



Procurement Transformation – FAQs

December 15, 2010

Responses to these Frequently Asked Questions (FAQs) are written from a broad perspective and may not directly answer all questions. More information will be provided as the project progresses. These FAQs will be updated on a periodic basis. All questions and feedback can be submitted to Procurement@doa.nc.gov.

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Why does North Carolina need to transform procurement? Several key economic, political, legislative, and operational challenges are driving this initiative. The State has a potential short-term annual budget shortfall of \$3.5-\$4 billion, combined with decreasing state revenue for business services. The Budget Reform and Accountability Commission (BRAC) selected procurement as one of its first areas for consideration because of the potential for cost savings and efficiencies. Senate Bill 1213 directs the Department of Administration and other agencies to implement a number of changes to procurement functions.

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What are the expected benefits of Procurement Transformation? We expect to benefit from more procedural and statutory consistency across the enterprise to leverage the State's buying power to realize better value and more effective use of tax dollars. The implementation of approved changes will create more efficient procurement processes and systems to better enable procurement professionals to provide their customers what they need, when they need it. Additionally, we are looking for ways to enhance the procurement and contract management training programs to better enable procurement professionals to better serve their customers and the taxpayers of North Carolina.

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What is in scope for the Procurement Transformation project? In order to address several critical issues limiting the State's ability to meet all procurement-related mandates, we will be looking at buying patterns and potential for strategic sourcing; the strategy and governance of the procurement function, as well as the organization to support long-term success of the effort; and the technology needed to better enable the procurement function as a whole. We will also be looking at change management strategies and activities to guide us through all of the approved changes.

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What's not in scope for this transformation effort? At this time, the Legislature, Judiciary, University System and K-12 schools—as well as county and local governments—are not in scope. However, we will be looking at data in these areas to better inform the Assessment phase since one of the objectives of Procurement Transformation is to have a system and processes in place so that these organizations can leverage to their benefit for their procurement needs. To that end, we will seek to involve those groups in our work to ensure they are aware of our efforts and obtain their input.

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Who will be working on the project? The Department of Administration (DOA) will be the business owner delivering enhanced capabilities and improving competitive and transparent purchasing on behalf of the State. DOA, Information Technology Services, Office of State Budget and Management and Office of State Personnel—as well as other agencies—will work as partners with DOA to achieve the vision for Procurement Transformation. DOA has selected a contractor that has done extensive procurement transformation work across public and private sector organizations to support this initiative.

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How will the project team work through the complex procurement challenges? We are dividing the project into three (3) phases: Assessment, Design, and Implementation. During the first two phases, we will be working with Executive Agency and Community College procurement organizations across the state to assess and make recommendations about:

- **Strategic Sourcing** – to identify areas of potential savings through statewide contracts
- **Strategy and Governance** – to recommend an operating model and roles/responsibilities for procurement across the various organizations in State government
- **Organization** – to assess organizational structures, job descriptions, career paths and personnel training for central and agency procurement staff
- **Technology** – to assess current procurement systems and recommend opportunities to enhance/replace current tools

Our Change Management team will engage our various stakeholders to understand the goals, challenges, concerns and previous successes to guide both the assessment and the implementation of approved recommendations.

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What is the date for the completion of the assessment? What happens after that? We should complete the Assessment phase including developing recommendations in March 2011. At that point, State leadership will make decisions on which recommendations will be approved for implementation and high level implementation planning will be done in April 2011.

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When will any of these changes take place? Recommendations approved by State leadership will be prioritized and some may be implemented immediately while others may be phased in over time.

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What is the governance structure for this initiative? We have established both an Executive Steering Committee and an Advisory Committee, whose members have knowledge and experience across the State, to guide the project team.

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Who is on the Executive Steering Committee? Membership on the Executive Steering Committee, led by Secretary of Administration Moses Carey, Jr., includes the:

State Budget Director
State Personnel Director
State Chief Information Officer
State Controller

In addition to overall vision and leadership, the Committee will champion the project across the State, assess the project against the stated objectives, and make sure related initiatives and decisions are aligned to avoid delays or redundant effort.

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Who is on the Advisory Committee? The Advisory Committee includes members from across the State government representing:

- Department of Administration
- Office of State Budget and Management
- Office of the State Auditor
- Office of State Personnel
- Information Technology Services
- Office of the State Controller
- UNC-General Administration
- UNC-School of Government
- NC Community Colleges System Office
- Executive Branch Agency Purchasing Officers

The Committee will act as advocates for the project across the State and provide insight on procurement and state government to guide the team through complex issue resolution.

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Who will oversee this transformation effort? Employees performing procurement-related activities for the State at Department of Administration’s Division of Purchase & Contract (P&C), at the Office of Information Technology Services (ITS) Statewide IT Procurement Office and other Executive Branch Agencies, as well as the Community College System, will be among those asked to work closely with the team during the Assessment phase. This will help to ensure leadership has the best information available when making decisions on changes needed to transform procurement.

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Will my job be easier or harder as a result of this transformation? In order to transform procurement and realize **significant** financial benefit for taxpayers, your job may not be easier or harder—but it may be different. Two of the expected benefits are more defined career paths and an enhanced procurement and contract management training program, which may take into account industry or state-specific certifications. These improvements will enable procurement professionals to better serve their customers and the taxpayers of North Carolina.

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Who pays for training? Who gets what training? Who decides who can go to training? Once the Assessment phase is complete, the contractor will make recommendations about options for

implementing a statewide procurement training program. Once any recommendations are approved, more information will be available regarding implementation.

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Will my compensation and benefits change? Since we are only beginning the Assessment phase, it is too early to determine if there will be any impacts to compensation or benefits for employees.

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How will this project affect the annual employee Performance Management process? During the Assessment phase, no changes will be made to the annual employee Performance Management process. If changes are recommended, a plan will be developed and a process specified for working closely with the Office of State Personnel to make sure all approved changes are implemented in the appropriate manner.

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How can I get involved? Employees will be asked to provide expertise, perspective and feedback. As part of the Assessment phase, you may be asked for information and data, to participate in discussions, to respond to surveys, and/or participate in meetings and workshops. Because of the compressed timeline, we may not be able to speak with everyone directly. We are looking at additional ways employees can provide feedback and ideas for improvement. In the meantime, feedback can always be sent to Procurement@doa.nc.gov.

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Is input from the vendor community being gathered? Yes, we are sending an online survey to all vendors registered in the State's Interactive Purchasing System and have created a listserv for those who opt to receive updates.

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Is the current E-Procurement system being reviewed? Yes, the Ariba Buyer module which supports only certain aspects of procurement, as well as other systems that support the end-to-end procurement processes, will be looked at during the Assessment phase and at subsequent phases throughout the project. Various technologies will be looked at to holistically determine improvement options and develop a Technology Plan that best support the needs of North Carolina's procurement function.

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Who is funding the project? The assessment is being funded by the Department of Administration.

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Who can I contact if I have additional questions? Please send your questions or comments to Procurement@doa.nc.gov.

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