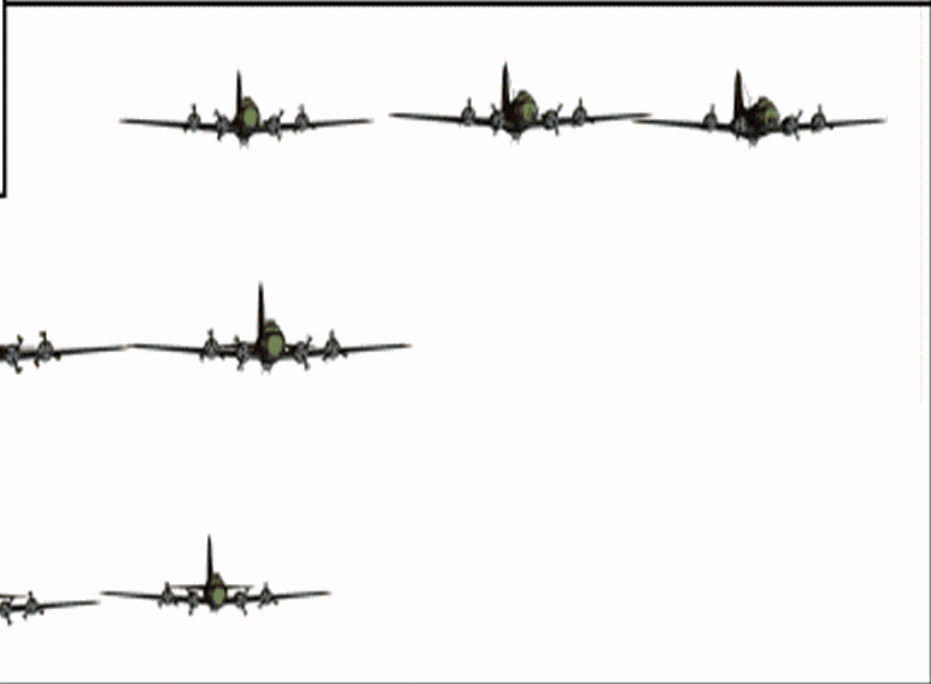
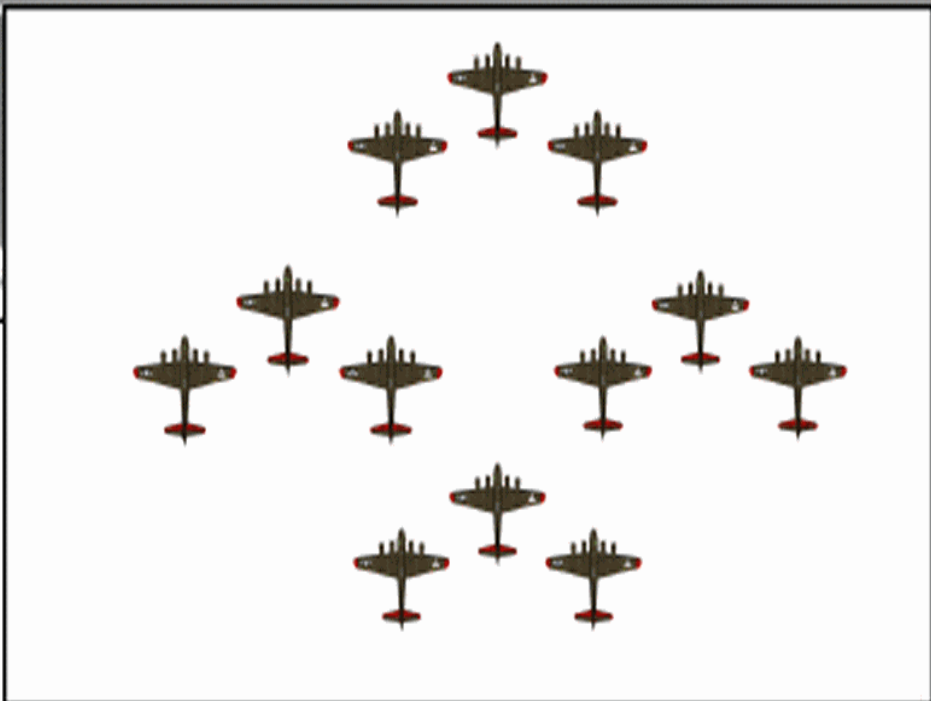
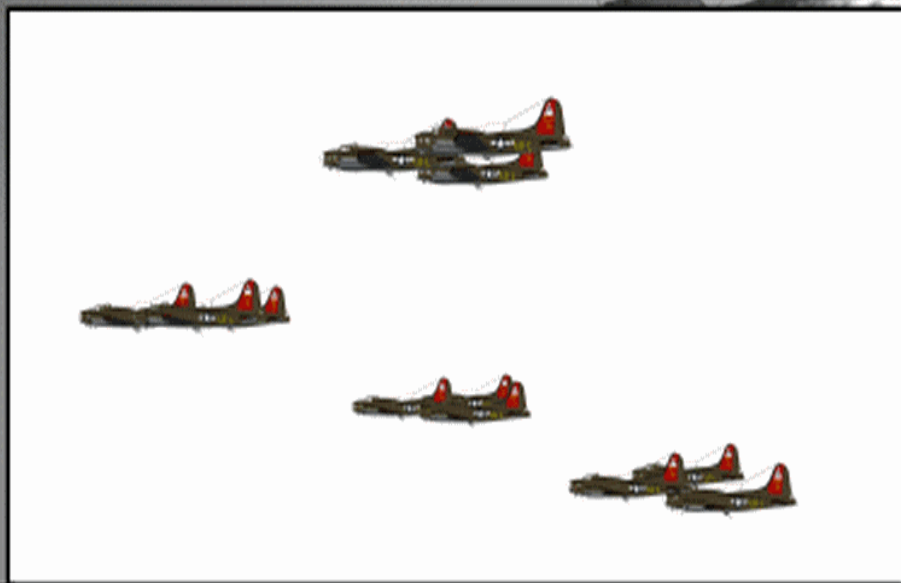
The only true measure for success of any plan or strategy is in its execution

Alignment

Mission – People – Processes

Without alignment, not even the best strategic plan will ever be achieved





Service
(FAST)

**Business Unit and
End-User**
Wants + Expectations

Risks?

Needs?

Happy
Happy
Happy

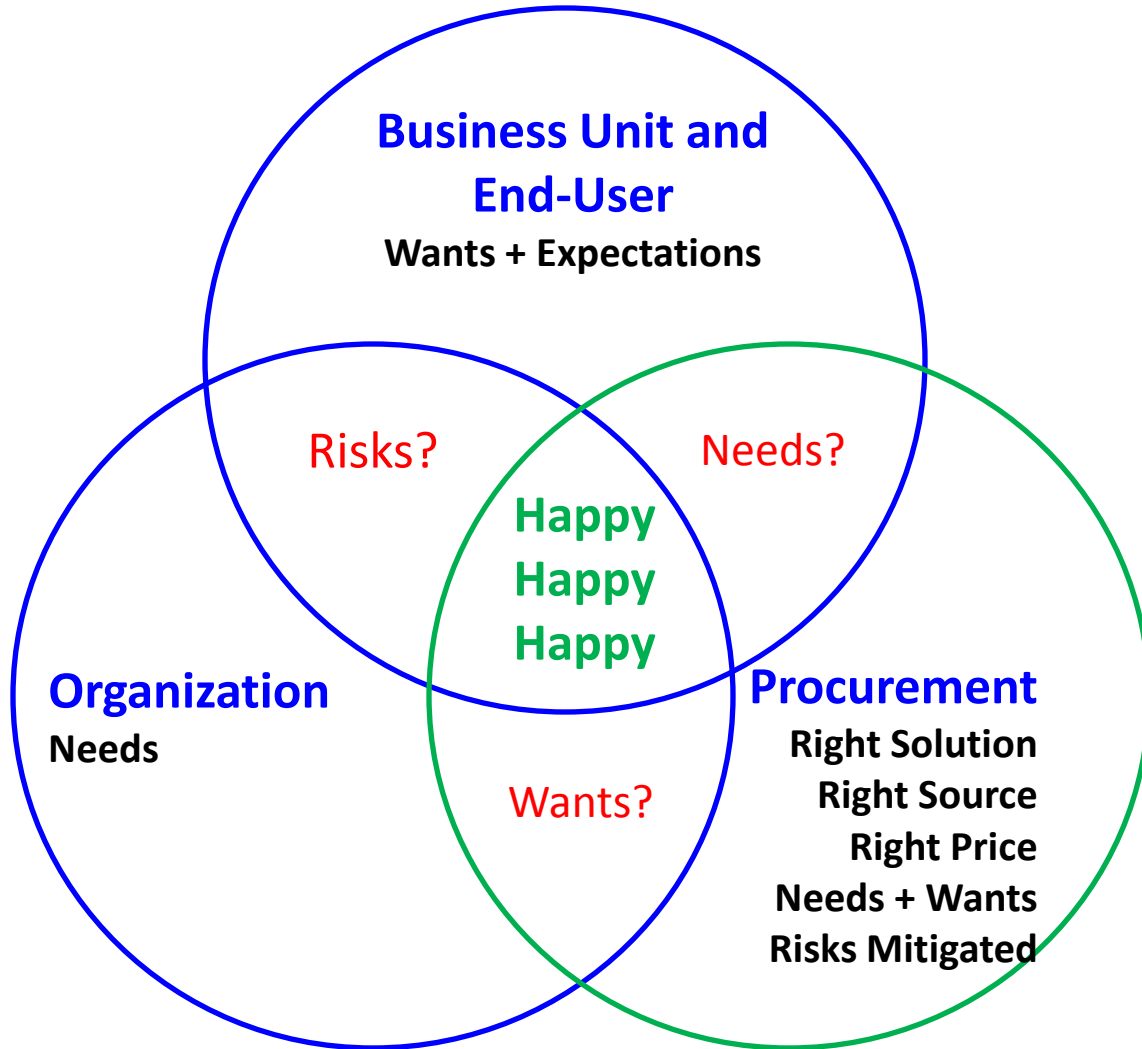
Organization
Needs

Procurement
Right Solution
Right Source
Right Price
Needs + Wants
Risks Mitigated

Wants?

Cost
(CHEAP)

Quality
(GOOD)

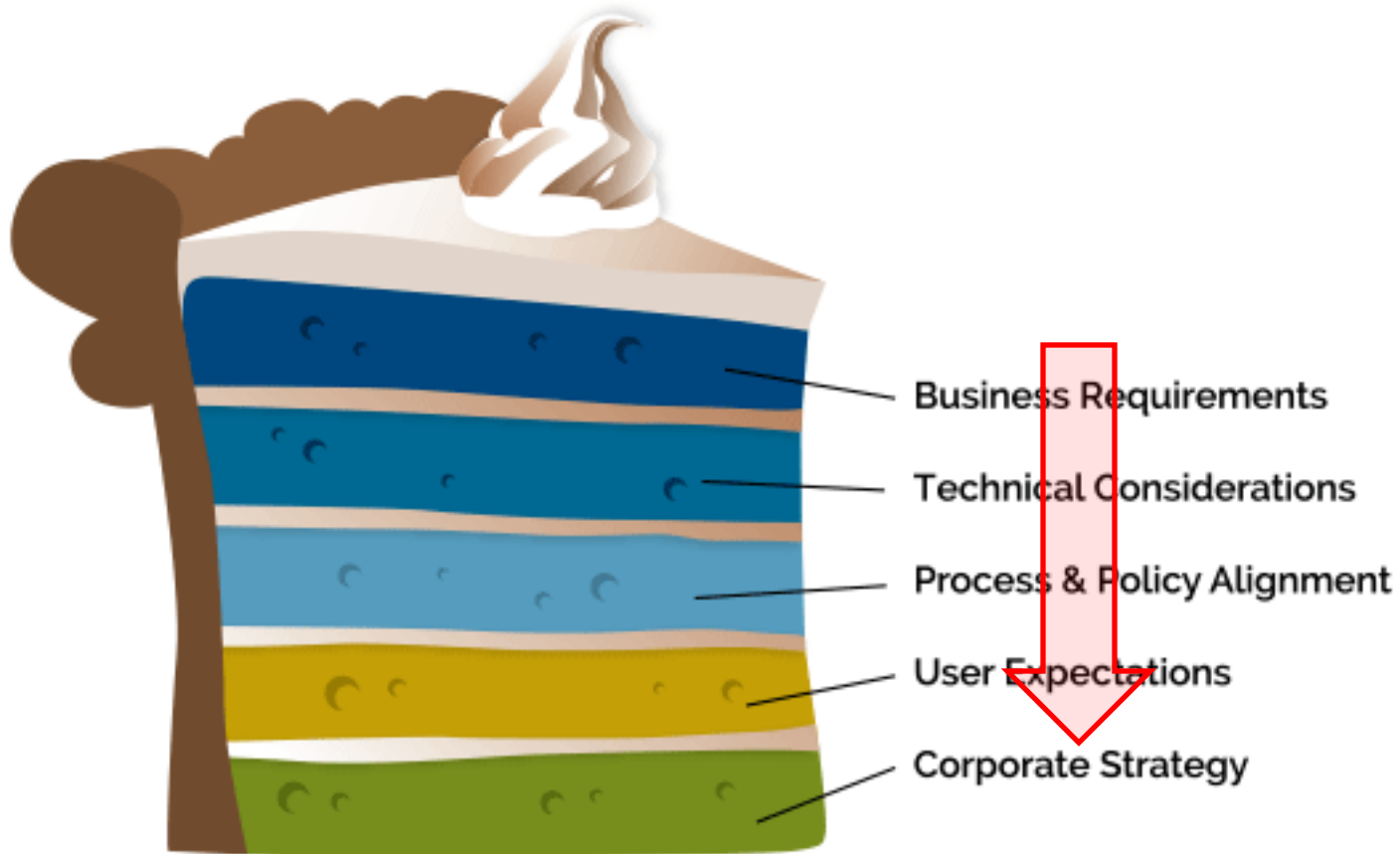


Alignment

- Mission / Goals / Objectives
- Organization
- Leadership
- Capabilities
- Functional
- Competency / skills / knowledge

“The most critical element in any strategy is its translation into reality. The only true measure of success is its execution. And one of the key determinants of successful strategy implementation is organizational alignment.” Torben Rick

Alignment Considerations



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In theory, there's no difference between theory and practice. In practice there is.

Strategic



Virginia is working hard to preserve land and protect natural resources.



See how Virginia measures up.

Agency Performance Plans

Key Objectives at a Glance

Explore by Secretariat how state agencies set and measure their performance goals and targets.

- Administration
- Agriculture and Forestry
- Commerce and Trade
- Education
- Finance
- Health and Human Resources

Measuring Virginia

Virginia Performs shows you how the state is doing in areas that affect the quality of life for you and your family. Explore these pages ([main menu above](#)) to learn more about the Commonwealth's performance from region to region and compared to other states. For more data about your own community, [you can explore our regional and locality performance maps](#). You can also see how Virginia state government is working on your behalf on our [Agency Planning and Performance pages](#).

Measuring What Matters

Scorecard at a Glance: 2014 Trend Changes

The 49 societal indicators tracked through Virginia Performs show that the

From the Governor of Virginia:

The Commonwealth of Virginia is a spectacular place to live. We treasure the heritage and resources that contribute to our high quality of life, but it takes constant planning and fine tuning to maintain this quality and make needed improvements.

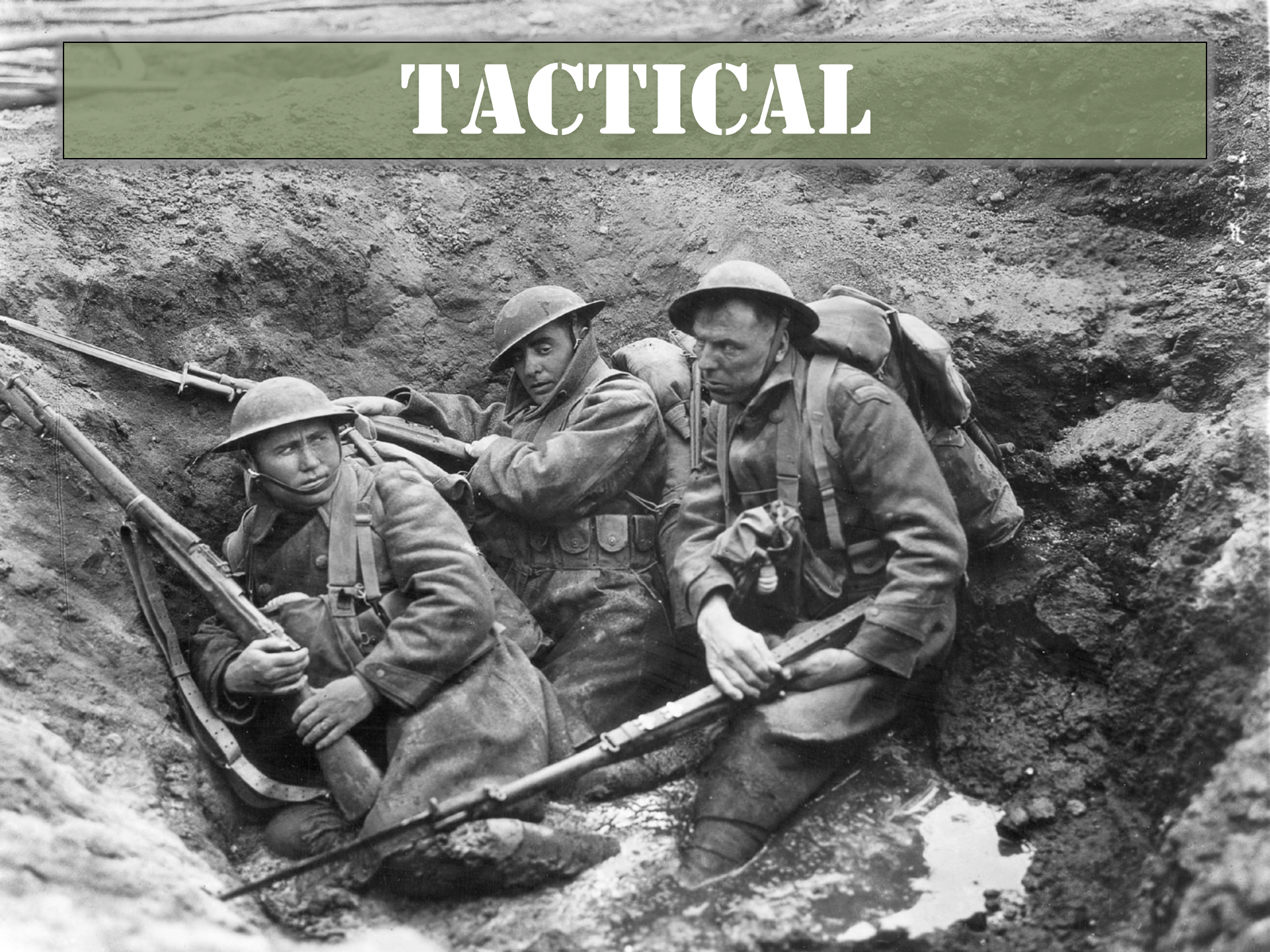
This website, brought to you by the Council on Virginia's Future, shows you how we measure the state's performance, plan for the future and monitor our progress. Explore the links above to see how we're working to make Virginia strong and healthy.

Thanks for visiting.

Operational

| Economy | Education | Health | Public Safety |
|--|---|---|---|
| <p>Goal: Be a national leader in the preservation and enhancement of our economy.</p> <ul style="list-style-type: none"> Assist companies that are making investments and creating jobs in Virginia Reduce economic disparity among Virginia communities Increase the employment rate for job seekers Reduce homelessness and increase housing affordability Improve customer service for new and growing businesses Promote tourism in Virginia | <p>Goal: Elevate the educational preparedness and attainment of our citizens.</p> <ul style="list-style-type: none"> Increase the number of at-risk four-year-olds served by preschool initiatives Increase 3rd grade reading proficiency Provide quality education for children with sensory impairments Increase high school graduation rates; decrease dropout rates Increase the college and career readiness of high school students Increase enrollment in GED and post-secondary degree programs Enhance higher education access and affordability | <p>Goal: Inspire and support Virginians toward health lives and strong, resilient families.</p> <ul style="list-style-type: none"> Promote safe and stable living situations for children and families Prevent child abuse Reduce obesity, smoking, infant mortality, and teen pregnancy Increase immunization rates for children and elderly adults Maximize service delivery in community- and family-based settings Help individuals maintain employment and independence; promote self-sufficiency Increase children's access to health services | <p>Goal: Protect the public's safety and security, including timely response to emergencies and disasters; ensure a fair and effective system of justice.</p> <ul style="list-style-type: none"> Reduce adult and juvenile recidivism Promote successful offender re-entry and compliance; improve offender education and workforce preparedness gains Improve response time to citizen calls for emergency services Educate the public on homeland security and overall preparedness matters Ensure appropriate, secure confinement and supervision of offenders Increase compliance with underage alcohol and tobacco laws |
| Natural Resources | Transportation | Government & Citizens | |
| <p>Goal: Protect, conserve, and wisely develop our natural, cultural, and historic resources.</p> <ul style="list-style-type: none"> Improve and protect the quality of our air and water Conserve and protect open land Provide outstanding state park facilities, services, and programs Recognize and help protect historic resources Conserve and manage sustainable commercial and recreational facilities Improve and increase access to museum exhibits and educational programs | <p>Goal: Ensure Virginia has a transportation system that is safe, enhances the economy by allowing easy movement of people and goods, and improves our quality of life.</p> <ul style="list-style-type: none"> Maintain, improve, and develop public transportation systems in Virginia Maintain, improve, and develop railways Complete transportation construction and maintenance projects on time and on-budget Increase the amount of cargo shipped through the Port of Virginia Decrease the number of traffic fatalities Reduce customer wait times at DMV service centers | <p>Goal: Be recognized as the best-managed state in the nation.</p> <ul style="list-style-type: none"> Develop a financially sound budget and enhance compliance with internal controls Increase voter registration and participation Issue tax refunds and respond to taxpayer inquiries in a timely manner Enhance energy efficiency in state government operations Maintain the highest possible level of service at Virginia's veteran care centers Increase the effectiveness of information technology oversight and monitoring Provide high-level customer service to state and local agencies and employees | <p>Cabinet Secretaries</p> <ul style="list-style-type: none"> Administration Agriculture and Forestry Commerce and Trade Education Finance Health and Human Resources Natural Resources Public Safety and Homeland Security Technology Transportation Veterans and Defense Affairs |

TACTICAL



DPS Alignment Objectives

1. Support CoVA strategies contributing to best-managed state
2. Enable availability and use of all contracts by all public bodies
3. Align strategic CoVA categories, contracts, and strengths to allocate and leverage scarce resources for high-value performance to meet strategic CoVA + customer objectives
4. Collaborate across all boundaries to negotiate contract benefits and opportunities aligned to all public body needs
5. Align joint strategic spend across all key categories to ensure maximized cooperative sourcing and mutual joint benefits
6. Align key effective strategic contractors for **innovative** and **efficient** delivery of all goods/services

Category Management

“Broader than Strategic Sourcing”

Category Management

- Broader than Strategic Sourcing
- Crosses boundaries and expands value objectives
- 2010 *Procurement Value, Performance and Capability Study*
- Largest obstacle to Procurements' value evolution is described as its **limited circle of influence**
- Over 80% of participants indicated it would be difficult to change the years of perceptions about what procurement can and should do
- **Relevance** → **Value** → **Credibility**

SRM

(Supplier Relationship Management)

Developing and maximizing relationships
to help achieve joint mutual goals

Business success is based on two things: relationships and patience.
Relationships must be built and maintained.

“No! I can't be bothered to see any crazy salesmen... we've got a battle to fight!”



Suppliers can offer you an alternate conceptualization of reality.
Make them your wingmen and women.

NIGP – Principles and Practices

- **SRM**: Defined as a set of principles, processes, and tools that can assist organizations maximize relationship value with suppliers and minimize risk and manage overhead through the entire supplier relationship life-cycle.¹
- **Two key aspects:**
 - Clear commitment between supplier and buyer
 - Objective of understanding, agreeing and, when possible, codifying interactions between them.²

Making Suppliers Part of the Team

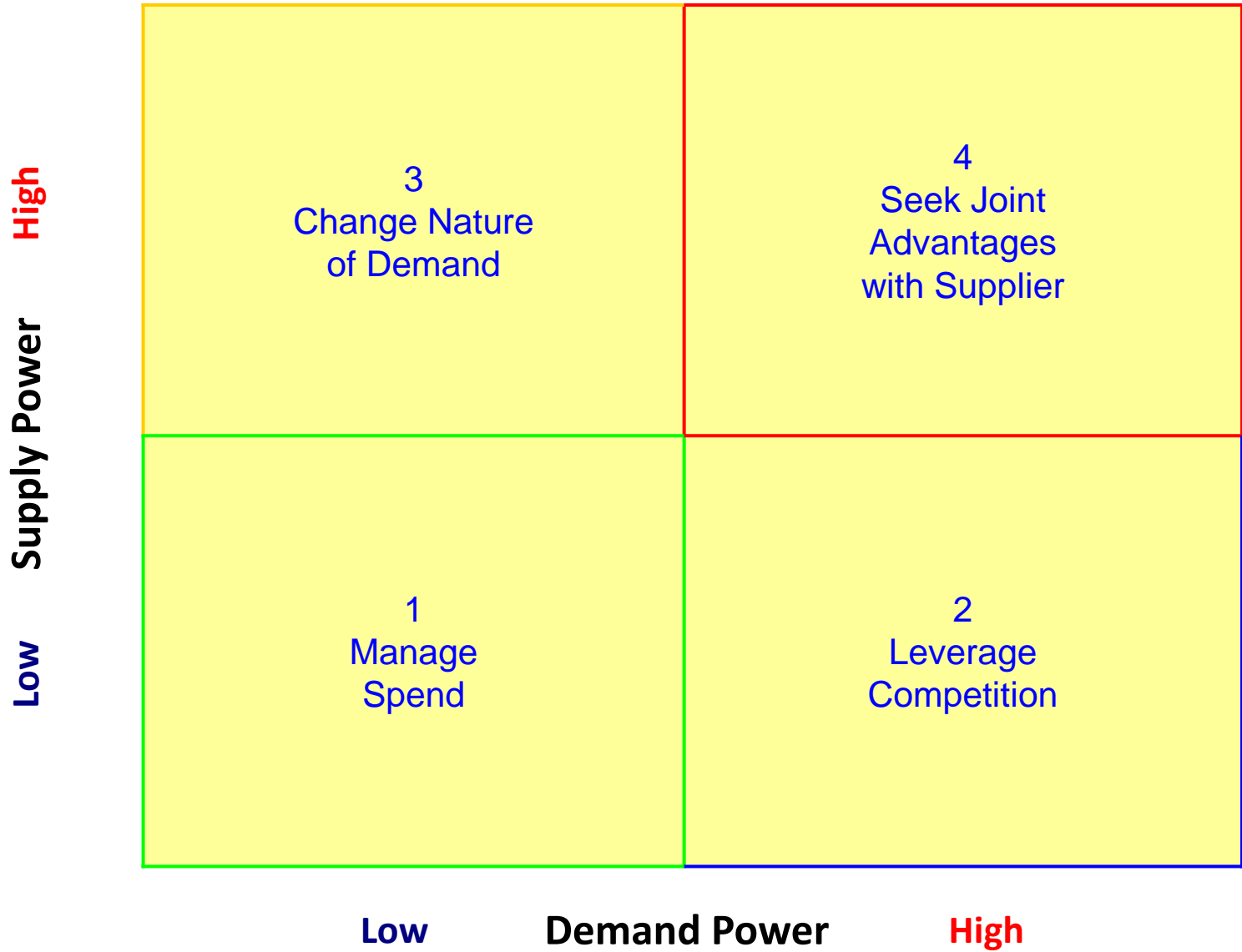
Characteristics

- Discipline of strategically planning for and managing all interactions with third party organizations that supply goods and/or services to maximize the value of those interactions.
- In practice should create closer and more collaborative relationships with key suppliers to uncover innovation, realize new value, and help reduce or mitigate risks.

The greatest victories in war are the ones that are never fought.

Behaviors and Characteristics

- Added Value
- Commitment
- Communications
- Conflict resolution
- Cooperation
- Escalation
- Fairness and balance
- Innovation
- Integration
- Investment
- Leadership
- Pro-activeness
- Problem Solving
- Resources
- Respect
- Responsiveness
- Risk Identification
- Risk Mitigation



[A.T. Kearney Purchasing Chessboard \(John Blascovich\)](#)

Perspectives

The contract must become a platform to manage **inevitable change**, not pursue certainty based on the original deal.

Ian Mack. Canadian Dept. of Nat'l Defense

The success of a deal comes from more than just getting the best cost. It's also measured by **quality**: is the relationship an asset or a liability? Does the contract enable your organization to achieve its **strategic goals**?

Sara Cullen. outsourcingsolution.com

DPS SRM + CM Objectives

- Aggressive supplier relationship practices structured to maximize robust and innovative supplier contributions and input to partner in achieving CoVA strategic Objectives and specific statewide + public body needs
- Develop/manage key strategic category contracts - easy to access/understand/use - with best pricing possible
- Maximize citizen participation in any contract opportunity by actively/routinely/directly seeking out qualified small and diverse businesses to provide CoVA with price-competitive, high-quality goods/services
- As practicable and based on needs, standardize all materials, equipment and supplies purchased

Technology

The “Big” Picture

To guess is cheap. To guess wrong is expensive.



DPS Technology Objectives

1. Train and develop suppliers to use eVA, understand public procurement processes, and increase their responsiveness to solicitations issued in eVA by you and all CoVA public bodies
2. Maximize eVA usage by all CoVA public bodies to leverage maximum contract benefits for all
3. Transparency, accountability, and analytical visibility into all CoVA procurement activities and expenditures



Virginia's eProcurement Portal



I BUY FOR VIRGINIA

I SELL TO VIRGINIA

TRANSPARENCY

CUSTOMER CARE

BILLING

Username

Password

Buyer Login

Vendor Login

[Login Help](#)

[Register](#)

Welcome to eVA



**2014 Gold Award
eVA Mobile Apps**

Presented to
**Commonwealth of Virginia
Department of General Services
Division of Purchases and Supply**

September 2014

Virginia's eVA program takes Gold for Procurement Excellence!

[View News Release](#)

[Get the Apps!](#)



▶ You can make eVA run more efficient by adjusting your [Browser Settings](#)

 eVA Customer Care 1-866-289-7367
eVACustomerCare@dgs.virginia.gov

▼ 4,772,474 Orders

▼ \$45 Billion Spent

▼ 245 Agencies

▼ 595 Localities

13,700 Users

▼ 88,172 Vendors

▼ 983 Catalogs



Talent

Recognize – Recruit – Develop – Reward

Skilled and Practiced Competency is the Key to Value Creation

Good Procurement is a Talent

Procurement is not just an “organizational function.” It is a skilled competence that includes the abilities to analyze requirements, understand and assess commercial alternatives, solicit competitive offers and then select and negotiate structured and balanced agreements that provide solutions to business problems - often complex, contractual relationships.

To do all of this in a competitive business environment, working collaboratively across all organizational levels and with all types of people, requires that we be able to attract and develop good, quality people who have the “talent” to exercise all of these qualities collectively and effectively.

DPS Talent Objectives

1. Seek / recruit / retain best professional procurement talent available for each entity; effective in each position
2. Develop innovative strategic negotiating staff capability
3. Develop capabilities for advanced BI in all strategic areas for all spend data; price, cost, commercial market intell to enable benchmark analyses in strategic demand categories
4. Nurture highly skilled/motivated organizational culture, aligned to desired outcomes; agile, creative, and enabled to innovate and contribute to accomplishing all state and organization-specific goals/objectives

Recognizing the Power of PEOPLE



- Individuals
 - Procurement
 - Career Achievement
- Agency and Team
 - Innovation
 - Collaboration
 - Supply Chain
 - Learning & Development
 - eVA and eProcurement

Traits and Values

Traits

- Competent
- Cooperative
- Creative
- Curious
- Dedicated
- Enthusiastic
- Imaginative
- Innovative
- Intelligent
- Professional

Values (UPPCC Values/Principles)

- Courage
- Dependability
- Ethical (UPPCC Code of Ethics)
- Fairness
- Honesty
- Integrity
- Loyalty
- Responsibility
- Service
- Transparency

Integrity First, Service Before Self, Excellence in All We Do

Virginia Contracting Master (VCM)

- Progression from VCA + VCO
- Identify Procurement Value
- Define Procurement Partners
- Measure Procurement Value
- Leverage Procurement's Strengths
- Prepare Procurement Leaders



<http://VIP.dgs.virginia.gov>

VCM – Strategic Procurement Training

- Advanced Negotiation
- Analytics, Management and Control
- Category Management
- Contract Law
- Contract Management
- eProcurement
- Ethics
- Organizational Processes
- Procurement & Finance
- Leadership
- Sourcing Strategies
- SRM
- SCM
- Supply Markets

<http://VIP.dgs.virginia.gov>

“Keys to the Game”

Levers to Strategic Procurement

- Alignment
- Category Management
- Supplier Relationship Management
- Technology
- Talent

The future ain't what it used to be.

Learn – Study

- 2014 – [Denali. Driving Value thru Strategic Category Management](#)
- 2014 – **SCMR**. Finance and Procurement
- 2014 – Strategic Sourcing Executive Roundtable
- 2014 – **GovIT**. Bringing innovation to Procurement
- 2014 – [AT Kearney. Building the Brand of Procurement and Supply](#)
- 2014 – **Ardent**. Annual Procurement Report
- 2014 – [Deloitte. Global CPO Survey](#)
- [2013 – PWC. SRM](#)
- 2013 – **KPMG**. High Impact Procurement Operating Models
- 2013 – [CapGemini. Global CPO Survey](#)
- 2013 – **CIPS**. Supplier Management-360°
- 2013 – **Consero**. CPO Survey Procurement
- 2013 – **ISG**. Beyond Renegotiation
- 2013 – **GEP**. Strategic Sourcing Outlook
- [2013 – ISG. Beyond Contract Renegotiation](#)
- 2012 – [My Purchasing Center. Strategies for World Class Procurement](#)
- 2012 – **Hackett**. New Procurement Model for the New Normal
- 2012 – **KPMG**. The Power of Procurement
- 2012 – **Aberdeen**. The CPO's Agenda
- Many more...

Link – Groups

- [Buyers-World](#)
- [Certified Professional in Supply Management®](#)
- [Contracts and Procurement Professionals](#)
- [CPO Club](#)
- [eProcurement and procurement](#)
- [Florida Association of Public Procurement Officials \(FAPPO\)](#)
- [Global Procurement Experts](#)
- [Global Sourcing](#)
- [Hackett Group's World-Class Procurement](#)
- [IACCM - International Association for Contract and Commercial Management](#)
- [Indirect Procurement Professionals](#)
- [ISM - Purchasing & Supply Chain Manager Professionals](#)
- [Materials Management](#)
- [The Institute for Public Procurement \(NIGP\)](#)
- [People In Procurement, Logistics, Supply Chain](#)
- [ProcureCon Community](#)
- [Procurement - Indirect or Non Core spend](#)
- [Procurement Managers 10Y+](#)
- [Procurement People Network](#)
- [Procurement Professionals](#)
- [Purchasing Practice](#)
- [Strategic Sourcing & Procurement](#)
- [Supply & Demand Chain Executive](#)
- [Supply Chain Today](#)
- [United by Procurement](#)
- [Virginia Association of Governmental Purchasing \(VAGP\)](#)
- [All above are the tip of the iceberg!](#)

You can observe a lot by just looking.

Associate – Professionals

- Council of Supply Chain Management Professionals (CSCMP)
- International Association of Commercial and Contract Management (IACCM)
- Institute of Supply Management (ISM)
- National Institute of Governmental Procurement (NIGP)
- Virginia Association of Governmental Purchasing (VAGP)

When it's us against the world....



We make the first move



I love it when a plan comes together.

John "Hannibal" Smith

I'm feeling good from my head to my shoes, Know where I'm going and I know what to do, I've tidied up my point of view, I've got a new attitude!

Assignments

- Art of the Deal (Trump)
- Art of Woo (Shell/Moussa)
- Great by Choice (Collins)
- Never Fly Solo (Waldman)
- Start with Why (Sinek)
- Turn the Ship Around (Marquet)

Objective

Ensure your organizational procurement strategy is successful.

Challenge

Next year discussion – Using these five “Keys to the Game” was your strategy successful within your own organization? What worked, what didn’t, how, why, why not, etc.?

