

Final



North Carolina Procurement Transformation

Governance Model

March 11, 2011

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Executive Summary

There are opportunities within the current procurement function to establish a Governance Model to define strategies, make key decisions, provide oversight, and manage performance.

—Key Governance Model Recommendations—

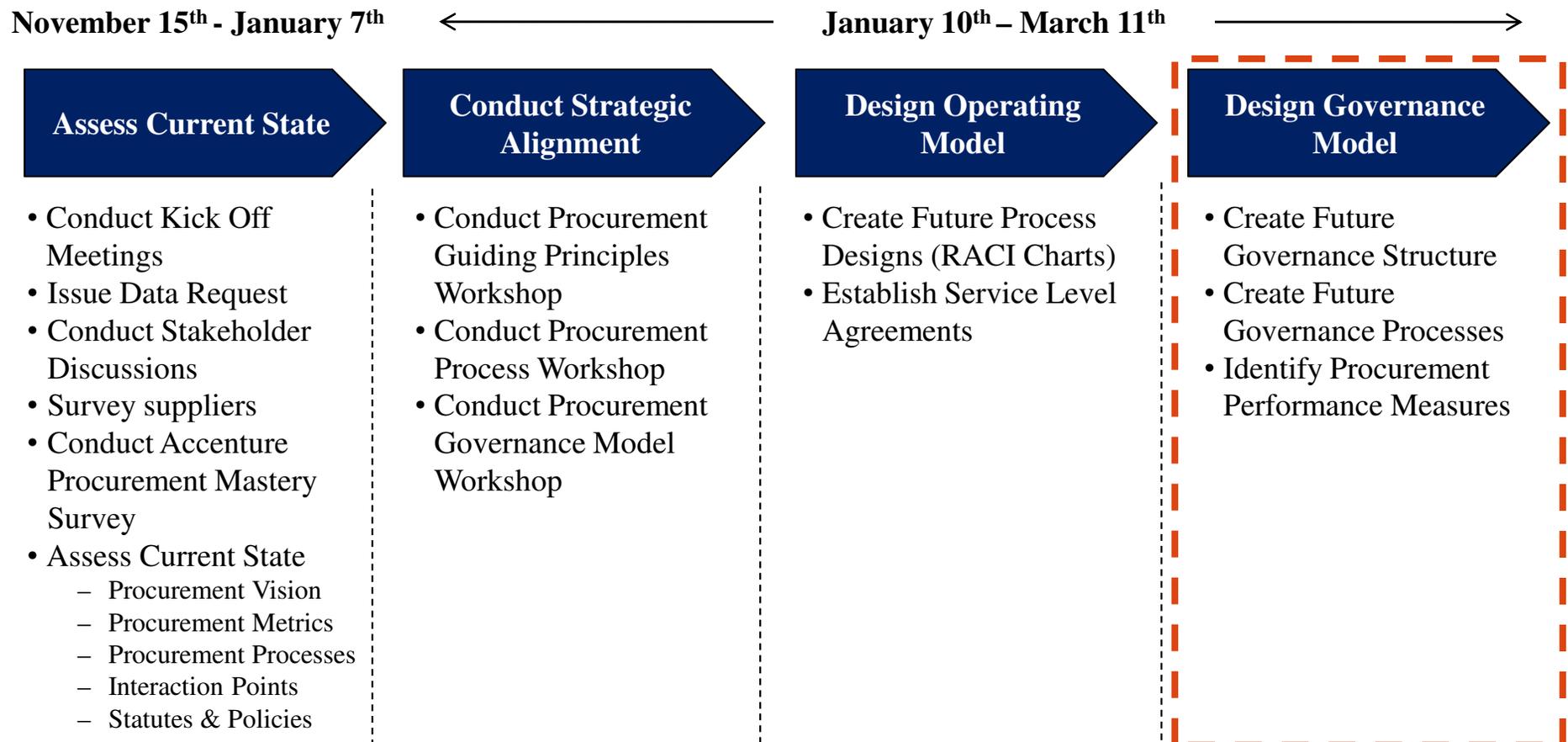
- Deploy a Governance Model that defines the decision-making frameworks, authorities, structures, metrics, and oversight to execute and manage the procurement function’s processes, policies, and procedures
- Establish, define, and empower a Procurement Governance Team to make key decisions, monitor performance, and champion changes in statutes, administrative codes, and policies
- Develop, maintain, and promote a continuous improvement process where opportunities can be identified at all levels, both within and outside the procurement function, and be pursued / brought to the Procurement Governance Team as appropriate (e.g., review delegation of authority levels for opportunities to improve efficiencies)
- Implement and utilize a Balanced Scorecard with the appropriate metrics and targets to help manage the health and performance of the procurement function
- Monitor performance reports to identify performance trends or measures that are repeatedly performing above / below targets and develop action plans to drive desired outcomes
- Empower the Procurement Governance Team with the responsibility and authority to form sub-committees as necessary to support decision making, identify root causes of issues, and develop implementation / action plans

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Design Approach Process

The team followed a structured approach to develop the recommended Governance Model for the procurement function.



Design Approach Process Key Activities

The Governance Model recommendations are based on stakeholder discussions, multiple workshops, and procurement governance leading practices.

—Key Governance Model Activities—

- Conducted survey discussions with over 60 key procurement stakeholders
- Assessed and outlined current state procurement processes and performance measurements across state agencies and community colleges (see Current State Assessment Deliverable)
- Conducted the Procurement Guiding Principles workshop
- Summarized the identified opportunities to improve the governance process
- Developed a list of recommendations for a Governance Model
- Conducted the Governance Model workshop to confirm the structure and processes
- Conducted Governance Model performance measurements discussion
- Developed recommended governance structure, processes, and performance measurements

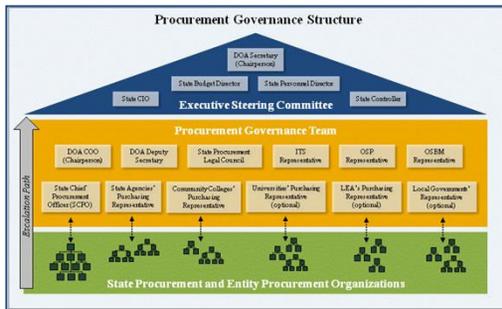
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Governance Model Components

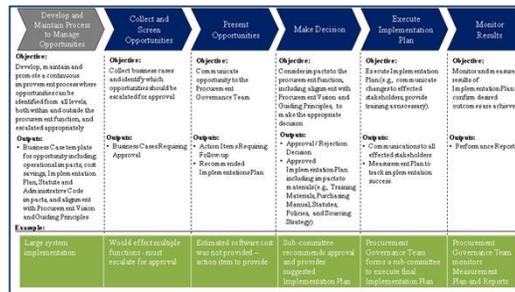
The three components within the Governance Model are defined individually but function together to support the vision of the procurement function.

Governance Structure



Clear and efficient governance bodies, responsibilities, and mandate to support achieving business objectives

Governance Processes



Clearly defined processes to enable effective decision making and management of the procurement function. The process model ensures clear roles & responsibilities (no grey areas).

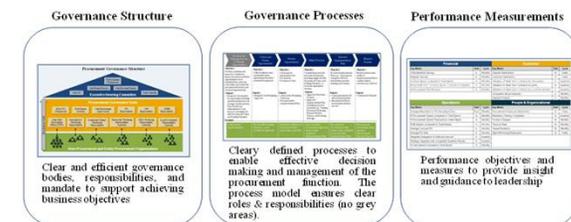
Performance Measurements

| Financial | | | Customer | | |
|---|------|-----------|---|------|-----------|
| Key Metric | Unit | Cycle | Key Metric | Unit | Cycle |
| Total Identified Savings | \$ | Monthly | Supplier Satisfaction | % | Yearly |
| Realized Savings | \$ | Monthly | Customer Satisfaction | % | Yearly |
| Contract Spend compared to Total Spend | % | Monthly | Utilization of State Term Contracts by Universities | % | Quarterly |
| Actual State Term Contract Spend compared to Targeted | % | Monthly | Utilization of State Term Contracts by LEAs | % | Quarterly |
| E-Procurement Fee Revenue | \$ | Monthly | Utilization of State Term Contracts by Local Government | % | Quarterly |
| | | | Complaints About Suppliers | # | Monthly |
| | | | Supplier Protests | # | Monthly |
| Operations | | | People & Organizational | | |
| Key Metric | Unit | Cycle | Key Metric | Unit | Cycle |
| Average Requestion to PO throughout Time | Days | Monthly | Procurement Employee Satisfaction | % | Yearly |
| E-Procurement Spend compared to Total Spend | % | Monthly | Mandatory Training Completed | % | Quarterly |
| E-Procurement Spend Transactions Under Mgmt | # | Monthly | Position Changes | % | Monthly |
| HUB Awards compared to Total Awards | % | Monthly | Turnover Rate | % | Monthly |
| Average Cost per PO | \$ | Monthly | Vacant Positions | % | Monthly |
| Average PO Size | \$ | Monthly | High Performing Employees | % | Yearly |
| Weighted Delegation of Authority Amount | \$ | Quarterly | | | |
| Strategic Suppliers who Completed Quarterly Review | % | Quarterly | | | |
| P-Card Spend compared to Total Spend | % | Monthly | | | |

Performance objectives and measures to provide insight and guidance to leadership

Governance Model Overview

The Governance Model outlines the decision-making frameworks, authorities, structures, metrics, and oversight that will be deployed to execute and manage the procurement function.



— Governance Definition

- Governance is the act of exercising authority to ensure processes and decision-making are implemented efficiently and effectively. It helps identify and prioritize needs against the strategy and affordability constraints and defines the responsibilities / processes of leadership that support decision-making and management follow-up within an organization.

— Current Challenges

- Procurement expertise is dispersed across the procurement entities with limited levels of collaboration
- Two central purchasing authorities performing similar functions under different statutes and approaches results in duplication of efforts (e.g., compliance, training) and added complexity to the overall procurement function
- Purchasing professionals in P&C spend significant time on tactical activities, preventing them from pursuing more strategic activities that drive higher returns on investment

— Leading Practices

- Leading procurement organizations use tiered cross-functional governance structures to provide support for strategic and tactical layers of procurement
- Leading procurement organizations have a leadership team with a 3-5 year strategic plan

— Recommendations

- **GM1** - Deploy a Governance Model that defines the decision-making frameworks, authorities, structures, metrics, and oversight to execute and manage the procurement function's processes, policies, and procedures
- **GM2** - Establish, define, and empower a Procurement Governance Team to make key decisions, monitor performance, and champion changes in statute, administrative code, and policies
- **GM3** - Identify potential Procurement Governance Team representatives from state agencies, community colleges, universities, LEAs, and local governments and facilitate a process to select one representative for each user segment (Note: university, LEA, and local government representatives are optional members of the Procurement Governance Team)
- **GM4** - Proactively monitor statutes and administrative codes to:
 - Ensure the procurement function is compliant
 - Identify potential needs for modifications
 - Ensure training / interpretation / clarification is provided in a timely manner

Governance Model Guiding Principles Alignment

The Governance Model recommendations align to the Procurement Guiding Principles.

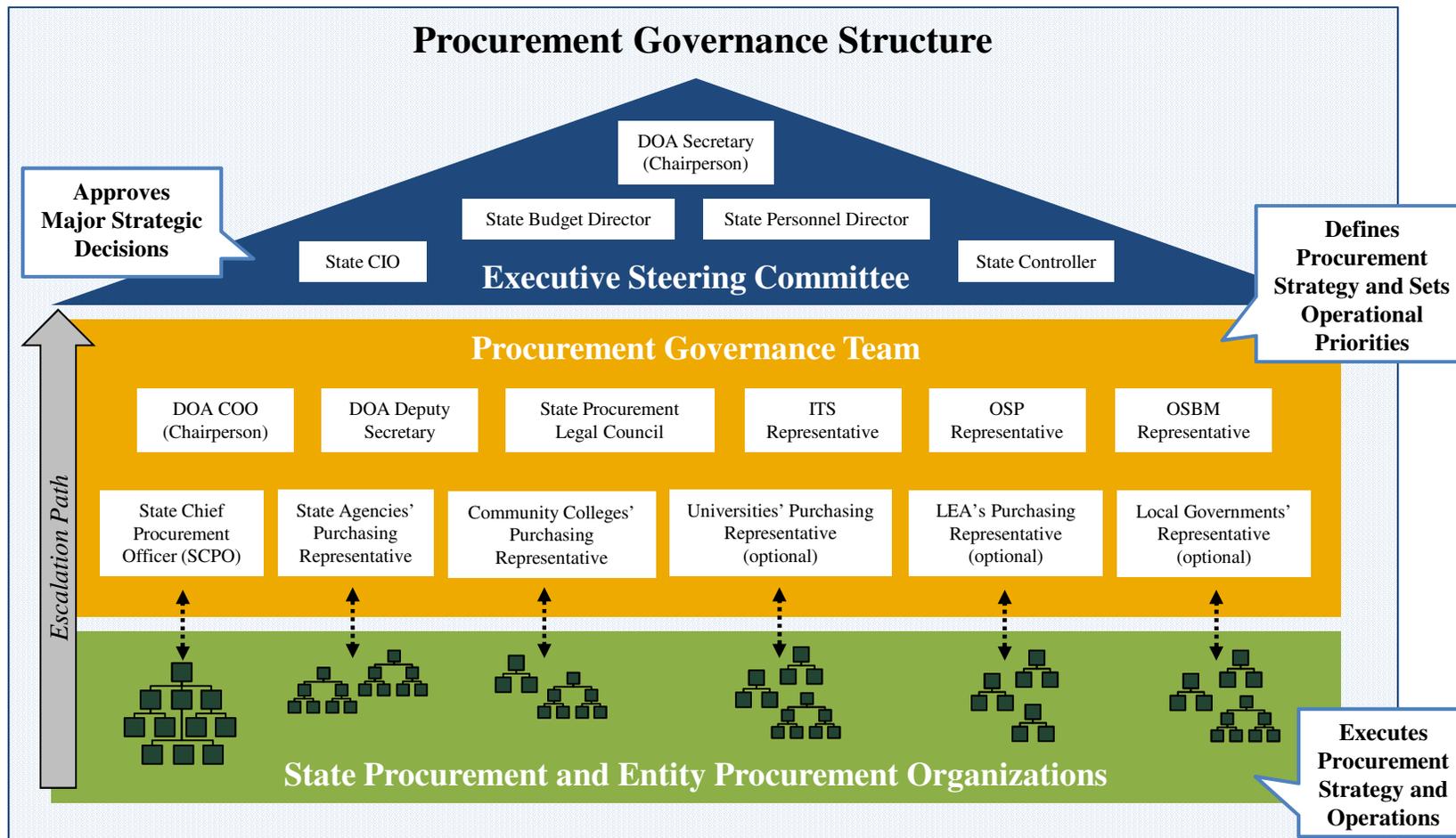
| Rec. # | Recommendation | Best Value | Customer Focus | Delivery Excellence | Compliance & Accountability | Operational Efficiency | Workforce Excellence | Strategic Planning |
|--------|---|------------|----------------|---------------------|-----------------------------|------------------------|----------------------|--------------------|
| GM1 | Deploy a Governance Model that defines the decision-making frameworks, authorities, structures, metrics, and oversight to execute and manage the procurement function's processes, policies, and procedures | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GM2 | Establish, define, and empower a Procurement Governance Team to make key decisions, monitor performance, and champion changes in statute, administrative code, and policies | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GM3 | Identify potential Procurement Governance Team representatives from state agencies, community colleges, universities, LEAs, and local governments and facilitate a process to select one representative for each user segment (Note: university, LEA, and local government representatives are optional members of the Procurement Governance Team) | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GM4 | Proactively monitor statutes and administrative codes to: <ul style="list-style-type: none"> •Ensure the procurement function is compliant •Identify potential needs for modifications •Ensure training / interpretation / clarification is provided in a timely manner | | ✓ | | ✓ | ✓ | ✓ | |

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Recommended Governance Structure

The Procurement Governance Structure identifies the bodies with the authority to define strategies, make key decisions, provide oversight and manage performance to ensure strategies are executed consistently across the State of NC's procurement function.



Governance Structure Roles and Responsibilities

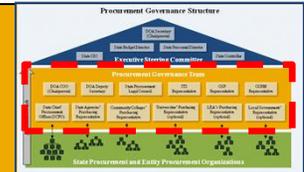
Executive Steering Committee



| | | |
|--|---|-----------|
| Key Responsibilities: | Recommended Meeting Frequency: | Quarterly |
| <ul style="list-style-type: none"> ▪ Provides executive leadership for the direction of the procurement function ▪ Responsible for aligning procurement activity to the overall NC government strategy ▪ Reviews, approves, and champions implementation of enterprise-wide procurement strategy and initiatives ▪ Makes operational cost allocation decisions when necessary ▪ Addresses escalated items and issues, helping to remove barriers as needed ▪ Reviews, approves, and champions changes to or new legislation proposed to Governor and Legislature | | |
| Proposed Members: | Example Key Questions: | |
| <ul style="list-style-type: none"> ▪ DOA Secretary (chairperson) ▪ State CIO ▪ State Budget Director ▪ State Controller ▪ State Personnel Director | <ul style="list-style-type: none"> ▪ Does the current procurement strategy adequately support state initiatives? ▪ Are procurement strategy changes and refinements required? ▪ Where is the procurement function trending away from targeted performance for the key metrics on the Balanced Scorecard? | |

Governance Structure Roles and Responsibilities

Procurement Governance Team



| | | |
|---|--|-------------------------|
| Key Responsibilities: | Recommended Meeting Frequency: | Monthly, or as required |
| <ul style="list-style-type: none"> ▪ Responsible for defining the enterprise-wide procurement strategy, setting priorities, and enforcing compliance ▪ Sets targets and makes operational cost allocation decisions ▪ Enhances coordination and communication at the highest levels ▪ Promotes commitment to Procurement Vision and Guiding Principles across the State of North Carolina ▪ Sponsors the development / revision of procurement statutes, administrative codes, policies, and Purchasing Manual ▪ Provides a single point of contact between State Procurement and its entity customers to resolve issues and offer guidance when necessary ▪ Monitors Balanced Scorecard, conducts contributing factors analysis if performance is not meeting established targets, and communicates procurement performance to stakeholders ▪ Responsible to form sub-committees as necessary to evaluate opportunities, enterprise-wide impacts, and causes of above / below performance trends ▪ Presents Balanced Scorecard or summary to Executive Steering Committee ▪ Presents business cases for enterprise-wide procurement strategy and operational changes to the Executive Steering Committee | | |
| Proposed Members: | Example Key Questions: | |
| <ul style="list-style-type: none"> ▪ DOA COO (chairperson) ▪ DOA Deputy Secretary ▪ State CPO ▪ State Procurement Legal Council ▪ ITS Representative ▪ OSBM Representative ▪ OSP Representative | <ul style="list-style-type: none"> ▪ Is the procurement function supporting the procurement strategy? ▪ Is the procurement function compliant with statutes, administrative codes, and policies? ▪ Should a sub-committee be formed to support decision making? ▪ Should contributing factors analysis be conducted to address above / below target performance? | |

Governance Structure Roles and Responsibilities

State Procurement and Entity Procurement Organizations

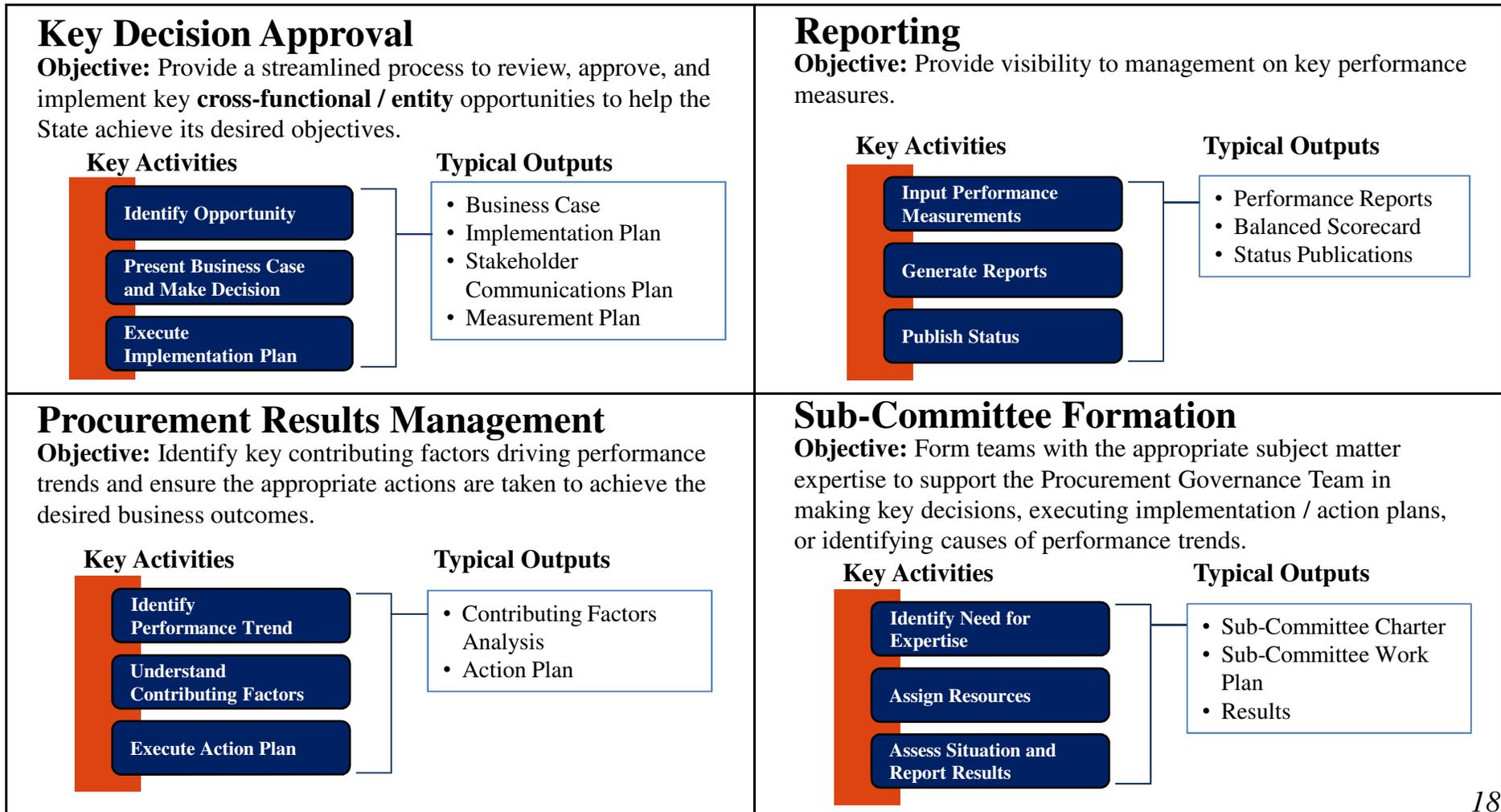


| | | |
|---|--|-----|
| Key Responsibilities: | Recommended Meeting Frequency: | N/A |
| <ul style="list-style-type: none"> ▪ Executes procurement strategy and processes ▪ Creates and/or implements action plans to address above and below target performance ▪ Summarizes activities, collects data, and provides metrics for review by the Procurement Governance Team ▪ Provides subject matter expertise (e.g., category, agency, entity, and law) and executes charter when sub-committees are formed by the Procurement Governance Team ▪ Captures ideas for continuous improvement and presents opportunities to the Procurement Governance Team as appropriate ▪ Ensures procurement function is compliant with statutes, administrative codes, and policies ▪ Provides cohesive, integrated management for day-to-day activities ▪ Responsible for managing relationships with suppliers and their overall performance | | |
| Proposed Members: | Example Key Questions: | |
| <ul style="list-style-type: none"> ▪ State Procurement ▪ Procurement Organizations from state agencies, community colleges, universities, LEAs, and local governments | <ul style="list-style-type: none"> ▪ Are the sourcing initiatives prioritized adequately and staffed with the right expertise? ▪ Which supplier should be awarded the contract? ▪ What training is required? ▪ Are we compliant with all statutes, administrative codes, and policies? | |

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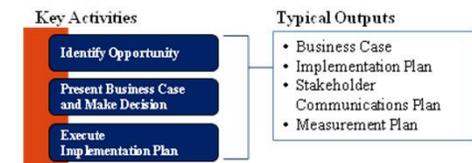
There are four major processes within the Governance Model that enable effective decision making and management of the procurement function.



Governance Processes

Key Decision Approval

The key decision approval process provides a streamlined approach to review, approve, and implement key cross-functional opportunities to help the State achieve its desired objectives.



Process Definition

- A process to promote continuous improvements and address issues while considering enterprise-wide impacts. Provides a way to collect, screen, escalate, and present opportunities to the Procurement Governance Team. The Procurement Governance Team will then consider all impacts and form sub-committees as necessary before making a decision. If the opportunity is approved, an implementation plan will be created, executed, and monitored.

Current Challenges

- The current procurement environment is reactive versus proactive; there is no consistent method in place to submit ideas for improvement
- Procurement expertise is dispersed across the state with limited levels of collaboration
- In general, there is a lack of consistent, documented procurement processes that incorporate leading practices

Other Examples / Leading Practices

- A large North American bank – five member top tier governance committee at C-Suite level establishes priorities and goals
- A University Purchasing Council – comprised of chief procurement officers from all member institutions and designated representatives from the university's system administrative offices. The mission of the council is to share ideas, experiences, and leading practices and techniques in procurement among the University and its member institutions.

Recommendations

- **GM5** - Develop, maintain, and promote a continuous improvement process where opportunities can be identified at all levels, both within and outside the procurement function, and be pursued / brought to the Procurement Governance Team as appropriate (e.g., review delegation of authority levels for opportunities to improve efficiencies)
- **GM6** - Develop and maintain a Business Case template for use by all parties when suggesting a potential procurement-related opportunity
- **GM7** - Consider enterprise-wide impacts when making a key decision, utilizing the sub-committee process as necessary
- **GM8** - Review, contribute to, and approve for each opportunity a final implementation plan that includes identifying updates needed to existing documents
- **GM9** - Issue regular communications describing key decisions made and potential impacts to all affected stakeholders
- **GM10** - Develop a measurement plan for each approved opportunity to proactively track implementation success and confirm desired outcomes are achieved

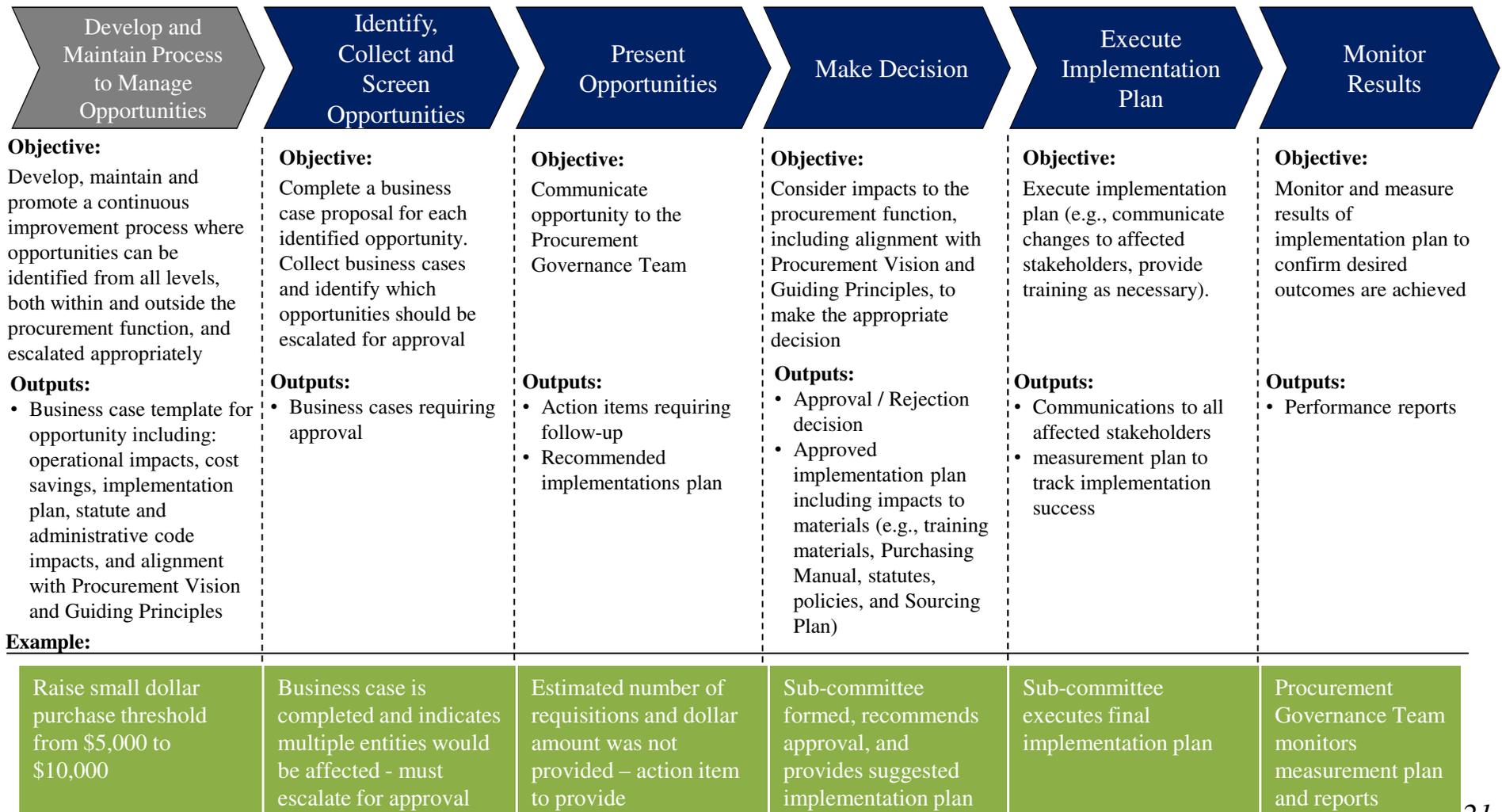
Key Decision Approval Guiding Principles Alignment

The Key Decision Approval recommendations align to the Procurement Guiding Principles.

| Rec. # | Recommendation | Best Value | Customer Focus | Delivery Excellence | Compliance & Accountability | Operational Efficiency | Workforce Excellence | Strategic Planning |
|--------|---|------------|----------------|---------------------|-----------------------------|------------------------|----------------------|--------------------|
| GM5 | Develop, maintain, and promote a continuous improvement process where opportunities can be identified at all levels, both within and outside the procurement function, and be pursued / brought to the Procurement Governance Team as appropriate (e.g., review delegation of authority levels for opportunities to improve efficiencies) | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| GM6 | Develop and maintain a Business Case template for use by all parties when suggesting a potential procurement-related opportunity | | ✓ | ✓ | | ✓ | | ✓ |
| GM7 | Consider enterprise-wide impacts when making a key decision, utilizing the sub-committee process as necessary | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | |
| GM8 | Review, contribute to, and approve for each opportunity a final implementation plan that includes identifying updates needed to existing documents | | ✓ | ✓ | ✓ | ✓ | | ✓ |
| GM9 | Issue regular communications describing key decisions made and potential impacts to all affected stakeholders | | ✓ | | | ✓ | ✓ | |
| GM10 | Develop a measurement plan for each approved opportunity to proactively track implementation success and confirm desired outcomes are achieved | | | ✓ | ✓ | ✓ | | |

Key Decision Approval Process Overview

Key Objective: Provide streamlined process to review, approve, and implement key cross-functional /entity opportunities to help the State achieve its desired objectives.



Key Decision Approval RACI

The RACI Chart below outlines the roles and responsibilities for the Key Decision Approval Process.

| Key Activities | Description | Role | | | | | | | | | | | |
|---|---|-------------------------------|-----------------------------|-------------------|---------------------------------------|--------------------------------|--------------------------|------------------|------------------------------|--------------------------|---------------------------|-------------|-----------------------|
| | | Executive Steering Committee* | Procurement Governance Team | State Procurement | Executive Branch Agencies Procurement | Community Colleges Procurement | Universities Procurement | LEAs Procurement | Local Government Procurement | End User / Program Areas | Procurement Legal Council | Supply Base | OSBM, OSP, OSCIO, OSC |
| Develop and Maintain Process to Manage Opportunities | <ul style="list-style-type: none"> Develop process and template to assist in identifying opportunities | I | R, A | I | I | I | I | I | I | I | I | I | I |
| Identify, Collect, and Screen Opportunities | <ul style="list-style-type: none"> Complete opportunity business case / proposal | R | R | R, A | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** |
| | <ul style="list-style-type: none"> Collect proposals and screen for escalation | - | - | R, A | - | - | - | - | - | - | - | - | - |
| Present Opportunities | <ul style="list-style-type: none"> Present proposal to Procurement Governance Team | - | I | A | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** | R** C** |
| Make Decision | <ul style="list-style-type: none"> Make decision while considering entire procurement function | R, C, I | R, A | - | - | - | - | - | - | - | - | - | - |
| Execute Implementation Plan | <ul style="list-style-type: none"> Issue appropriate communications and training | - | A | R | R*** | R*** | R*** | R*** | R*** | R*** | R*** | R*** | R*** |
| Monitor Results | <ul style="list-style-type: none"> Monitor and measure results | I | A | R | - | - | - | - | - | - | - | - | - |

*The Executive Steering Committee should be Responsible, Consulted, and Informed on Key Decisions / Processes / Issues / Results as necessary

**Responsible and Consulted as necessary

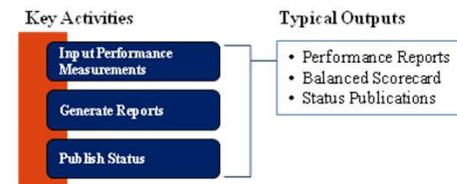
***Responsible depending on scope of implementation plan

See Appendix for information regarding the RACI Framework

R = Responsible A = Accountable C = Consulted I = Informed 22

Governance Processes Reporting

The reporting process provides visibility to management on established key performance measures.



Process Definition

- A process to ensure key performance measures are captured / provided to track performance. Reports are routinely generated and results are published to inform stakeholders on the health of the State’s procurement function.

Current Challenges

- There are no standard metrics consistent across all entities to monitor the performance of and the value generated by the procurement function
- Lack of integrated spend data repository across E-Procurement, NCAS and P-Card limits ability to effectively monitor and manage spend across all entities

Other State Examples / Leading Practices

- Leading procurement practices include having a balanced number of realistic yet challenging performance measurements with transparent communications
- Single procurement and executive management information system in place to manage, track (automatically), and report on procurement performance measurements
- **Pennsylvania** tracks cumulative strategic sourcing savings on the Governor’s website

Recommendations

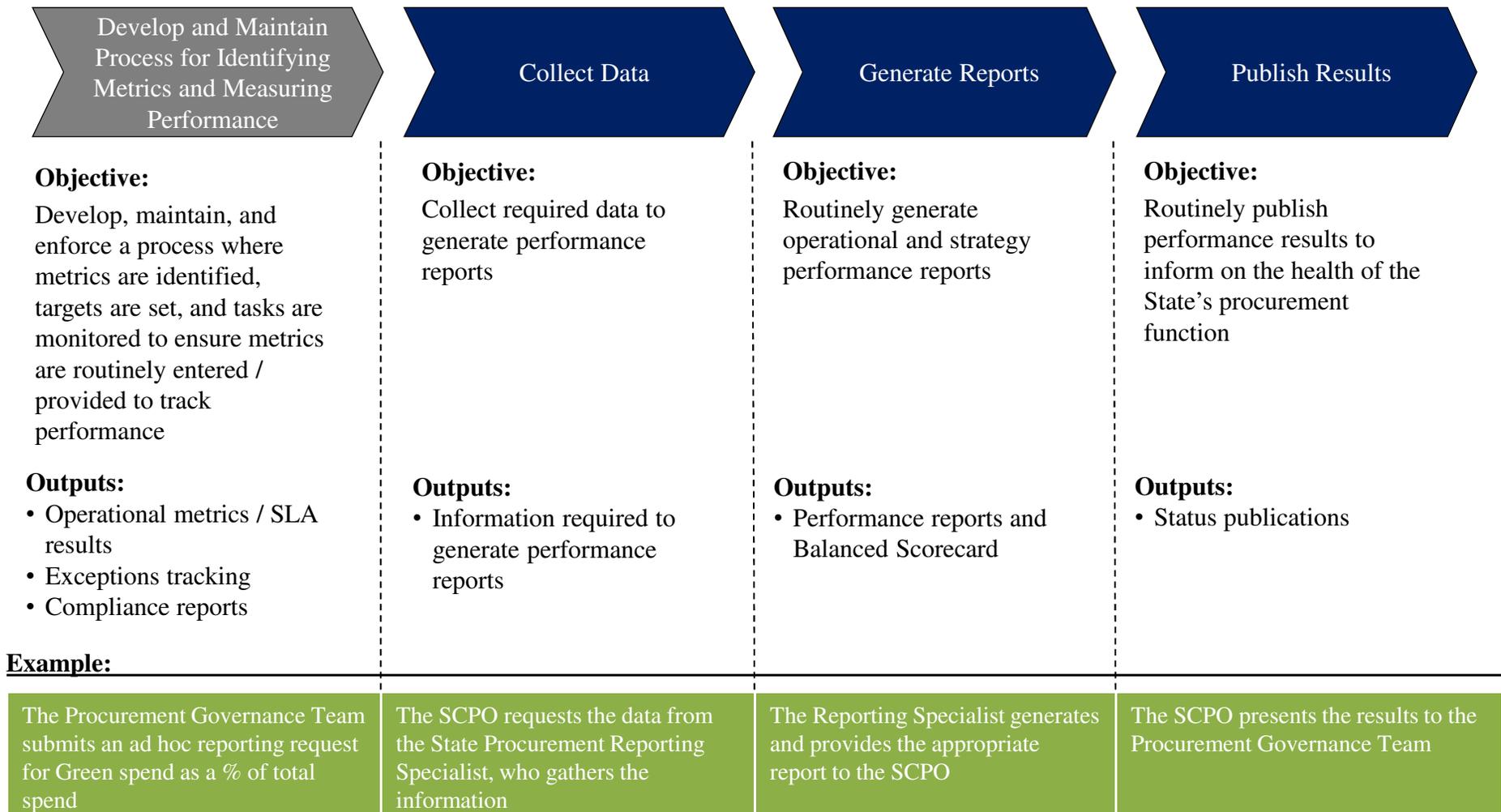
- **GM11** - Implement and utilize a Balanced Scorecard with metrics and targets to help manage the health and performance of the procurement function
- **GM12** - Implement the appropriate technology to enable the capturing, tracking, and reporting of key performance measurements
- **GM13** - Verify each agency / community college states how they will capture and manage relevant Balanced Scorecard performance measurements in their strategic plan
- **GM14** - As procurement priorities shift, continuously assess performance measurements to ensure they are relevant, adding new ones as appropriate (that are SMART*)

*See Appendix for materials explaining “SMART” criteria

The Reporting recommendations align to the Procurement Guiding Principles.

| Rec. # | Recommendation | Best Value | Customer Focus | Delivery Excellence | Compliance & Accountability | Operational Efficiency | Workforce Excellence | Strategic Planning |
|--------|---|------------|----------------|---------------------|-----------------------------|------------------------|----------------------|--------------------|
| GM11 | Implement and utilize a Balanced Scorecard with metrics and targets to help manage the health and performance of the procurement function | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GM12 | Implement the appropriate technology to enable the capturing, tracking, and reporting of key performance measurements | | ✓ | ✓ | ✓ | ✓ | | |
| GM13 | Verify each agency / community college states how they will capture and manage relevant Balanced Scorecard performance measurements in their strategic plan | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| GM14 | As procurement priorities shift, continuously assess performance measurements to ensure they are relevant, adding new ones as appropriate (that are SMART*) | | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

Key Objective: Provide visibility to management on established key performance measures.



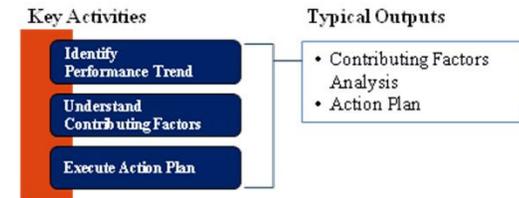
The RACI Chart below outlines the roles and responsibilities for the Reporting Process.

| Key Activities | Description | Role | | | | | | | | | | | |
|--|--|------------------------------|-----------------------------|-------------------|---------------------------------------|--------------------------------|--------------------------|------------------|------------------------------|--------------------------|---------------------------|-------------|-----------------------|
| | | Executive Steering Committee | Procurement Governance Team | State Procurement | Executive Branch Agencies Procurement | Community Colleges Procurement | Universities Procurement | LEAs Procurement | Local Government Procurement | End User / Program Areas | Procurement Legal Council | Supply Base | OSBM, OSP, OSCIO, OSC |
| Develop and Maintain Process for Identifying Metrics and Measuring Performance | <ul style="list-style-type: none"> Identify metrics and set targets Develop process to measure performance | C, I | R, A | C, I | C, I | C, I | C, I | C, I | C, I | C, I | C, I | C, I | C, I |
| Collect Data | <ul style="list-style-type: none"> Collect required data to generate performance reports | C | C | A, R | R | R | R | R | R | R | R | R | R |
| Generate Reports | <ul style="list-style-type: none"> Routinely generate performance reports | C | C | A, R | C | C | C | C | C | C | C | C | C |
| Publish Results | <ul style="list-style-type: none"> Routinely publish performance results | C, I | A | R | I | I | I | I | I | I | I | I | I |

R = Responsible A = Accountable C = Consulted I = Informed

Governance Processes Procurement Results Management

The procurement results management process identifies key contributing factors driving performance trends and ensures the appropriate actions are taken to achieve the desired business outcomes.



Process Definition

- A process to assist in identifying a performance trend and implementing changes to drive desired business outcomes. An analysis will identify the contributing factors of a performance trend and support the development of the recommended action plan. An approved action plan will be implemented, and progress will be monitored through the established reporting process and regular checkpoints.

Current Challenges

- There is no robust results management program to drive consistent and effective management of procurement performance
- There are limited mechanisms to motivate employees to deliver significant value

Other State Examples

- **Georgia** uses a high-level dashboard to track performance for the entire procurement organization and detailed dashboards at the department level. Benefits include higher service levels to their customers (e.g., agencies), and a communication tool in place on procurement performance and value

Recommendations

- **GM15** - Monitor performance reports to identify performance trends or measures that are repeatedly performing above / below established targets and develop an action plan to drive the desired outcomes
- **GM16** - Issue communications describing the results management action plan and the potential impacts to all affected stakeholders
- **GM17** - Monitor the implementation of the results management action plan by conducting regular checkpoints and formal status reviews
- **GM18** - Recognize entities / functions that consistently perform above established targets and potentially develop an award to congratulate exceptional value delivered to the State
- **GM19** - Promote open communication by developing a process to accommodate feedback from results management action plans (e.g., questions, issues, and results)

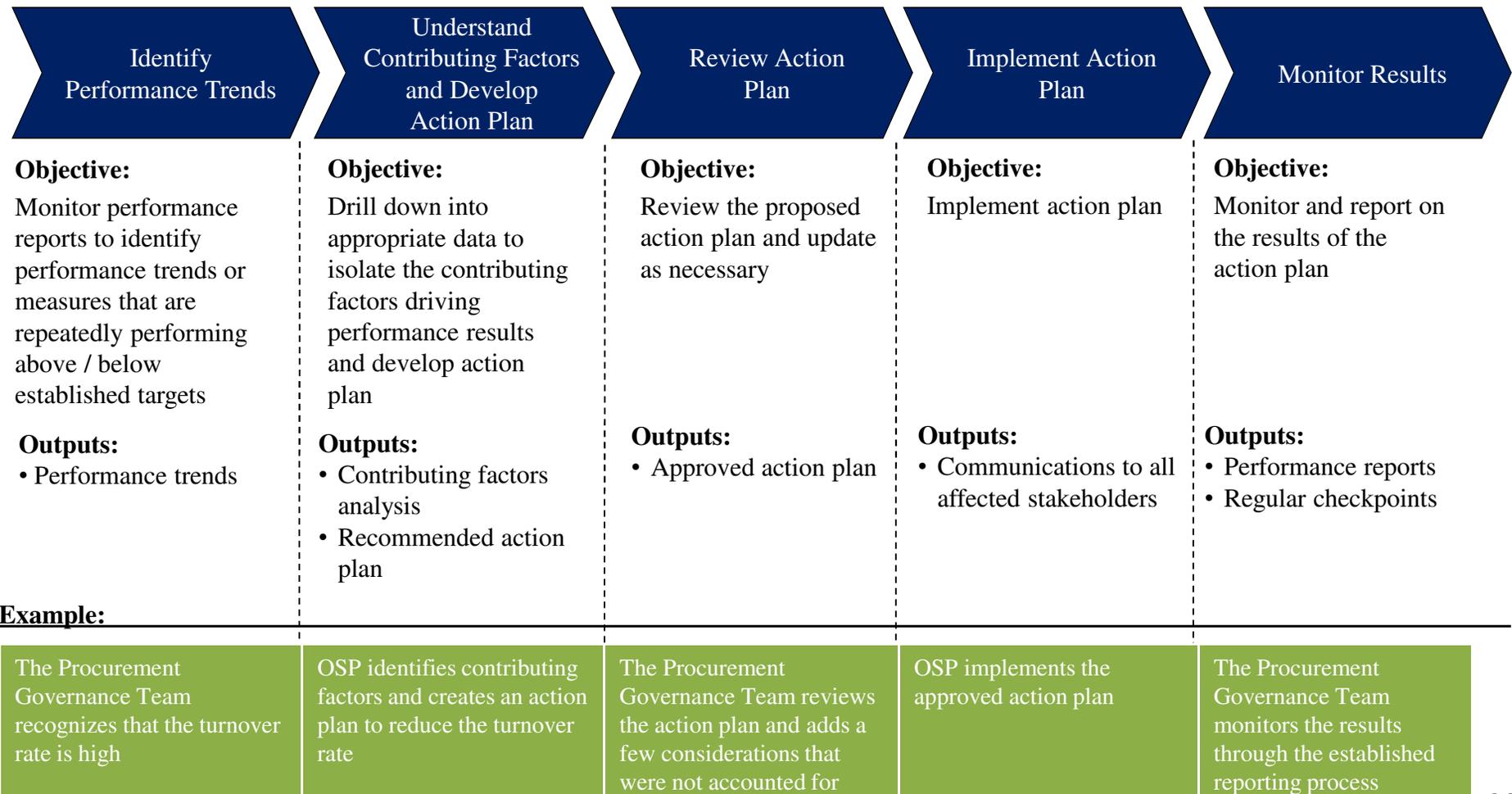
Procurement Results Management Guiding Principles Alignment

The Procurement Results Management recommendations align to the Procurement Guiding Principles.

| Rec. # | Recommendation | Best Value | Customer Focus | Delivery Excellence | Compliance & Accountability | Operational Efficiency | Workforce Excellence | Strategic Planning |
|--------|--|------------|----------------|---------------------|-----------------------------|------------------------|----------------------|--------------------|
| GM15 | Monitor performance reports to identify performance trends or measures that are repeatedly performing above / below established targets and develop an action plan to drive the desired outcomes | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| GM16 | Issue communications describing the results management action plan and the potential impacts to all affected stakeholders | | ✓ | | ✓ | ✓ | ✓ | |
| GM17 | Monitor the implementation of the results management action plan by conducting regular checkpoints and formal status reviews | | ✓ | | ✓ | ✓ | | |
| GM18 | Recognize entities / functions that consistently perform above established targets and potentially develop an award to congratulate exceptional value delivered to the State | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| GM19 | Promote open communication by developing a process to accommodate feedback from results management action plans (e.g., questions, issues, and results) | | ✓ | ✓ | | ✓ | ✓ | |

Procurement Results Management Process Overview

Key Objective: Identify key contributing factors driving performance trends and ensure the appropriate actions are taken to achieve the desired business outcomes.



The RACI Chart below outlines the roles and responsibilities for the Procurement Results Management Process.

| Key Activities | Description | Role | | | | | | | | | | | |
|--|--|-------------------------------|-----------------------------|-------------------|---------------------------------------|--------------------------------|--------------------------|------------------|------------------------------|--------------------------|---------------------------|-------------|-----------------------|
| | | Executive Steering Committee* | Procurement Governance Team | State Procurement | Executive Branch Agencies Procurement | Community Colleges Procurement | Universities Procurement | LEAs Procurement | Local Government Procurement | End User / Program Areas | Procurement Legal Council | Supply Base | OSBM, OSP, OSCIO, OSC |
| Identify Performance Trend | •Identify measures that are trending away from established targets | C, I | A | R | I | I | I | I | I | I | I | I | I |
| Understand Contributing Factors and Develop Action Plan | •Identify contributing factors and create an action plan | C, I | I | R, A | R, C | R, C | R, C | R, C | R, C | R, C | R, C | R, C | R, C |
| Review Action Plan | •Review action plan and update as necessary | C, I | A | R | - | - | - | - | - | - | - | - | - |
| Implement Action Plan | •Issue appropriate communications and training | C, I | A | R | R** | R** | R** | R** | R** | R** | R** | R** | R** |
| Monitor Results | •Monitor and report on the results of the action plan | C, I | A | R | C, I | C, I | C, I | C, I | C, I | C, I | C, I | C, I | C, I |

*The Executive Steering Committee should be Consulted / Informed as necessary

**Responsible depending on scope of action plan

See Appendix for information regarding the RACI Framework

R = Responsible A = Accountable C = Consulted I = Informed

Procurement Results Management Sample Action Plan Template

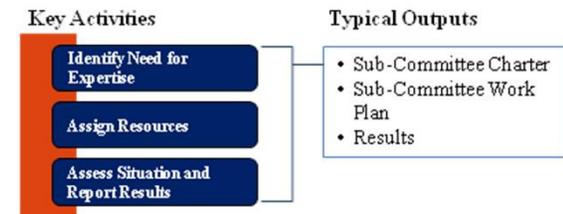
An action plan is created to describe the activities and responsible parties required to improve performance.

| | | | | | |
|--|---|---------------------------|---------------------------|---|--|
| Action Plan Name: | <i>Action Plan Name</i> | | | ID: | <i>Action Plan ID</i> |
| General Information | | | | | |
| Measurement Name: | <i>Measurement name from balanced scorecard</i> | Metric Target: | <i>Established target</i> | Upper / Lower Specification Limit: | <i>Targeted range</i> |
| Purpose of Metric: | <i>Describe the reasons for measuring and the conclusions that can be derived from the results</i> | Measurement Cycle: | <i>How often reported</i> | Current Metric: | <i>Current reporting period metric</i> |
| Contributing Factors and Desired Outcomes | | | | | |
| Performance Trend: | <i>Describe the identified performance trend</i> | | # of Periods: | <i># of periods trend has occurred</i> | |
| Contributing Factors: | <i>Describe the contributing factors of the performance trend including contributing parties, data, and procurement operational factors</i> | | | | |
| Desired Outcomes: | <i>Describe the desired outcomes of the action plan</i> | | | | |
| Approach | | | | | |
| Actions to be Taken: | <i>List and thoroughly explain the activities required to achieve the desired outcomes</i> | | | | |
| Interim Activities: | <i>Describe any processes or procedures that need to be followed until the desired outcomes are achieved</i> | | | | |
| Schedule | | | | | |
| Major Milestones: | <i>Provide the key milestones and dates for each key activity</i> | | Timeframe: | <i>Provide the duration of each key activity</i> | |
| Dependencies: | <i>List any relevant dependencies (e.g., functional impacts) for each key activity</i> | | Resources: | <i>Provide the recommended resource responsible for each key activity</i> | |
| Conclusion and Next Steps | | | | | |
| Checkpoints: | <i>Designate checkpoints to monitor action plan success and ensure desired outcomes are achieved</i> | | | | |
| Formal Review of Status: | <i>Designate formal status reviews with the Procurement Governance Team and the Executive Steering Committee if necessary</i> | | | | |

Note: A complete and thorough action plan will be very detailed and should result in multiple pages.

Governance Processes Sub-Committee Formation

The sub-committee process allows for the formation of teams with the appropriate subject matter expertise to assist the Procurement Governance Team in identifying causes of performance trends, executing implementation / action plans, or making key decisions.



Process Definition

- A process which provides support for the other key Governance Model processes. Sub-committees are formed, given a charter, and status is monitored through the use of project work plans.

Current Challenges

- Procurement subject matter expertise is dispersed across the state with limited levels of collaboration

Leading Practices

- Cross-functional collaboration is formalized top-down through the governance structure. These types of sub-committees typically include people from different technical and user-departments in addition to the procurement organization and project leadership.

Recommendations

- **GM20** - Empower the Procurement Governance Team with the responsibility and authority to form sub-committees as necessary to support decision making, identify root causes of issues, and develop implementation / action plans
- **GM21** - Proactively seek situations where subject matter expertise is required and a sub-committee should be formed
- **GM22** - Develop and maintain a sub-committee charter template to be completed by the Procurement Governance Team when additional subject matter expertise is required
- **GM23** - Require sub-committees to routinely report on the status of the chartered objective by creating and maintaining a project work plan

Sub-Committee Formation Guiding Principles Alignment

The Sub-Committee recommendations align to the Procurement Guiding Principles.

| Rec. # | Recommendation | Best Value | Customer Focus | Delivery Excellence | Compliance & Accountability | Operational Efficiency | Workforce Excellence | Strategic Planning |
|--------|---|------------|----------------|---------------------|-----------------------------|------------------------|----------------------|--------------------|
| GM20 | Empower the Procurement Governance Team with the responsibility and authority to form sub-committees as necessary to support decision making, identify root causes of issues, and develop implementation / action plans | | ✓ | ✓ | ✓ | ✓ | ✓ | |
| GM21 | Proactively seek situations where subject matter expertise is required and a sub-committee should be formed | | ✓ | ✓ | | ✓ | ✓ | ✓ |
| GM22 | Develop and maintain a sub-committee charter template to be completed by the Procurement Governance Team when additional subject matter expertise is required | | | ✓ | ✓ | ✓ | ✓ | |
| GM23 | Require sub-committees to routinely report on the status of the chartered objective by creating and maintaining a project work plan | | | ✓ | ✓ | ✓ | | ✓ |

Sub-Committee Formation Process Overview

Key Objective: Form teams with the subject matter expertise to assist in identifying causes of performance trends, executing implementation / action plans, or making key decisions.

| Identify Need for Subject Matter Expertise | Develop Charter | Assign Governance Team Resource | Identify Subject Matter Experts | Assess Situation | Execute Work Plan and Respond to Charter |
|--|---|---|--|---|--|
| <p>Objective: Proactively seek situations where subject matter expertise is required to make a decision, conduct research, or execute implementation / action plans</p> <p>Outputs:</p> <ul style="list-style-type: none"> Identified need to form sub-committee <p>Example:</p> | <p>Objective: Develop charter for the sub-committee including objective, timeline, and required delivery date</p> <p>Outputs:</p> <ul style="list-style-type: none"> Sub-committee charter | <p>Objective: Assign the appropriate Procurement Governance Team representative(s) who will be held accountable to form the sub-committee</p> <p>Outputs:</p> <ul style="list-style-type: none"> Governance Team representative who will be held accountable for sub-committee | <p>Objective: Identify and consult resources with the appropriate knowledge and bandwidth to join the sub-committee</p> <p>Outputs:</p> <ul style="list-style-type: none"> Formation of sub-committee | <p>Objective: Assess the situation (e.g., opportunity, implementation / action plan, or performance trend) and identify the required tasks to meet the chartered objective</p> <p>Outputs:</p> <ul style="list-style-type: none"> Work plan that includes required tasks and resource assignment | <p>Objective: Execute work plan by delivery date specified in charter</p> <p>Outputs:</p> <ul style="list-style-type: none"> Results communicated by delivery date specified in charter |
| <p>% Spend on state term contracts have been below established target for multiple reporting periods</p> | <p>Procurement Governance Team develops charter that directs the sub-committee to:</p> <ol style="list-style-type: none"> Identify contracts contributing to below target spend Research why state term contracts are not being used Communicate findings in 2 weeks | <p>Procurement Governance Team selected the SCPO to be held accountable</p> | <p>After further research, the SCPO consulted a few category leads and selected the resources to form the sub-committee</p> | <p>The sub-committee assessed the situation and created a work plan that would ensure they met the chartered objectives and delivery date</p> | <p>The sub-committee executed the tasks on the work plan and provided the results to the Procurement Governance Team</p> |

The RACI Chart below outlines the roles and responsibilities for the Sub-Committee Process.

| Key Activities | Description | Role | | | | | | | | | | | | |
|---|---|-------------------------------|-----------------------------|-------------------|---------------------------------------|--------------------------------|--------------------------|------------------|------------------------------|--------------------------|---------------------------|-------------|-----------------------|--|
| | | Executive Steering Committee* | Procurement Governance Team | State Procurement | Executive Branch Agencies Procurement | Community Colleges Procurement | Universities Procurement | LEAs Procurement | Local Government Procurement | End User / Program Areas | Procurement Legal Council | Supply Base | OSBM, OSP, OSCIO, OSC | |
| Identify Need for Subject Matter Expertise | •Proactively seek situations where subject matter expertise is required | C, I | R, A | C | C | C | C | C | C | C | C | C | C | |
| Develop Charter | •Develop charter for sub-committee | C, I | R, A | - | - | - | - | - | - | - | - | - | - | |
| Assign Governance Team Resource | •Assign resource from Procurement Governance Team to hold accountable | C, I | R, A | - | - | - | - | - | - | - | - | - | - | |
| Identify Subject Matter Experts | •Form sub-committee | C, I | R, A | C | C | C | C | C | C | C | C | C | C | |
| Assess Situation | •Assess situation and develop a work plan | C, I | A | R** | R** | R** | R** | R** | R** | R** | R** | R** | R** | |
| Respond To / Execute Charter | •Execute work plan by delivery date specified in charter | C, I | A | R** | R** | R** | R** | R** | R** | R** | R** | R** | R** | |

*The Executive Steering Committee should be Consulted / Informed as necessary

**Responsible depending on scope of Charter

See Appendix for information regarding the RACI Framework

R = Responsible A = Accountable C = Consulted I = Informed

Sub-Committee Formation Sample Charter Template

A key document in the Sub-Committee Formation process is the charter, which is created by the Procurement Governance Team to outline the sub-committee’s objectives and required timeline for completion.

| | | | |
|--|---|------------|---|
| Sub-Committee Name: | <i>The name of the sub-committee or project</i> | ID: | <i>Unique number to facilitate tracking</i> |
| General Information | | | |
| Procurement Governance Team Representative: | <i>List the Procurement Governance Team member accountable for the sub-committee</i> | | |
| Purpose and Objectives: | <i>Describe the reasons for forming a sub-committee and the sub-committee’s objectives / goals</i> | | |
| Scope: | <i>Clearly define the scope of the project so that all parties involved are aware of what is included and what is not</i> | | |
| Members: | <i>Lists the names, represented organizations, and roles for the sub-committee members needed to achieve the sub-committee’s objectives goals</i> | | |
| Approach and Schedule | | | |
| Tasks and Responsibilities: | <i>List and thoroughly explain the tasks and responsibilities expected of the sub-committee</i> | | |
| Required Checkpoints: | <i>Designate checkpoints to monitor the sub-committee’s progress to ensure desired outcomes are achieved</i> | | |
| Communicate Results by: | <i>Provide a deadline for the sub-committee to communicate their findings</i> | | |

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Balanced Scorecard Quadrants

The Balanced Scorecard provides a comprehensive view on the health and performance of the procurement function, and consists of four quadrants: (1) Financial, (2) Customer, (3) Operations, and (4) People and Organization.

The basic premise is: “If we have skilled employees doing the right things, then the customers will be satisfied, and we will save money.”



Balanced Scorecard Recommended Performance Measures

There are 26 metrics within the recommended Procurement Balanced Scorecard that provide insight into the health and performance of the procurement function.

| Financial | | | Customer | | |
|---|------|-----------|--|------|-----------|
| Key Metric | Unit | Cycle | Key Metric | Unit | Cycle |
| Total Identified Strategic Sourcing Savings | \$ | Monthly | Customer Satisfaction | % | Yearly |
| Total Realized Strategic Sourcing Savings | \$ | Monthly | Supplier Satisfaction | % | Yearly |
| Contract Spend compared to Total Spend | % | Monthly | Utilization of State Term Contracts by Universities | \$ | Quarterly |
| Actual State Term Contract Spend compared to Targeted | % | Monthly | Utilization of State Term Contracts by LEAs | \$ | Quarterly |
| E-Procurement Fee Revenue | \$ | Monthly | Utilization of State Term Contracts by Local Governments | \$ | Quarterly |
| | | | Complaints About Suppliers | # | Monthly |
| | | | Supplier Protests | # | Monthly |
| Operations | | | People & Organizational | | |
| Key Metric | Unit | Cycle | Key Metric | Unit | Cycle |
| Average Requisition to PO throughput Time | Days | Monthly | Procurement Employee Satisfaction | % | Yearly |
| Actual E-Procurement Spend as a % of Total Targeted E-Procurement Spend | % | Monthly | Mandatory Training Completed | % | Quarterly |
| Actual E-Procurement Transactions as a % of Total Targeted E-Procurement Transactions | % | Monthly | Position Changes | % | Monthly |
| HUB Awards compared to Total Awards | % | Monthly | Turnover Rate | % | Monthly |
| Average PO Size | \$ | Monthly | Vacant Positions | % | Monthly |
| Level of Delegation | \$ | Quarterly | High Performing Employees | % | Yearly |
| % Completion of Quarterly Business Reviews with Strategic Suppliers | % | Quarterly | | | |
| P-Card Spend compared to Total Spend | % | Monthly | | | |

Notes:

- 1) Details supporting the metrics listed above are available in the following section.
- 2) During the Implementation Phase, the State must measure data / current operations to establish final baselines and targets.

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Performance Measurements Definitions

People and Organization

| | | | |
|----------------------------------|--|--|---|
| Measurement Name: | Procurement Employee Satisfaction | BSC Quadrant: | People and Organization |
| Purpose: | Provides level of procurement employees' satisfaction with working in the procurement organization | | |
| Measurement Calculation: | Aggregate % of surveys that had an overall satisfaction level of "Somewhat Satisfied" or "Very Satisfied" <ul style="list-style-type: none"> This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | Employee Satisfaction Survey Results | | |
| Target(s): | 80% - 100% | Measurement Cycle: | Yearly |
| Interpretation(s): | <ul style="list-style-type: none"> A high percentage of "Very Satisfied" and "Somewhat Satisfied" employees indicate high levels of satisfaction with work responsibilities and opportunities | Data Collection Responsibility: | Stakeholder Engagement & Communications Manager |
| Data Needs / Limitations: | <ul style="list-style-type: none"> A tool to administer and provide the results of the survey is required Sufficient survey response rate to provide statistically meaningful data Analytical skills to analyze survey responses, including comments, to identify themes and recommended action items | | |

Performance Measurements Definitions

People and Organization

| | | | |
|----------------------------------|---|--|--------------------------------|
| Measurement Name: | % Mandatory Training Completed | BSC Quadrant: | People and Organization |
| Purpose: | <p>Provides the percent completion of mandatory training to ensure procurement employees are receiving the training that is essential to execute responsibilities</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - # of Training Hours Taken by User Segment (e.g., State Procurement, state agencies, and community colleges) | | |
| Calculation: | <p>Aggregate % of mandatory training completed for all people in formal procurement positions within a specified time from position start date</p> <ul style="list-style-type: none"> • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | Training Management System | | |
| Target(s): | 100% (current target is 60 – 65%*) | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> • A below target percentage indicates risk of employees not being sufficiently trained to perform responsibilities | Data Collection Responsibility: | Training & Compliance Manager |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Since there is no current, statewide, learning management system in place to track required training and progress, reporting on this metric will be manually intensive in the beginning | | |

Performance Measurements Definitions

People and Organization

| | | | |
|----------------------------------|---|--|--------------------------------|
| Measurement Name: | Position Changes as a % of Total | BSC Quadrant: | People and Organization |
| Purpose: | Provides visibility of position advancements or changes to indicate level of opportunities within the procurement function Potential Tier 2 measurements: - # of Promotions - Position Changes as a % of Total by Entity / User Segment | | |
| Calculation: | Total # of changes in all procurement positions / Total # of all procurement positions • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | BEACON | | |
| Target(s): | TBD by HR Strategy | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • An extremely high percentage of position changes potentially indicates organizational instability due to employees not being in positions long enough to learn and effectively execute their responsibilities • An extremely low percentage of position changes potentially indicates few opportunities for career progression which may signify low procurement employee satisfaction | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • It is not clear whether BEACON can provide this information • Requires adoption and implementation of standard procurement job profiles across the procurement function to facilitate reporting • Gathering this information could be manually intensive in the beginning | | |

Performance Measurements Definitions

People and Organization

| | | | |
|----------------------------------|---|--|--------------------------------|
| Measurement Name: | Turnover Rate | BSC Quadrant: | People and Organization |
| Purpose: | <p>Provides a rate at which employees are leaving their job within the procurement function to assess level of employee satisfaction</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - % of Exiting Employees that Leave Voluntarily - Turnover Rate by Entity / User Segment | | |
| Calculation: | <p># of Employees who leave procurement / Total # of procurement employees</p> <ul style="list-style-type: none"> • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | BEACON | | |
| Target(s): | 5% - 10% | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • Turnover rates above target indicate a potential risk of employees not being satisfied • A low turnover rate indicates that employees are satisfied and their performance is satisfactory to the State | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • It is not clear whether BEACON can provide this information • Requires adoption and implementation of standard procurement job profiles across the procurement function to facilitate reporting • Gathering this information could be manually intensive in the beginning | | |

Performance Measurements Definitions

People and Organization

| | | | |
|----------------------------------|---|--|--------------------------------|
| Measurement Name: | Vacant Positions as a % of Total | BSC Quadrant: | People and Organization |
| Purpose: | Provides the level of vacant positions within the procurement function to help determine if the procurement function is sufficiently staffed to execute responsibilities | | |
| Calculation: | # of Vacant Positions / Total # of Positions • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | BEACON | | |
| Target(s): | 0% | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • A high percent of vacant positions may indicate the State is unable to fill procurement jobs in a timely manner or current positions may no longer be needed | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • It is not clear whether BEACON can provide this information • Requires adoption and implementation of standard procurement job profiles across the procurement function to facilitate reporting • Gathering this information could be manually intensive in the beginning | | |

Performance Measurements Definitions

People and Organization

| | | | |
|----------------------------------|---|--|--------------------------------|
| Measurement Name: | % of High Performing Employees | BSC Quadrant: | People and Organization |
| Purpose: | Provides a mechanism for tracking distribution of procurement employee performance ratings to differentiate high performers from their peers | | |
| Calculation: | # of Employees ranked in "Outstanding" + "Very Good" / Total # of procurement employees • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | Employee Performance Management System | | |
| Target(s): | 30% (current baseline is 86% per OSP) | Measurement Cycle: | Yearly |
| Interpretation(s): | • An above target percentage of high performing employees limits the ability to distinguish high performers from their peers | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • The current employee performance management process is not consistent with leading practices • Requires adoption and implementation of standard procurement job profiles across the procurement function to facilitate more objective performance management • Employee performance management training will be required • Gathering this information could be manually intensive in the beginning | | |

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Performance Measurements Definitions

Operations

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | Average Requisition to PO throughput Time | BSC Quadrant: | Operations |
| Purpose: | <p>Provides the average cycle time from requisition creation to PO supplier submission to assess the responsiveness of the procurement function to their customers' needs</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - Avg. Requisition to PO Cycle Time by Procurement Method (e.g., solicitation type/complexity) - Avg. Requisition to PO Cycle Time by Entity - Average Number of Approvals Per Entity - Approval Time (e.g., Legal Reviews) | | |
| Calculation: | Sum of all Requisition PO Cycle Times / Total # of POs | | |
| Data Source: | E-Procurement and IPS | | |
| Target(s): | TBD based on established baseline (currently 17 days for State Agencies*) | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • A longer than target cycle time indicates potential risk of procurement function not meeting customers' needs in a timely manner | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • E-Procurement does not currently track solicitation type and level of complexity • The average cycle time targets will vary by solicitation type and level of complexity of the requisition | | |

Performance Measurements Definitions

Operations

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Actual E-Procurement Spend as a % of Total Targeted E-Procurement Spend | BSC Quadrant: | Operations |
| Purpose: | <p>Provides an indication in dollars of direct pay / P-Card leakage for account codes / categories that are meant to be processed through E-Procurement to assess level of E-Procurement usage</p> <p>Potential Tier 2 measurements: - % of E-Procurement Spend made using Catalogs</p> | | |
| Calculation: | <p>Actual E-Procurement Spend / Total Targeted E-Procurement Spend</p> <ul style="list-style-type: none"> • This calculation includes state agencies and community colleges only | | |
| Data Source: | E-Procurement, NCAS, and P-Card | | |
| Target(s): | TBD based on established baseline and State Procurement Strategy | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • Below target E-Procurement spend percentage indicates potential reduction in benefits from E-Procurement's spend visibility and control capabilities | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Current spend reporting tools lack advanced reporting and ad-hoc capabilities • Lack of integrated spend data repository across E-Procurement, NCAS and P-Card limits ability to effectively monitor and manage spend across all entities | | |

Performance Measurements Definitions

Operations

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Actual E-Procurement Transactions as a % of Total Targeted E-Procurement Transactions | BSC Quadrant: | Operations |
| Purpose: | <p>Provides an indication in transactions of direct pay / P-Card leakage for account codes / categories that are meant to be processed through E-Procurement to assess level of E-Procurement usage</p> <p>Potential Tier 2 measurements: - % of E-Procurement Transactions made using Catalogs</p> | | |
| Calculation: | <p>Actual E-Procurement Transactions / Total Targeted E-Procurement Transactions</p> <ul style="list-style-type: none"> • This calculation includes state agencies and community colleges only | | |
| Data Source: | E-Procurement, NCAS, and P-Card | | |
| Target(s): | TBD based on established baseline and State Procurement Strategy | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • Below target E-Procurement spend transaction percentage indicates potential reduction in benefits from E-Procurement’s spend visibility and control capabilities | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Current spend reporting tools lack advanced reporting and ad-hoc capabilities • Lack of integrated spend data repository across E-Procurement, NCAS and P-Card limits ability to effectively monitor and manage spend across all entities | | |

Performance Measurements Definitions

Operations

| Measurement Name: | HUB Awards as a % of Total Awards* | BSC Quadrant: | Operations |
|----------------------------------|---|--|-------------------------|
| Purpose: | <p>Provides the percentage of awarded contracts to HUB suppliers to assess the level of HUB participation in the procurement process</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - Total HUB Spend - # of New HUB Suppliers - Value of HUB Awards - Value of Tier 2 HUB Awards | | |
| Calculation: | <p># of Bid Awards to HUB Suppliers / Total # of Awarded Suppliers</p> <ul style="list-style-type: none"> • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | E-Procurement and IPS | | |
| Target(s): | TBD based on established baseline and Supplier Diversity Strategy | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • An at or above target percentage indicates that HUB suppliers are successfully participating in procurement | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Since IPS may not adequately capture bid awards today in a format that will enable the automatic reporting of this metric, the initial calculation of this metric may be very manual in the beginning | | |

*Contingent upon HUB integration with State Procurement

Performance Measurements Definitions

Operations

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Average PO Size | BSC Quadrant: | Operations |
| Purpose: | <p>Provides the average \$ amount of POs issued in E-Procurement to assist in analyzing efficiency</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - Average PO Size per Procurement FTE - Average PO Size by Category - Average PO Size by State Term Contract | | |
| Calculation: | <p>Total Value of POs / # of E-Procurement POs</p> <ul style="list-style-type: none"> • This calculation includes state agencies and community colleges only | | |
| Data Source: | E-Procurement | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • A less than target average PO size indicates missed opportunities for increased economies of scale from larger orders (e.g., lower transportation costs, fewer invoices) | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Requires gathering the total value of all purchases orders within E-Procurement • Current reporting tools lack advanced reporting and ad-hoc capabilities | | |

Performance Measurements Definitions

Operations

| Measurement Name: | Level of Delegation | BSC Quadrant: | Operations |
|----------------------------------|--|--|-------------------------|
| Purpose: | Provides indication of degree of delegation of authority amount in dollars from State Procurement to state agencies, community colleges, and universities Potential Tier 2 measurements: - State Agency Managed Spend per Procurement FTE - Compliance Review Results | | |
| Calculation: | Aggregate sum of each entity's delegation level multiplied by their entity's total spend % of the total of all targeted entities' spend • This is calculated for state agencies, community colleges, and universities only | | |
| Data Source: | <ul style="list-style-type: none"> • State Procurement List of Delegation of Authority Levels by Entity • E-Procurement, NCAS and P-Card • Universities' spend data | | |
| Target(s): | TBD by State Procurement Strategy | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> • Low levels of delegation add burden on State Procurement to conduct sourcing for open market orders, which could potentially divert resources away from developing and managing state term contracts | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Delegation of authority amounts and average spend / volume must be centrally maintained for each applicable entity | | |

Performance Measurements Definitions

Operations

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | % Completion of Quarterly Business Reviews with Strategic Suppliers | BSC Quadrant: | Operations |
| Purpose: | Provides level of adherence to the Supplier Relationship Management process for strategic suppliers to ensure compliance | | |
| Calculation: | # of Strategic Suppliers with completed Quarterly Review / Total # of Strategic Suppliers • This calculation includes State Procurement, state agencies, and community colleges only | | |
| Data Source: | Designated owners of strategic supplier* relationships | | |
| Target(s): | 100% completion | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> • A below target percent completion indicates potential risk of unresolved issues and missing continuous improvement / best value opportunities | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Since there is no structured supplier relationship management framework that segments suppliers based on financial impact and complexity, the State must establish, implement and maintain a Supplier Performance Management framework • The assigned owner on the State side of the strategic supplier relationship will be required to report completion status of quarterly business reviews | | |

* Strategic suppliers are suppliers with high levels of spend and therefore, impact the State significantly

Performance Measurements Definitions

Operations

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | P-Card Spend as a % of Total Spend | BSC Quadrant: | Operations |
| Purpose: | Provides an indication of the level of P-Card usage for state agencies and community colleges to monitor leakage from E-Procurement | | |
| Calculation: | Sum of P-Card Spend / Total Spend • This is for state agencies and community colleges only | | |
| Data Source: | E-Procurement, NCAS, and P-Card | | |
| Target(s): | TBD by State Procurement Strategy | Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> An above target percent potentially indicates lost opportunities for total cost savings from conducting competitive bids and reduced spend visibility (assumes P-Card usage is outside of E-Procurement) | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> The State must determine which P-Card strategy they would like the procurement function to follow before a target can be established Lack of integrated spend data repository across E-Procurement, NCAS and P-Card limits ability to effectively monitor and manage spend across all entities Current spend reporting tools lack advanced reporting and ad-hoc capabilities Gathering this information will be manually intensive in the beginning | | |

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Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|--|--|---|
| Measurement Name: | Customer Satisfaction | BSC Quadrant: | Customer |
| Purpose: | Provides a view of overall customer satisfaction with the procurement function meeting the customers' needs | | |
| Calculation: | Aggregate % of customer survey responses that had an overall satisfaction level of "Somewhat Satisfied" or "Very Satisfied" <ul style="list-style-type: none"> This calculation includes state agencies, community colleges, universities, LEAs, and local governments | | |
| Data Source: | Customer Satisfaction Survey Results | | |
| Target(s): | 80% - 100% | Cycle: | Yearly |
| Interpretation(s): | <ul style="list-style-type: none"> A below target score warrants a more intensive analysis of the underlying causes of dissatisfaction to determine the corrective steps needed were possible | Data Collection Responsibility: | Stakeholder Engagement & Communications Manager |
| Data Needs / Limitations: | <ul style="list-style-type: none"> A tool to administer and provide the results of the survey is required Sufficient survey response rate to provide statistically meaningful data Analytical skills to analyze survey responses, including comments, to identify themes and recommended action items | | |

Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|--|--|---|
| Measurement Name: | Supplier Satisfaction | BSC Quadrant: | Customer |
| Purpose: | Provides a view of overall supplier satisfaction in doing business with the State Potential Tier 2 measurements: - Supplier Satisfaction by Category | | |
| Calculation: | Aggregate % of supplier survey responses that had an overall satisfaction level of “Somewhat Satisfied” or “Very Satisfied” | | |
| Data Source: | Supplier Satisfaction Survey Results | | |
| Target(s): | 80% - 100% (current baseline is 75%*) | Measurement Cycle: | Yearly |
| Interpretation(s): | <ul style="list-style-type: none"> A below target score warrants a more intensive analysis of the underlying causes of dissatisfaction to determine the corrective steps needed were possible | Data Collection Responsibility: | Stakeholder Engagement & Communications Manager |
| Data Needs / Limitations: | <ul style="list-style-type: none"> A tool to administer and provide the results of the survey is required Sufficient survey response rate to provide statistically meaningful data Analytical skills to analyze survey responses, including comments, to identify themes and recommended action items | | |

Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | Utilization of State Term Contracts by Universities | BSC Quadrant: | Customer |
| Purpose: | <p>Provides an indication of state term contract utilization by universities and the degree of value universities find in directing their spend toward state term contracts</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - University Spend conducted through E-Procurement | | |
| Calculation: | Sum of universities' spend on state term contracts | | |
| Data Source: | State term contract supplier spend by customer data, E-Procurement, university purchasing data | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> • Below target utilization may indicate that State Procurement should increase efforts to understand the universities' procurement needs, ensure that state term contracts provide strong value, and verify there is clear communication on the availability of state term contracts and their benefits | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Since universities do not currently use E-Procurement, they would be required to regularly provide their spend against state term contract data to State Procurement • Significant manual efforts will be required to collect, process, and report spend by entity using state term contract supplier provided sales data | | |

Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | Utilization of State Term Contracts by LEAs | BSC Quadrant: | Customer |
| Purpose: | Provides an indication of state term contract utilization by LEAs and the degree of value LEAs find in directing their spend toward state term contracts | | |
| Calculation: | Sum of LEA's spend on state term contracts | | |
| Data Source: | State term contract supplier spend by customer data, E-Procurement, LEA purchasing data | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> Below target utilization may indicate that State Procurement should increase efforts to understand LEAs procurement needs, ensure that state term contracts provide strong value, and verify there is clear communication on the availability of state term contracts and their benefits | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> Since LEAs do not use E-Procurement for all of their procurements, they would be required to regularly provide their spend made outside of E-Procurement against state term contract data to State Procurement Significant manual efforts will be required to collect, process, and report spend by entity using state term contract supplier provided sales data | | |

Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Utilization of State Term Contracts by Local Governments | BSC Quadrant: | Customer |
| Purpose: | Provides an indication of state term contract utilization by local governments and the degree of value local governments find in directing their spend toward state term contracts | | |
| Calculation: | Sum of local governments' spend on state term contracts | | |
| Data Source: | State term contract supplier spend by customer data, local governments' purchasing data | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> Below target utilization may indicate that State Procurement should increase efforts to understand local governments' procurement needs, ensure that state term contracts provide strong value, and verify there is clear communication on the availability of state term contracts and their benefits | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> Since local governments do not currently use E-Procurement, they would be required to regularly provide their spend against state term contract data to State Procurement Significant manual efforts will be required to collect, process, and report spend by entity using state term contract supplier provided sales data | | |

Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | # of Complaints about Suppliers | BSC Quadrant: | Customer |
| Purpose: | Provides visibility into the number of end-user complaints about suppliers to monitor supplier performance levels | | |
| Calculation: | Count of submitted Complaint to Supplier forms | | |
| Data Source: | Complaints to Supplier Forms | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> Fewer complaint forms about suppliers potentially indicates higher levels of satisfaction with suppliers | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> Since the current process to document issues with suppliers is underutilized, State Procurement will need to develop and implement a more formal quality management approach to documenting issues with suppliers Gathering complaints across the entire procurement function would be manually intensive until a formal Quality Management System is in place | | |

Performance Measurements Definitions

Customer

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | # of Supplier Protests | BSC Quadrant: | Customer |
| Purpose: | Provides an indication of the level of quality of the solicitation process Potential Tier 2 measurements: - Protest Outcomes | | |
| Calculation: | Count of supplier protests that were submitted | | |
| Data Source: | State Procurement Protest Data | | |
| Target(s): | 0 - 5 (current baseline is 31 protests during FY09/10*) | Measurement Cycle: | Quarterly |
| Interpretation(s): | <ul style="list-style-type: none"> An above target number of supplier protests potentially indicates an unacceptable amount of unplanned resource (e.g., Legal) time has been diverted to address supplier protests | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> Currently this information is maintained manually, which means gathering this information for reporting purposes will be manually intensive | | |

*Contingent upon P&C and IT Procurement integration. In FY09/10 P&C had 24 protests while IT Procurement had 7.

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Performance Measurements Definitions

Financial

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Total Identified Strategic Sourcing Savings | BSC Quadrant: | Financial |
| Purpose: | <p>Provides an aggregate view of identified savings through strategic sourcing to quantify the potential value being delivered by the procurement function</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - Identified Savings by Category | | |
| Calculation: | <p>Sum of identified savings through strategic sourcing activities</p> <ul style="list-style-type: none"> • This metric will only include state agencies and community colleges | | |
| Data Source: | <p>Approved save sheets submitted by category managers and sourcing managers in State Procurement</p> | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • Below target strategic sourcing savings indicates that the procurement function is at risk for not delivering projected strategic sourcing savings | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Reporting this data will be difficult until a strategic sourcing methodology and a clear benefits tracking process are implemented • The savings validation and approval process should include a finance representative (e.g., OSBM) • Current spend reporting tools lack advanced reporting and ad-hoc capabilities | | |

Performance Measurements Definitions

Financial

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Total Realized Strategic Sourcing Savings | BSC Quadrant: | Financial |
| Purpose: | <p>Provides the total realized savings through strategic sourcing to more accurately quantify the value delivered by the procurement function</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - Realized Strategic Sourcing Savings by Category - Realized Strategic Sourcing Savings for State Agencies and Community Colleges | | |
| Calculation: | $(\text{Actual State Term Contract Spend} / (1 - \% \text{ of Identified Savings from Strategic Sourcing Activities})) - \text{Actual State Term Contract Spend}$ | | |
| Data Source: | E-Procurement, approved save sheets, state term contract supplier reported sales data | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • Below target realized strategic sourcing savings indicates the State is receiving fewer benefits from procurement activities | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Reporting this data will be difficult until a strategic sourcing methodology and a clear benefits tracking process are implemented • There is not a single system where the State can report on consolidated Purchase Order, Contract, and Payment transactions • Significant manual efforts will be required to collect, process, and report contract spend using state term contract supplier provided sales data | | |

Performance Measurements Definitions

Financial

| | | | |
|----------------------------------|---|--|-------------------------|
| Measurement Name: | Contract Spend as a % of Total Spend | BSC Quadrant: | Financial |
| Purpose: | <p>Provides a summary of contract spend for account codes / categories that are centrally managed to indicate degree of spend managed by the procurement function</p> <p>Potential Tier 2 measurements:</p> <ul style="list-style-type: none"> - State Term Contract Spend by Category - Agency Contract Spend by Category | | |
| Calculation: | <p>$(\text{Spend using State Term Contracts} + \text{Spend using Agency Specific Term Contract Spend}) / \text{Total Spend}$</p> <ul style="list-style-type: none"> • This metric is for state agencies and community colleges only | | |
| Data Source: | E-Procurement and NCAS | | |
| Target(s): | 60% - 80% | Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • A below target percentage indicates there are opportunities to improve contract utilization to lower total costs and improve the protection of the State's interests | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Current spend reporting tools lack advanced reporting and ad-hoc capabilities • There is not a single system where the State can report on consolidated purchase order, contract, and payment transactions • Accuracy of this metric is dependent on the consistent and correct entry of state term contract or agency specific term contract numbers on applicable requisitions within E-Procurement | | |

Performance Measurements Definitions

Financial

| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | Actual State Term Contract Spend as a % of Targeted State Term Contract Spend | BSC Quadrant: | Financial |
| Purpose: | <p>Provides a summary of actual state term contract spend compared to the weighted targeted state term contract spend to assess the utilization of state term contracts</p> <p>Potential Tier 2 measurements: - Actual State Term Contract Spend vs. Targeted State Term Contract Spend by Category</p> | | |
| Calculation: | <p>Sum of Actual State Term Contract Spend / Sum of Targeted State Term Contract Spend</p> <ul style="list-style-type: none"> • This is for state agencies and community colleges only | | |
| Data Source: | E-Procurement, NCAS, and target spend per state term contract from State Procurement category managers | | |
| Target(s): | 100% (or greater) | Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> • A below target percentage indicates potential reduction of benefits from use of state term contracts • Percentages over 100% indicate that more state term contract benefits have been delivered than originally targeted / projected | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> • Current spend reporting tools lack advanced reporting and ad-hoc capabilities • There is not a single system where the State can report on consolidated purchase order, contract, and payment transactions • Accuracy of this metric is dependent on the consistent and correct entry of state term contract numbers on applicable requisitions within E-Procurement | | |

Performance Measurements Definitions

Financial

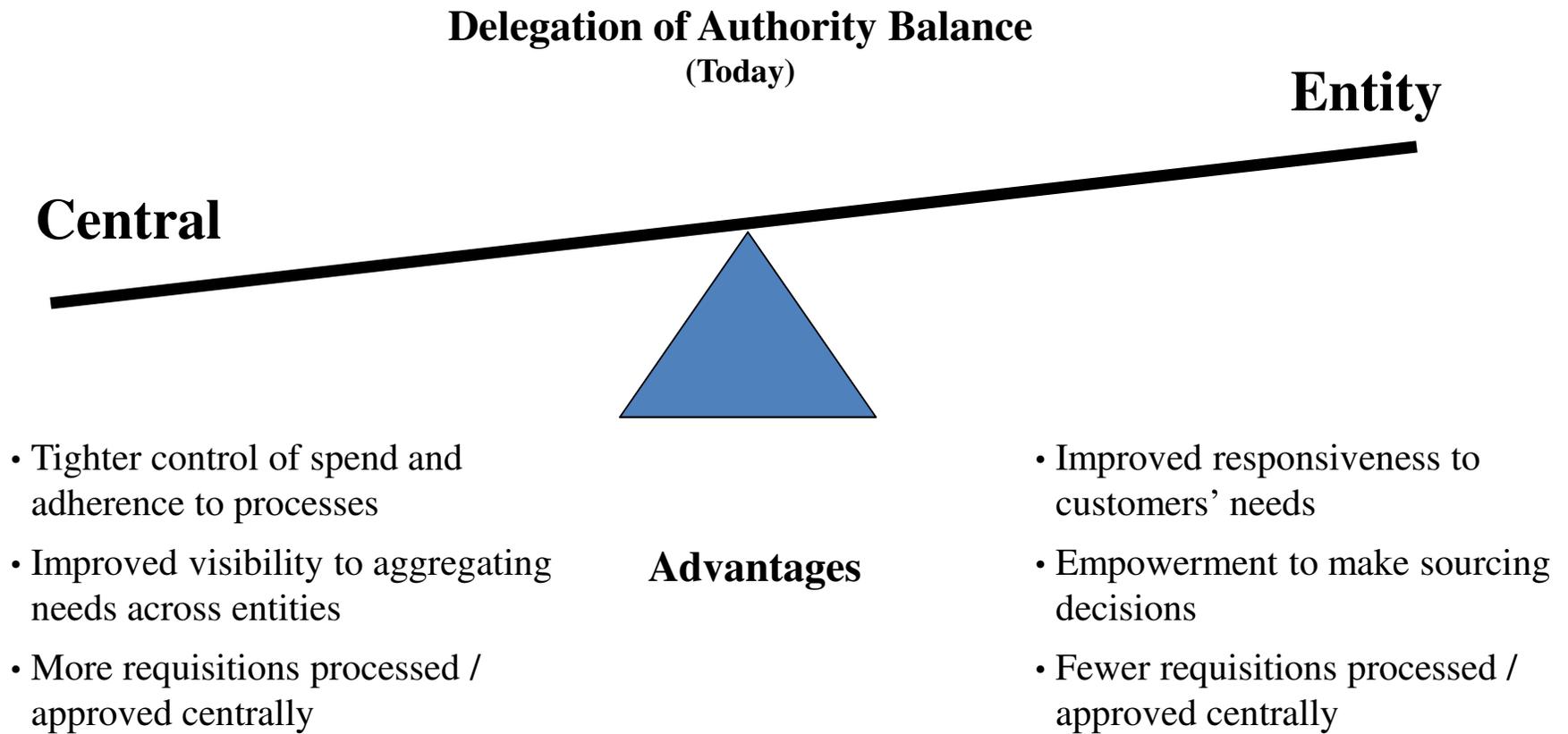
| | | | |
|----------------------------------|--|--|-------------------------|
| Measurement Name: | E-Procurement Fee Revenue | BSC Quadrant: | Financial |
| Purpose: | Provides the revenue generated from E-Procurement fees to support the procurement function | | |
| Calculation: | Sum of E-Procurement Fee Revenues Received | | |
| Data Source: | E-Procurement | | |
| Target(s): | TBD based on established baseline | Measurement Cycle: | Monthly |
| Interpretation(s): | <ul style="list-style-type: none"> Above target revenues provide a potential source of funding for Procurement Transformation initiatives | Data Collection Responsibility: | Senior Business Analyst |
| Data Needs / Limitations: | <ul style="list-style-type: none"> The E-Procurement fee is an issue with some entities and suppliers | | |

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Delegation of Authority Levels

State Procurement has an opportunity to revisit the delegation of authority levels for selected entities to determine if higher levels would result in increased efficiencies and improved service to procurement's customers without significant loss of oversight.



Delegation of Authority Levels Path to Increased Delegation of Authority

To receive and maintain higher delegation of authority levels as requested, state agency and community college leadership must demonstrate following leading practices as designated by State Procurement.

- Champion the Procurement Vision, Mission Statement and Guiding Principles
- Support the attendance of mandatory training specified by the State Procurement of positions that are involved in the procurement process (e.g., full time procurement professionals, requisitioners, divisions / program areas roles that help develop specifications, contract administrators)
- Adopt and proactively manage to meet or exceed Procurement Balanced Scorecard metrics tracked by the Procurement Governance Team
- Adopt and follow the Purchasing Manual that is maintained by State Procurement
- Provide representative(s) to actively participate in relevant sourcing initiatives sponsored by State Procurement, or agree to fully champion across all divisions / program areas the use of awarded state term contracts
- Pass compliance reviews performed by State Procurement initially, and then every two to three years
- Utilize procurement job profiles developed by State Procurement and OSP with all full time procurement professionals
- Not have any major or regularly occurring issues

Delegation of Authority Levels Requisition Levels Analysis

By increasing the delegation of authority for selected entities and creating new state term contracts for targeted categories, the number of requisitions requiring action by State Procurement could be significantly reduced without major reduction in oversight.

| | Current | Scenario 1 | Scenario 2 |
|--|-----------------|--|---|
| Changes to Delegation of Authority Levels | | Increase DHHS, DOA, DOC, DENR, DJJ&CP, DOT, ITS, WRC, Central Piedmont CC, Pitt CC, and Guilford CC to \$100,000 | Increase DHHS, DOA, DOC, DENR, DJJ&CP, DOT, ITS, WRC, Central Piedmont CC, Pitt CC, and Guilford CC to \$100,000 |
| Addition of New State Term Contracts | | | Freight and Freight Supplies, Auto Service and Parts, AV Equipment, Med/Lab Supplies and Equipment, MRO Supplies and Equipment, Print |
| Estimated # of Requisitions to State Procurement | 7,711 | 4,589 | 3,678 |
| % of Total Requisitions to State Procurement | 4.0% | 2.4% | 1.9% |
| Estimated \$ of Requisition to State Procurement | \$2.044 billion | \$1.894 billion | \$1.773 billion |
| % of Total Requisition \$ to State Procurement | 78% | 73% | 68% |
| Observations | | 40% fewer requisitions with only a 7% reduction in \$ of requisitions coming to State Procurement | 52% fewer requisitions with only a 13% reduction in \$ of requisitions coming to State Procurement |

Note: Above analysis is for directional purposes only; more detailed analysis would be required to support decisions around organization sizing and impacts from adjusting delegation of authority levels

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Procurement Vision and Guiding Principles

Vision: *Create a customer-focused enterprise to achieve increased procurement effectiveness, efficiency, and compliance resulting in significant financial benefit for taxpayers by reducing the costs of acquiring goods and service.*

Guiding Principles

| | |
|---|--|
| <i>Best Value</i> | Procure goods and services at the lowest total cost of ownership by leveraging the State's buying power using the most appropriate channels to deliver economic value for North Carolina taxpayers |
| <i>Customer Focus</i> | Address all stakeholders' business needs and manage their expectations in a timely, informative, and responsive manner |
| <i>Delivery Excellence</i> | Develop, maintain, and execute standardized, repeatable procurement processes and procedures across the procurement function – supported by technology where appropriate – to achieve targeted business outcomes |
| <i>Compliance and Accountability</i> | Enforce compliance with statutes, administrative codes, executive orders, and policies while providing appropriate transparency for stakeholders through monitoring, measuring, and reporting activities |
| <i>Operational Efficiency</i> | Align people, processes, and technology to optimize the procurement function against defined procurement goals and metrics |
| <i>Workforce Excellence</i> | Maintain a workforce with the right knowledge and skills to be viewed as a trusted partner on procurement related issues to achieve targeted business outcomes |
| <i>Strategic Planning</i> | Strategically plan procurement activities using a proactive and collaborative approach to optimize the return on investment for the State of North Carolina |

The RACI matrix is a framework that is used to clearly define roles and responsibilities for a process.

| | | |
|---------------------------|--|---|
| <p>Responsible</p> | <ul style="list-style-type: none"> • The individual(s) who performs the task, responsible for the action/implementation • The degree of responsibility is defined by the Accountable person • “R’s” can be shared | <p> The ‘Doer’</p> |
| <p>Accountable</p> | <ul style="list-style-type: none"> • The individual who is ultimately accountable • Has Yes/No power, as well as power of veto • Only one “A” can be assigned to a process step/activity | <p> “The Buck stops here”</p> |
| <p>Consulted</p> | <ul style="list-style-type: none"> • The individual(s) to be consulted prior to an action being taken or a final decision made • Encourages two-way communication • “C’s” can be shared | <p> “In the Loop”</p> |
| <p>Informed</p> | <ul style="list-style-type: none"> • The individual(s) who need to be informed after an action has been taken, or a decision is made • “I’s” can be shared | <p> “FYI”</p> |

Specific, meaning the metrics are specific and targeted to the area being measured.

Measurable, meaning that accurate and complete data is available to be collected.

Actionable, which means the metrics are easy to understand and actionable. When performance is charted over time it is clear which direction is “good” and which direction is “bad” so appropriate action can be taken.

Relevant, simply means measure performance areas that are important. Measuring everything could produce many irrelevant, unimportant metrics.

Timely, meaning the data can be reported on in real-time.