

*Final Deliverable*



## North Carolina Procurement Transformation

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Strategy & Governance / Organizational  
Benefits Case & Implementation Plan

April 8, 2011

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## Executive Summary

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### **Implementing the recommended Governance, Operating, and Organizational Models will enable the State of North Carolina's procurement function to achieve and sustain its Vision.**

- Benefits of implementing the recommended Governance, Operating, and Organizational Models include:
  - Defines decision-making frameworks, authorities, structures, metrics, and oversight to better control and manage the State's spend
  - Introduces standard processes and procedures to streamline operations across the statewide procurement function
  - Fosters collaboration across entities and increases focus on stakeholders' business needs
  - Provides organizational platform for procurement to achieve its Vision and meet the needs of its customers and suppliers
  - Employs centrally-led sourcing and category management groups with deep category knowledge to deliver best value solutions through strategic sourcing
- Implementation of the recommended Governance, Operating, and Organizational Models will take an estimated 24 months and is dependent on having the right skilled resources available to complete the identified implementation steps
- Implementation of the recommended Governance, Operating, and Organizational Models will help support the quality management system directives contained in SB1213

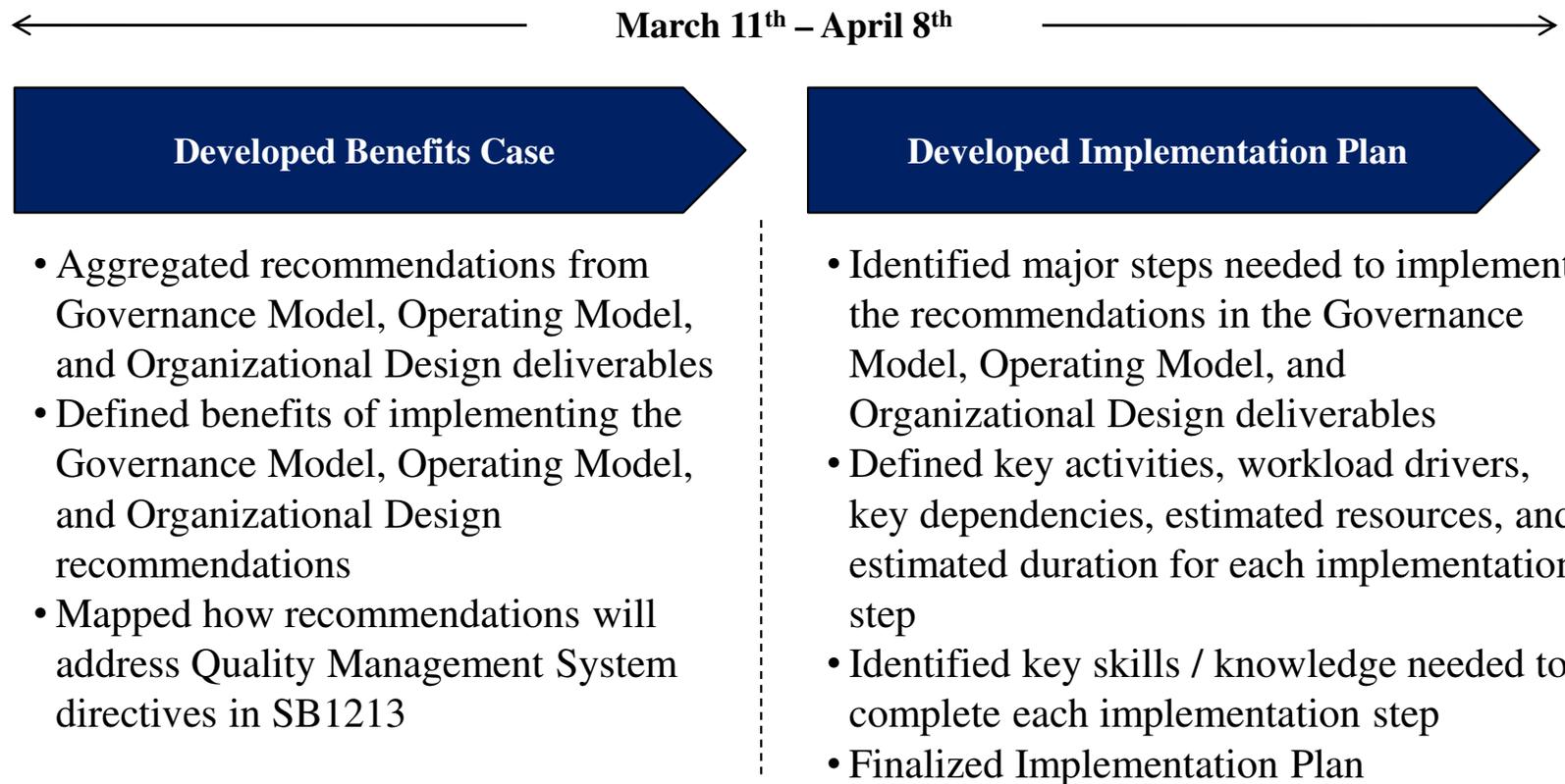
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## Approach

The team followed a structured approach to develop the Strategy & Governance / Organizational Benefits Case & Implementation Plan.



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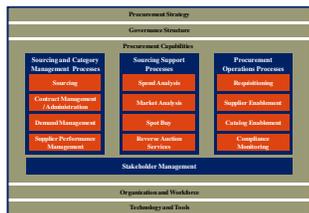
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**Implementing the recommended Governance, Operating, and Organizational Models will allow the State to achieve and sustain benefits from the procurement function.**

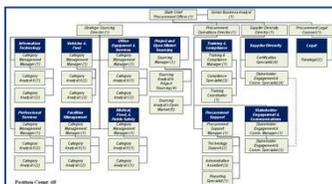
**Governance Model**



**Operating Model**



**Organizational Model**



- Defines the decision-making frameworks, authorities, structures, metrics, and oversight to execute and manage the procurement function’s processes, policies, and procedures
- Increases control and management of spend
- Improves monitoring of procurement performance and promotes continuous improvement
- Increases focus on strategic sourcing to drive bottom line savings for the State
- Increases visibility and transparency of the goods and services that the State purchases
- Enables the procurement function to better adapt to changing environment by having a well-defined structure with standardized processes and procedures
- Fosters collaboration across entities to streamline key processes to better meet customers' and suppliers' needs
- Makes the procurement function a profession with clear career path options
- Provides North Carolina specific role-based and competency training to procurement employees
- Supports delivery of best value solutions through strategic sourcing and category management
- Clearly defines key responsibilities, skills needed, and performance metrics for procurement roles through standardized statewide procurement titles and job profiles
- Enables the delivery of proactive customer service by having dedicated resources focused on communications and outreach activities

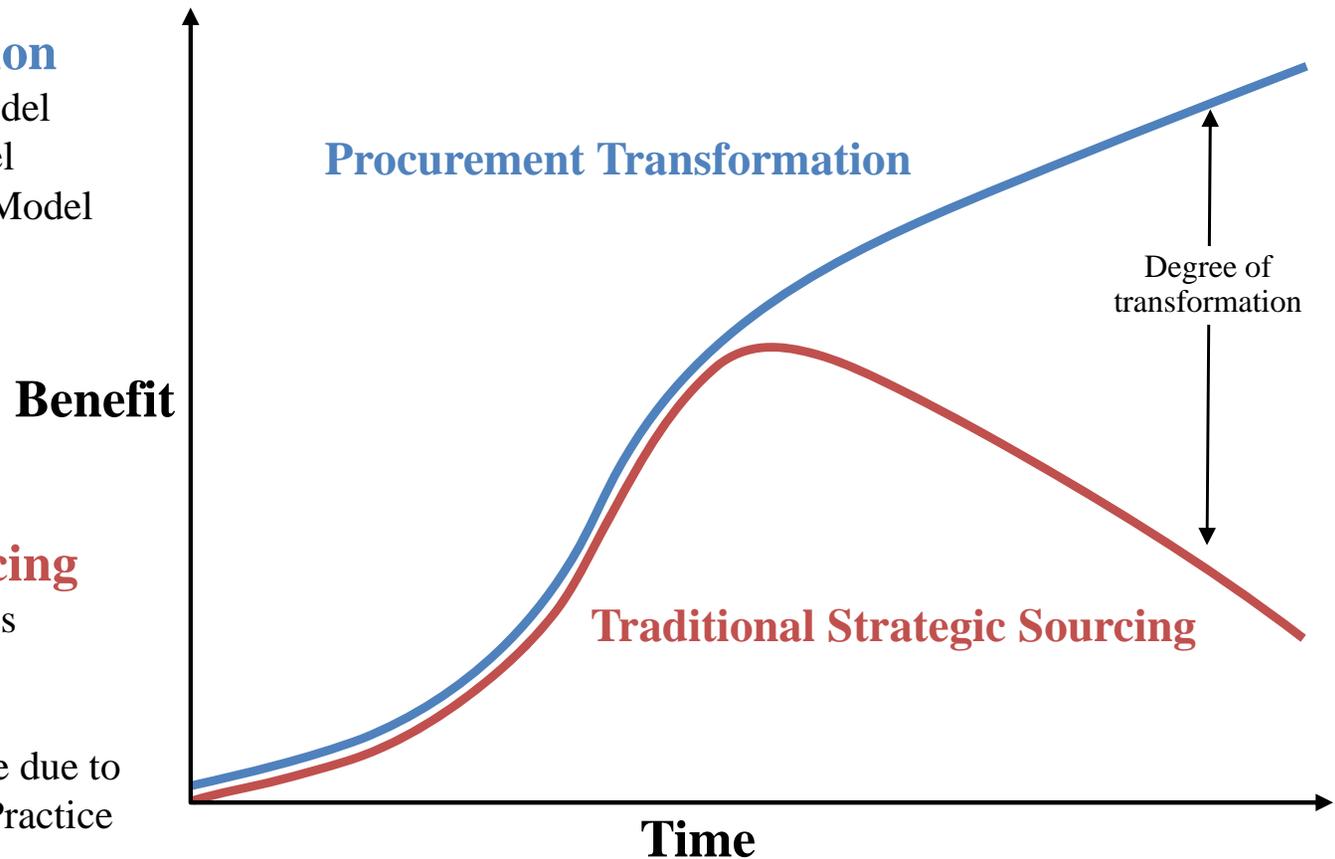
**The resulting transformed procurement function will be well positioned to sustain and drive additional benefits over time.**

### Procurement Transformation

- Leading Practice Governance Model
- Leading practice Operating Model
- Leading practice Organizational Model
- Leading Practice Technology

### Traditional Strategic Sourcing

- Leading Practice Sourcing process
  - Total Cost of Ownership
  - Multi-functional team
- Benefits may fade away over time due to difficulty to sustain the Leading Practice processes



**The Governance Structure establishes oversight and management of procurement function capabilities by defining roles, responsibilities, and accountability.**

Capability	Summary of Recommendations	Benefits
<p><b>Governance Structure</b></p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Establish, define, and empower a Procurement Governance Team to make key decisions, monitor performance, and champion changes in statute, administrative code, and policies</li> <li>• 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</li> <li>• Proactively monitor statutes and administrative codes</li> </ul>	<ul style="list-style-type: none"> <li>• Manages adherence to the procurement function's Vision and Guiding Principles</li> <li>• Defines and communicates the procurement framework, including reporting structures within the organization</li> <li>• Develops and manages the implementation of procurement policies, processes, and standards</li> <li>• Establishes a clear protocol for decision making with a defined escalation process</li> <li>• Ensures the procurement function is compliant with procurement code and statutes</li> <li>• Identifies potential needs for changes / improvements</li> <li>• Promotes the business needs of state entities through a representative body</li> </ul>

**The Key Decision Approval process provides a streamlined approach to review, approve, and implement key cross-functional / entity opportunities.**

Capability	Summary of Recommendations	Benefits
<p><b>Key Decision Approval</b></p>	<ul style="list-style-type: none"> <li>• 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)</li> <li>• Develop and maintain a Business Case template for use by all parties when suggesting a potential procurement-related opportunity</li> <li>• Consider enterprise-wide impacts when making a key decision, utilizing the sub-committee process as necessary</li> <li>• Review, contribute to, and approve for each opportunity a final implementation plan that includes identifying updates needed to existing documents</li> <li>• Issue regular communications describing key decisions made and potential impacts to all affected stakeholders</li> <li>• Develop a measurement plan for each approved opportunity to proactively track implementation success and confirm desired outcomes are achieved</li> </ul>	<ul style="list-style-type: none"> <li>• Promotes the identification of opportunities to improve and streamline existing procurement processes</li> <li>• Ensures impacts to the entire procurement function as well as other functions (e.g., IT, OSP, OSMB) are considered when making a key decision</li> <li>• Standardizes business case development across state entities and provides a simple, consistent format to present procurement opportunities</li> <li>• Manages risks by establishing checkpoints in the process</li> <li>• Increases communication and awareness of procurement activities and informs customers of potential risks and issues</li> <li>• Ensures potential updates to key materials are considered when key decisions are made (e.g., training materials, Procurement Manual, statutes, policies, and Sourcing Plan)</li> </ul>

**The Reporting process increases the focus and awareness of the value delivered by the procurement function.**

Capability	Summary of Recommendations	Benefits
<p><b>Reporting</b></p>	<ul style="list-style-type: none"> <li>• Implement and utilize a Balanced Scorecard with metrics and targets to help manage the health and performance of the procurement function</li> <li>• Implement the appropriate technology to enable the capturing, tracking, and reporting of key performance measurements</li> <li>• Verify each agency / community college states how they will capture and manage relevant Balanced Scorecard performance measurements in their strategic plan</li> <li>• As procurement priorities shift, continuously assess performance measurements to ensure they are relevant and update as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>• Provides insight and awareness of procurement performance and how the procurement function is meeting customer needs</li> <li>• Increases the ability to identify opportunities for improvement to better meet customer needs</li> <li>• Provides a stronger foundation for fact-based decision making</li> <li>• Increases the ability to provide reports to key stakeholder groups (e.g., legislature, public)</li> </ul>

**The Procurement Results Management process allows the procurement function to identify areas of improvement and opportunities to better serve stakeholders**

Capability	Summary of Recommendations	Benefits
<p><b>Procurement Results Management</b></p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Issue communications describing the results management action plan and the potential impacts to all affected stakeholders</li> <li>• Monitor the implementation of the results management action plan by conducting regular checkpoints and formal status reviews</li> <li>• Recognize entities / functions that consistently perform above established targets and potentially develop an award to congratulate exceptional value delivered to the State</li> <li>• Promote open communication by developing a process to accommodate feedback from results management action plans (e.g., questions, issues, and results)</li> </ul>	<ul style="list-style-type: none"> <li>• Increases visibility and awareness into the value procurement is creating and delivering</li> <li>• Creates a way to monitor the progress of initiatives and helps stakeholders quickly identify and address issues</li> <li>• Increases recognition of high performing agencies and increases motivation to meet targets</li> <li>• Provides a standard method for tracking performance and to identify high and low performing entities</li> <li>• Ensures the appropriate action is taken to address measurements that are repeatedly performing below targets</li> <li>• Promotes stakeholder collaboration and communication</li> </ul>

**The Sub-Committee Formation process allows the Procurement Governance Team to gain additional support and related knowledge when making a key decision or identifying root causes for procurement-related issues.**

Capability	Summary of Recommendations	Benefits
<p><b>Sub-Committee Formation</b></p>	<ul style="list-style-type: none"> <li>• 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</li> <li>• Proactively seek situations where subject matter expertise is required and a sub-committee should be formed</li> <li>• Develop and maintain a sub-committee charter template to be completed by the Procurement Governance Team when additional subject matter expertise is required</li> <li>• Require sub-committees to routinely report on the status of the chartered objective by creating and maintaining a project workplan</li> </ul>	<ul style="list-style-type: none"> <li>• Provides additional support for decision making, identifying root causes of issues, and determining action / implementation plans to ensure the entire procurement function is considered</li> <li>• Increases focus of subject matter expertise in key areas</li> <li>• Increases awareness and communication for procurement as well as other functions' (e.g., ITS, OSP, OSBM) activities and initiatives</li> <li>• Promotes ownership of and commitment to the procurement process by all stakeholders.</li> </ul>

**Sourcing and Contract Management increases the procurement function’s compliance and drives bottom line savings.**

Capability	Summary of Recommendations	Benefits
<b>Sourcing</b>	<ul style="list-style-type: none"> <li>• Develop a strategic planning capability by establishing and publishing a long term sourcing plan</li> <li>• Implement a statewide strategic sourcing methodology</li> <li>• Implement an eSourcing solution to streamline and increase visibility into the sourcing process</li> <li>• Implement recommended statute changes to allow for pricing negotiations and drive best value solutions from suppliers</li> <li>• Consolidate to one centralized purchasing manual which is maintained by State Procurement</li> <li>• Review other state’s protest processes to identify additional opportunities to streamline the process</li> </ul>	<ul style="list-style-type: none"> <li>• Increases visibility of sourcing workload, resource planning, and timing</li> <li>• Increases the number of sourcing events and the dollar amount that is competitively sourced</li> <li>• Reduces total cost of goods / services and increases purchasing power</li> <li>• Streamlines and increases visibility of bid process through eSourcing tools and templates</li> <li>• Consolidates spend with preferred suppliers to achieve volume based discounts</li> <li>• Increases collaboration across state entities to drive best value</li> <li>• Leverages potential additional volume from LEAs, universities and local governments</li> </ul>
<b>Contract Management / Administration</b>	<ul style="list-style-type: none"> <li>• Establish a standard contracts management process</li> <li>• Develop and maintain standard contract templates</li> <li>• Implement a contracts management tool to store contracts and monitor contract compliance and usage</li> </ul>	<ul style="list-style-type: none"> <li>• Standardizes process for managing contracts</li> <li>• Increases suppliers’ ease of doing business with the State</li> <li>• Increases contract visibility and improves compliance monitoring</li> <li>• Increases visibility to obligations and commitments using a centralized contracts repository</li> <li>• Provides standard business terms and contract templates for use throughout the State</li> <li>• Increases efficiency for renewal management and amendment tracking</li> </ul>

**Implementing demand management and SPM processes allows the procurement function to focus on improving supplier relationships and identifying areas of improvement.**

Capability	Summary of Recommendations	Benefits
<b>Demand Management</b>	<ul style="list-style-type: none"> <li>• Establish rigorous demand management / planning process that includes early collaboration with all relevant stakeholders (including across government levels)</li> <li>• Implement a demand management program that focuses on driving additional value with existing suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces and consolidates the number of products ordered by end users</li> <li>• Increases focus on rationalizing specifications, improving lifecycle management, and decreasing total cost of ownership</li> <li>• Engages supply base to assist in identifying areas for consolidation or ways to drive efficiencies for bottom line cost savings</li> </ul>
<b>Supplier Performance Management (SPM)</b>	<ul style="list-style-type: none"> <li>• Segment supplier base to ensure all suppliers the proper level of focus and interaction</li> <li>• Collaboratively set realistic metrics that will measure the value delivered to the State by the strategic supplier</li> <li>• Establish Supplier Scorecards to measure performance and identify areas of improvement</li> <li>• Drive continuous improvement with suppliers after the contract is established in order to streamline processes and reduce the total cost of ownership</li> <li>• Implement a performance improvement plan to be used when supplier performance falls below target</li> <li>• Streamline process to collect feedback on supplier performance across end users</li> </ul>	<ul style="list-style-type: none"> <li>• Establishes and improves strategic supplier relationships</li> <li>• Categorizes suppliers based on overall financial impact and market complexity</li> <li>• Uses a common set of tools and processes to measure the performance of suppliers</li> <li>• Engages suppliers to collaborate and share innovation / cost improvements ideas</li> <li>• Provides a factual basis for managing suppliers' performance and recognizes / rewards good supplier performance</li> <li>• Provides open and timely communications between both parties, which leads to longer term, less adversarial relationships</li> </ul>

**Spend Analytics and Market Analysis allows the procurement function to understand internal and external factors to develop and execute category sourcing strategies that deliver best value.**

Capability	Summary of Recommendations	Benefits
<b>Spend Analytics</b>	<ul style="list-style-type: none"> <li>• Formalize statewide spend analysis capability to support decision making as part of strategic sourcing methods</li> <li>• Review spend commodity codes to align with spend visibility needs</li> <li>• Utilize industry accepted category classification scheme consistently at the transaction level (e.g., UNSPSC, NIGP)</li> <li>• Implement spend analysis technology to support procurement function activities</li> <li>• Determine approach to incorporating University and LEA spend data into central data repository</li> </ul>	<ul style="list-style-type: none"> <li>• Provides a statewide view of spend</li> <li>• Maximizes spend categorization, consolidation, and demand aggregation</li> <li>• Increases capability to segment spend to identify areas of opportunity for sourcing / demand management</li> <li>• Provides critical input to the category sourcing strategy, solicitation, and savings calculations</li> <li>• Automates data extraction, cleansing and categorization</li> <li>• Increases reporting capabilities</li> <li>• Monitors and helps eliminates maverick spending</li> </ul>
<b>Market Analysis</b>	<ul style="list-style-type: none"> <li>• Utilize market analysis as part of the sourcing process</li> <li>• Review relevant agreements to evaluate market conditions / pricing benchmarks (e.g., other state contracts, co-op agreements, GSA)</li> <li>• Utilize Supply Base Meetings prior to developing and conduction solicitations in targeted categories</li> </ul>	<ul style="list-style-type: none"> <li>• Provides an open forum to gather suppliers' insights into opportunities for the State to reduce total cost of ownership and examples of how other states / organizations have approached developing contracts (e.g., leading practices and lessons learned)</li> <li>• Provides additional insights for sourcing teams developing sourcing strategies</li> <li>• Supports acceptance of change across the procurement function and stakeholders</li> </ul>

**Redefining State Procurement’s Spot Buy capabilities enables the procurement function to focus on more strategic initiatives.**

Capability	Summary of Recommendations	Benefits
<b>Spot Buy</b>	<ul style="list-style-type: none"> <li>• Explore increasing entity delegation levels, allowing additional one-time purchases to be made at the agency/community college level</li> <li>• Establish a State Procurement led team that solely focuses on bids that are above entity delegation of authority and are not on state term contracts (open market bids)</li> </ul>	<ul style="list-style-type: none"> <li>• Allows State Procurement Category Teams to focus time on strategically sourcing and managing state term contracts</li> <li>• Increases efficiencies in producing savings by utilizing focused, specialized resources who consistently follow a structured sourcing process</li> <li>• Enables sourcing process to be fast tracked and drives additional savings for appropriate categories</li> </ul>
<b>Reverse Auction Services</b>	<ul style="list-style-type: none"> <li>• Utilize reverse auctions as part of the sourcing process</li> <li>• Leverage an eSourcing tool that can support the State’s reverse auction activities</li> </ul>	<ul style="list-style-type: none"> <li>• Achieve best value in a timed, dynamic environment</li> <li>• Decreases negotiation timeline</li> <li>• Creates a more competitive environment with greater number of suppliers</li> <li>• Provides visibility on true market prices for goods / services</li> <li>• Reduces need for negotiation skills during sourcing process</li> </ul>

**Streamlining the State’s procurement operations capabilities results in increased usage of the E-Procurement system and reduced requisitioning cycle time.**

Capability	Summary of Recommendations	Benefits
<b>Requisitioning</b>	<ul style="list-style-type: none"> <li>• Evaluate opportunities to simplify and standardize the agency workflow requirements within E-Procurement</li> <li>• Consider implementing fewer required approvers, especially for contracted catalog items</li> <li>• Develop role or activity based training and make training guides and tools accessible via the web</li> <li>• Increase training for professional purchasing staff</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces requisition and PO processing cycle time especially for catalog items that have already been competitively bid and contracted</li> <li>• Increases performance and compliance to approved contracts</li> <li>• Increases user awareness and knowledge, driving compliance and use of system</li> </ul>
<b>Supplier Enablement</b>	<ul style="list-style-type: none"> <li>• Streamline the supplier registration process to minimize integration points</li> <li>• Establish and execute a process to identify inactive / active suppliers and remove duplicate supplier records</li> </ul>	<ul style="list-style-type: none"> <li>• Reduces effort for suppliers to do business with the State by removing current redundant registrations</li> <li>• Reduces cycle time to approve and enable suppliers</li> <li>• Supports having an accurate supplier list that enables suppliers to receive relevant information from the State regarding solicitations and requests for quotes</li> </ul>
<b>Catalog Enablement</b>	<ul style="list-style-type: none"> <li>• Refine or reduce number of available products through structured strategic sourcing initiatives</li> <li>• Implement improved processes and internal service level agreements regarding implementing catalogs for new contracts and keeping catalog content up-to-date and reflective of expiration dates</li> <li>• Implement a strategy / process to review pricing on catalogs</li> </ul>	<ul style="list-style-type: none"> <li>• Provides employee with guided purchasing options that procurement has strategically sourced and contracted</li> <li>• Provides a tool to achieve contract compliance and spend under management goals</li> <li>• Improves accuracy of spend reporting by reducing user entered information</li> <li>• Reduces requisition to payment cycle times and eliminates approval redundancies for items that have already been sourced and contracted</li> <li>• Improves procurement control through approved spend channels</li> </ul>

**Increased focus on Stakeholder Management allows procurement to demonstrate value and help stakeholders achieve their business goals.**

Capability	Summary of Recommendations	Benefits
<p><b>Compliance Monitoring</b></p>	<ul style="list-style-type: none"> <li>• Consolidate compliance monitoring processes used to monitor state agency and community college spend on state term contracts and their adherence to state policies and procedures</li> <li>• Develop and implement a set of procurement performance metrics that track performance on an individual, process and organizational level</li> </ul>	<ul style="list-style-type: none"> <li>• Mitigates risk of violating State procurement laws</li> <li>• Increases spend compliance because users are more likely to follow protocol if they are aware and trained on the processes</li> <li>• Focuses of purchasing lower cost goods / services by increasing spend on contracts that have been strategically sourced</li> <li>• Reduces risk of variation from State standards</li> </ul>
<p><b>Stakeholder Management</b></p>	<ul style="list-style-type: none"> <li>• Establish a communication process to increase procurement knowledge and awareness, understand customer needs, and communicate procurement value achieved</li> <li>• Conduct surveys with internal / external stakeholders in order to understand levels of satisfaction with procurement's performance and areas of opportunity</li> <li>• Update and maintain website that provides listing of all state term contacts, including description of scope, benefits, FAQ, How To Use, Geographic Coverage, Contractors, Contractors' HUB status, Recycled / Sustainable Products Flag</li> </ul>	<ul style="list-style-type: none"> <li>• Improves quality of service</li> <li>• Increases awareness of policies and procedures, leading to increased acceptance and participation by entities</li> <li>• Provides visibility into areas of improvement and opportunities for process efficiencies</li> <li>• Increases visibility of procurement related communication, policies, and procedures</li> </ul>

**Implementing Organizational Structure recommendations is a key enabler to driving and sustaining the strategic sourcing benefits case.**

Component	Summary of Recommendations	Benefits
<b>Organization Structure</b>	<ul style="list-style-type: none"> <li>• Merge the Division of Purchase &amp; Contract and IT Procurement organizations into a single procurement organization called State Procurement</li> <li>• Integrate the Historically Underutilized Business (HUB) Office into State Procurement</li> <li>• Establish a Strategic Sourcing group within State Procurement with deep sourcing expertise</li> <li>• Establish an Operations group within State Procurement</li> <li>• Establish a dedicated Procurement Legal Counsel group within State Procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Provides organizational platform for procurement to achieve its Vision and meet customers’ needs through the integration of Purchase &amp; Contract and IT Procurement into a single central procurement authority</li> <li>• Supports delivery of best value solutions through the formation of centrally-led sourcing and management groups focused by category / industry and ongoing procurement analysis</li> <li>• Increases collaboration across state entities to drive value (e.g., aligns resources to support delivery of strategic sourcing benefits)</li> <li>• Provides a robust operational support framework for state agencies, community colleges, and other stakeholders</li> <li>• Enables the delivery of proactive customer service by having dedicated resources focused on communications and outreach activities that strengthen stakeholder relationships and two way communications</li> <li>• Provides access to central, procurement focused legal support for improved consistency of guidance on procurement related matters (e.g., reviews appropriate solicitations and contracts, provides consistent guidance to the procurement function on North Carolina statutes, administrative codes, executive orders, and policies)</li> <li>• Supports achieving the State of North Carolina’s supplier diversity objectives</li> </ul>

**Implementing recommended job profiles provides consistent, enterprise-wide documentation of responsibilities, key skills, and metrics to achieve a high performing workforce.**

Component	Summary of Recommendations	Benefits
<p><b>Job Profiles / Career Paths</b></p>	<ul style="list-style-type: none"> <li>• Deploy recommended job titles and job profiles for procurement-related positions within State Procurement, and then identify qualified resources to fill the new positions</li> <li>• Deploy standardized job titles and job profiles for procurement related positions across state agencies and community colleges</li> <li>• Execute a standardized job profile management process</li> <li>• Utilize Career Track Mappings within the procurement function</li> <li>• Develop and deploy a comprehensive training solution for resources performing procurement related activities</li> <li>• Finalize and deploy updated salary grades for procurement roles</li> <li>• Develop individual performance metrics from the recommended Procurement Balanced Scorecard for inclusion in job descriptions</li> </ul>	<ul style="list-style-type: none"> <li>• Clearly defines key responsibilities, skills needed, and performance metrics for procurement roles through standardized procurement titles and job profiles</li> <li>• Creates standard process for managing job profiles to ensure ongoing relevancy to the needs of the procurement function and to maintain consistency across state agencies and community colleges</li> <li>• Provides employees performing procurement related activities with the right skills to be successful within their roles</li> <li>• Develops, delivers, and tracks completion of appropriate training more effectively to improve the skills development and sustainment process of employees performing procurement activities</li> <li>• Attracts, retains, and incentivizes appropriately skilled employees who are critical for transforming the procurement function and sustaining the benefits derived through an enhanced workforce</li> <li>• Provides multiple career path options for procurement employees to improve level of career satisfaction and opportunities for growth</li> <li>• Includes competitive salary grades for standard procurement job profiles to better reflect the experience, expertise, and level of management responsibility needed to successfully transform and sustain the procurement function by attracting and retaining top talent</li> <li>• Increases accountability and enables more objective performance evaluations</li> </ul>

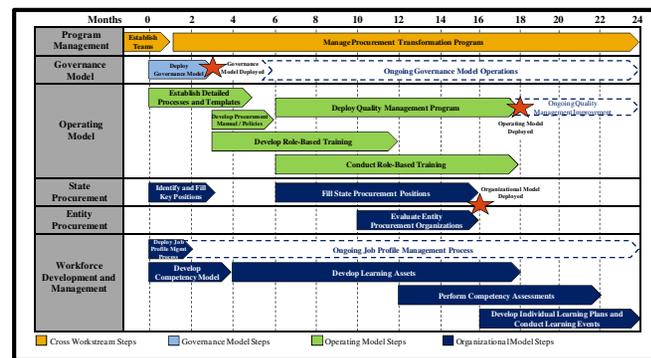
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To help coordinate and execute the deployment of the approved Governance, Operating, and Organizational Models, this section includes an implementation plan, key elements of each of the high-level implementation steps, and key skills / knowledge needed.

The “Implementation Plan” lists the name, sequence, and duration of the high-level steps needed to implement the recommended Governance, Operating, and Organizational Models



For each step in the Implementation Plan, a one-page slide is provided to summarize the key elements of each implementation step:

The “Objective & Outcome” provides the purpose of performing the step and the main intended outcomes

The “Key Activities” lists the main activities that are needed to complete the step

The “Potential Workload Impacts” provides factors that may increase or decrease the estimated level of resources and / or duration of step

**Implementation Plan**  
**Establish Teams**

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**Objective & Outcome**

Establish the Procurement Transformation Program Management Team and identify implementation resources who will oversee and support the implementation of the approved procurement Governance, Operating, and Organizational Models. This core team of implementation resources is a critical component to the success of the program.

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**Key Activities**

- Work with senior DOA and procurement leadership to form the Procurement Transformation Program Management Team who will be responsible for identifying and managing the implementation resources to rollout the approved Governance, Operating, and Organizational Models
- Finalize implementation detailed timeline and resource plan
- Define roles and responsibilities for implementation resources
- Conduct kick-off session with Procurement Transformation Program Management Team and implementation resources

**Dependencies**

- Final approval of Governance Model, Operating Model, Organizational Model, and Implementation Plan

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**Potential Workload Impacts**

- Approved Implementation Plan's scope and timing
- Availability of appropriately skilled resources
- Degree of support from senior leadership

**Resource Requirements**

- 1 FTE

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**Resource Skill / Knowledge Requirements**

- Deep understanding of approved Governance Model, Operating Model, and Organizational Model
- Authority to assign resources to implementation teams
- Strong procurement function knowledge and experience

**Estimated Duration**

- 2 months

The detail slide contains the name of the Implementation Step and a graphic of the implementation plan with the specific step highlighted

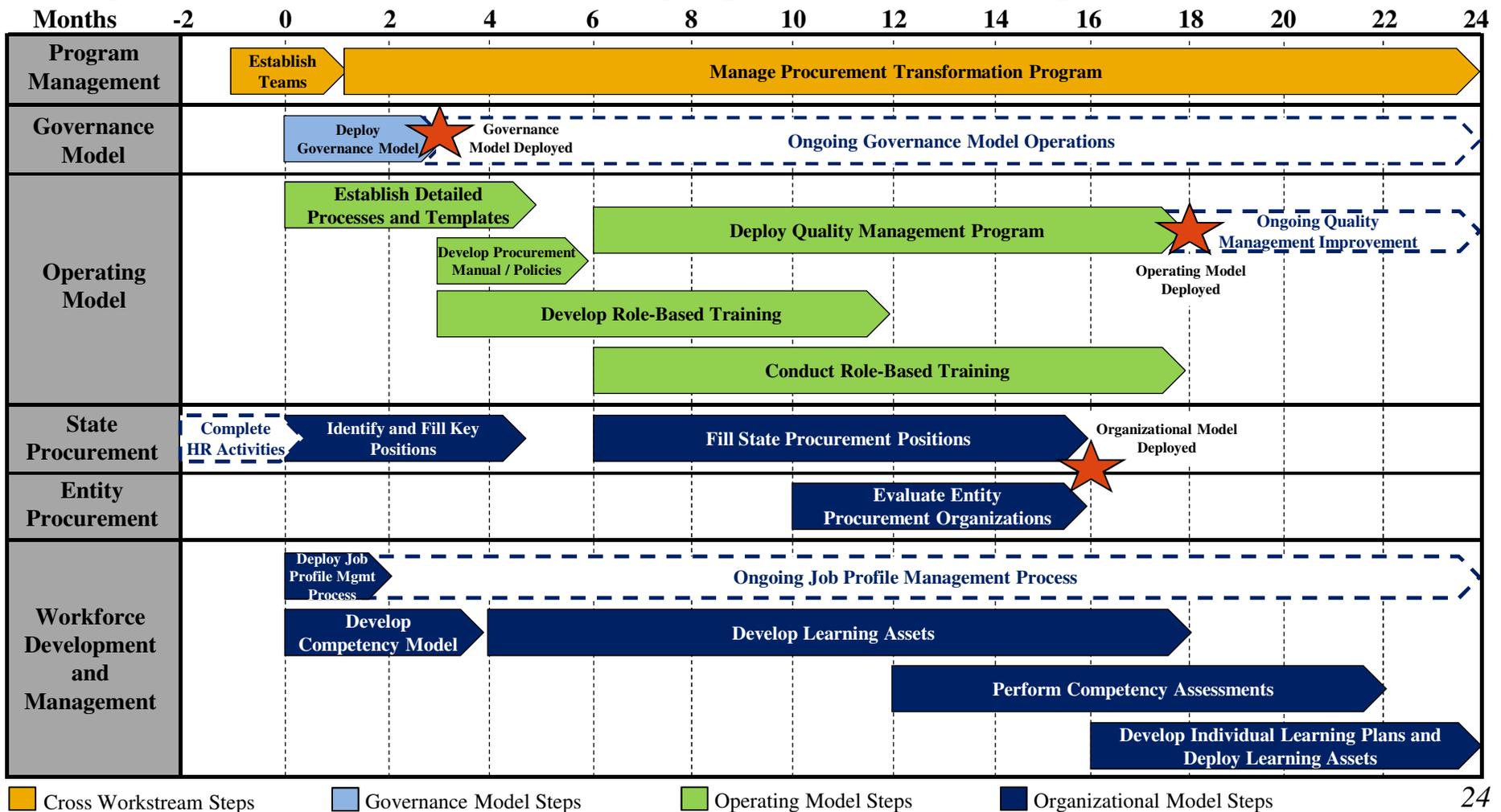
The “Dependencies” lists key elements that need to be completed to successfully start the step

The “Resource Requirements” provides estimated FTEs needed to complete the identified key activities within the specified duration

The “Resource Skill/Knowledge Requirements” lists key skills needed to complete the key activities

The “Estimated Duration” indicates the number of months that the step is expected to take to complete

The implementation plan establishes the new procurement function efficiently over a 24 month period and will focus on increasing capabilities and driving value for the State.



**Completing the Implementation Plan in the 24 month timeline is based on several assumptions that should be validated prior to beginning the implementation activities.**

Step	Key Assumptions
<b>All Steps</b>	<ul style="list-style-type: none"> <li>• FTE estimates only include core implementation team resources. Estimates do not include time for stakeholders' (e.g., state agency and community college) involvement in relevant implementation activities. However, the implementation plan timeline does include the activity of involving stakeholders where applicable.</li> <li>• Actual FTEs needed to execute the approved implementation plan may vary overall and across the months due to the variability in level of effort across the key activities and the availability and skill sets of resources</li> <li>• Implementation plan timeline assumes timely availability of estimated resources with identified key skills / knowledge, leadership support for identified activities, and timely participation by applicable stakeholders</li> </ul>
<b>Manage Procurement Transformation Program</b>	<ul style="list-style-type: none"> <li>• The Procurement Transformation Program Management Team will ensure clear communications with stakeholders of overall transformation vision, benefits, expected changes, and their new roles and responsibilities</li> <li>• Program management resources may assist completing activities in certain steps, but their overall estimated time is reflected only under this step</li> </ul>
<b>Deploy Governance Model</b>	<ul style="list-style-type: none"> <li>• Identified members of the Procurement Governance Team will be willing and able to serve on the Procurement Governance Team after month three, including assisting in procurement transformation program's success</li> </ul>
<b>Develop Procurement Manual / Policies</b>	<ul style="list-style-type: none"> <li>• Duration of this activity assumes that team will have access to and be able to leverage leading practice examples from other organizations, either internal or external to North Carolina, versus having to create entirely from scratch</li> </ul>
<b>Deploy Role-Based Training</b>	<ul style="list-style-type: none"> <li>• Upon completion of this step, on-going role-based training will be provided by the state agency / community college procurement entity (e.g., for new or promoted employees). Learning assets maintained by State Procurement to develop procurement competencies will also be available to support on-going training needs.</li> </ul>

## Implementation Plan Key Assumptions (continued)

Step	Key Assumptions
<b>Identify and Fill Key Positions</b>	<ul style="list-style-type: none"> <li>• The Office of State Personnel will have completed required activities to establish approved job profiles (e.g., market analysis, salary grading)</li> <li>• Duration of this step assumes that State Procurement can either fill identified key roles within three months, or identify appropriate resource with same desired skills to perform transformation activities</li> <li>• Availability of funds to support reclassifications of existing positions into approved job profiles and salary grades</li> <li>• FTE estimates do not include time to fill State Procurement positions (e.g., conducting interviews)</li> </ul>
<b>Fill State Procurement Positions</b>	<ul style="list-style-type: none"> <li>• Availability of funds to support reclassifications of existing positions into approved job profiles and salary grades</li> <li>• FTE estimates do not include time to fill State Procurement positions (e.g., conducting interviews)</li> </ul>
<b>Evaluate Entity Procurement Organizations</b>	<ul style="list-style-type: none"> <li>• Implementation of recommended entity procurement organization designs will be conducted by the entities; core implementation resources will be available for high-level support</li> <li>• Entity procurement organization designs will be based on available sizing factor information and discussions with entity representatives</li> <li>• Availability of funds to support reclassifications of existing positions into approved job profiles and salary grades</li> <li>• FTE estimates do not include time to fill entity procurement organization positions (e.g., conducting interviews)</li> </ul>
<b>Develop Learning Assets</b>	<ul style="list-style-type: none"> <li>• A learning management system will be available or can be sourced in the first six months of this step</li> </ul>
<b>Perform Competency Assessments</b>	<ul style="list-style-type: none"> <li>• A web-based tool will be used to conduct competency assessments and support analysis and reporting activities. If required this competency assessment tool could be sourced in conjunction with learning management system.</li> </ul>
<b>Develop Individual Learning Plans and Deploy Learning Assets</b>	<ul style="list-style-type: none"> <li>• FTE estimates do not include internal or external instructors' time to deliver learning assets</li> </ul>

**Objective & Outcome**

Establish the Procurement Transformation Program Management Team and identify implementation resources who will oversee and support the implementation of the approved procurement Governance, Operating, and Organizational Models. This core team of implementation resources is a critical component to the success of the program.

**Key Activities**

- Work with senior DOA and procurement leadership to form the Procurement Transformation Program Management Team who will be responsible for identifying and managing the implementation resources to rollout the approved Governance, Operating, and Organizational Models
- Finalize implementation detailed timeline and resource plan
- Define roles and responsibilities for implementation resources
- Conduct kick-off session with Procurement Transformation Program Management Team and implementation resources

**Potential Workload Impacts**

- Approved Implementation Plan's scope and timing
- Availability of appropriately skilled resources
- Degree of support from senior leadership

**Dependencies**

- Final approval of Governance Model, Operating Model, Organizational Model, and Implementation Plan

**Resource Requirements**

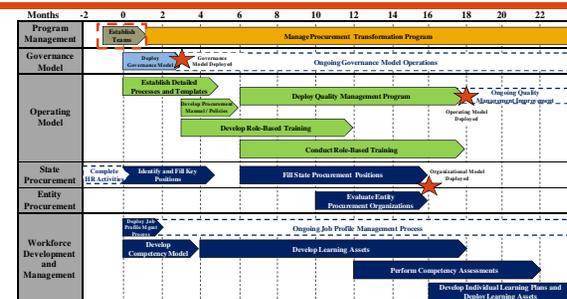
- 1 FTE

**Resource Skill / Knowledge Requirements**

- Deep understanding of approved Governance Model, Operating Model, and Organizational Model
- Authority to assign resources to implementation teams
- Strong procurement function knowledge and experience

**Estimated Duration**

- 2 months



# Implementation Plan

## Manage Procurement Transformation Program

### Objective & Outcome

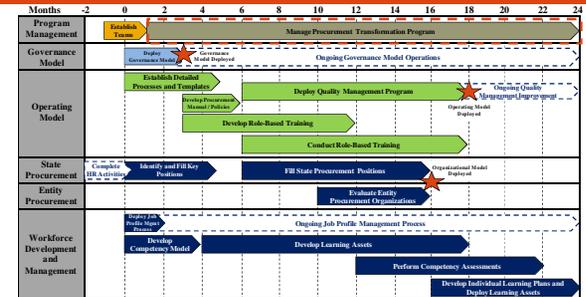
Manage the workstreams and resources responsible for executing the implementation of the Governance, Operating, and Organizational Models. Effective management of the Procurement Transformation Program will help deliver the intended benefits in the estimated 24 month period.

### Key Activities

- Work with senior DOA and procurement leadership to manage the execution of the approved Implementation Plan for the Governance Model, Operating Model, and Organizational Model
- Support overall procurement transformation program change management activities and ensure coordination with other transformation components (e.g., Strategic Sourcing, Technology)
- Conduct ongoing status meetings and manage any issues and risks that arise throughout the implementation phase
- Manage and maintain the implementation detailed timeline and resource plan
- Execute and update communication plan for implementation process to keep stakeholders informed and engaged in transformation of procurement function
- Keep stakeholders, the Executive Steering Committee, and the Procurement Governance Team informed and engaged in the transformation of the procurement function

### Potential Workload Impacts

- Number, scope, and duration of approved implementation recommendations
- Number and skill sets of resources involved in the implementation



### Dependencies

- Final approval of Implementation Plan

### Resource Requirements

- 2 FTEs

### Resource Skill / Knowledge Requirements

- Deep understanding of approved Governance Model, Operating Model, and Organizational Model
- Extensive project management experience
- Ability to effectively identify, manage, and escalate risks / issues that may impact the progress of the program
- Ability to create detailed project plans with sub-teams, timelines, milestones, checkpoints, etc.
- Strong communications and change management skills

### Estimated Duration

- 23 months

# Implementation Plan

## Manage Procurement Transformation Program

A key step in implementing the Governance, Operating, and Organizational Models is to establish a detailed project plan to help manage the implementation process.

— Detailed Project Plan and Risk Log Examples —

Index	Activity	Owner	Target Due Date	Status	4/1/2009	4/15/2009	4/29/2009	5/13/2009	5/27/2009	Deliverable
1	Conduct initial kick-off meeting with stakeholders to determine vision, confirm logistics and identify next steps	Jim	10/6/2009	Completed						Vision Statement
2	Develop list of potential new STC / ACS based on benchmarking of other selected states	Jim	10/6/2009	Completed						List of Potential STC / ACSs
3	Schedule initial interviews with DOE	Kim	10/8/2009	Completed						
4	Develop interview agenda / questions for DOE session	Jim	10/8/2009	Completed						DOE Interview Guide
5	Analyze historic spending against STC / ACSs and transaction fees collected to determine benefit versus effort; identify STC / ACSs to consider letting expire to focus resources on more value added opportunities	Jim	10/14/2009	Completed						Historic Spend by STC / ACS
6	Schedule formal kick-off meeting with Secretary and full team	Charles	10/14/2009	Completed						
7	Identify top volume statewide agreements and provide to State Purchasing	Jim	10/16/2009	Completed						
8	Establish baselines for Key Metrics	Jim	10/23/2009	Completed						Approved Baseline of Key Metrics

Index	Risk	Priority	Date Identified	Owner	Mitigation Plan	Status
1	There is no efficient way to confirm that statewide agreements suppliers are paying the 1% fee on OEU spend since there is no central way to capture OEU purchases	High	10/23/2009	Bill	Require suppliers to submit sales by entity reports, and then validate with largest OEUs that the reported spend matches their purchases	Open
2	Without the support of key stakeholders, other eligible users will not migrate their spend to statewide agreements	High	10/23/2009	Sue	Develop and execute a robust outreach and engagement strategy to line up the proper support for using statewide agreements	Open
3	Suppliers will resist the development of statewide agreements and paying of transaction fee	Medium	10/23/2009	Bill	Develop compelling messages to suppliers that explain benefits they can expect to receive (e.g., reduced administrative burden by consolidating business under a single contract, reduced effort to monitor and respond to bids, reduced effort to manage multiple sets of terms and conditions, reduced effort to manage multiple service level agreements)	Open
4	Strategic Sourcing may be perceived as threat to local / small / minority suppliers	Medium	10/23/2009	Bill	Engage the Office of Supplier Diversity to help get word out to disadvantaged suppliers on upcoming bids Encourage bidders to partner with disadvantaged businesses when responding to RFx Utilize award language that enables the state to include primary and secondary suppliers on contracts to provide flexibility to buyers	Open

- The Procurement Transformation Program Management Team will use the approved Implementation Plan to develop a detailed workplan that shows all planned activities, activity owner, target start and end dates, and status
- The detailed workplan will be a key tool to manage the progress of the program and help detect potential delays that could impact the success of the program
- Risk and Issue Logs will also be helpful to proactively manage program risks and any actual issues that arise

*Final*  
**Implementation Plan**  
**Deploy Governance Model**

**Objective & Outcome**

Adopt a tiered Governance Model to enable the key stakeholders to be actively engaged in the procurement transformation process. The implemented Governance Model will provide a management framework that drives the decision making process and improves management of procurement processes.

**Key Activities**

- Finalize and engage Procurement Governance Team members
- Conduct kick-off of Procurement Governance Team to review their roles and responsibilities, the approved Governance Model, the procurement transformation activities to date, and the overall implementation plan
- Establish Procurement Governance meeting frequency / governance and standard agenda items
- Finalize and deploy approved Balanced Scorecard and service level agreements
- Develop appropriate operational metrics
- Deploy approved governance processes (e.g., Reporting, Key Decision Approval)

**Potential Workload Impacts**

- Number and skill sets of resources involved in implementation

**Dependencies**

- Approval of Governance Model

**Resource Requirements**

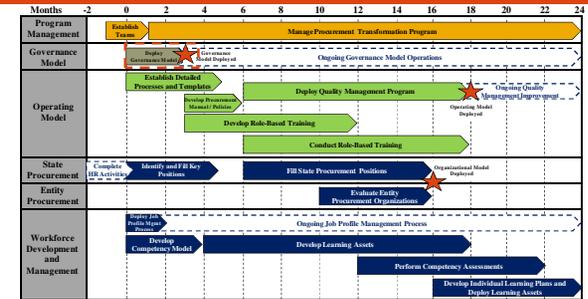
- 1 FTE

**Resource Skill / Knowledge Requirements**

- Deep understanding of approved Governance Model
- Strong understanding of State environment and entities
- Experience creating Balanced Scorecards and performance measurements
- Strong communications and problem solving skills

**Estimated Duration**

- 3 months



# Implementation Plan

## Establish Detailed Processes and Templates

### Objective & Outcome

Establish detailed, standardized processes that clearly document the procurement capabilities across State Procurement and entity procurement organizations to support the rollout and sustainment of the approved Operating Model

### Key Activities

- Design and document lower level procurement capability processes (e.g., sourcing, contract management / administration, demand management) (see next slide for more details on this activity)
- Assign roles and responsibilities for the specific tasks identified in lower level processes by creating detailed RACI\* charts
- Document detailed process flows for State Procurement and agency / community college procurement entities
- Outline and document quality management processes and checkpoints in the lower level procurement processes
- Create templates and job aids to assist procurement users with each process
- Establish single set of terms and conditions and contract templates

### Potential Workload Impacts

- Number of process levels in each process (some processes will require more details than others)
- Number and skill sets of resources involved in implementation

### Dependencies

- Approval of Operating Model and Organizational Model

### Resource Requirements

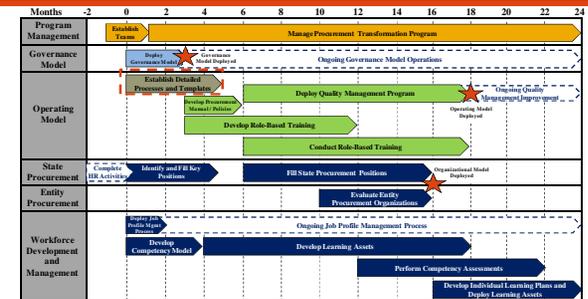
- 3-5 FTEs

### Resource Skill / Knowledge Requirements

- Deep understanding of approved Operating Model
- Strong procurement function knowledge
- Experience with complex process design
- Contract management and legal knowledge
- Strong written communication skills
- Strong understanding of State environment and entities
- Quality management system knowledge and experience

### Estimated Duration

- 5 months



\* See Appendix for information regarding the RACI Framework

# Implementation Plan

## Establish Detailed Processes and Templates

During this step, the implementation team will define the next lower process levels and develop the RACI charts for the individual roles and tasks.

### Level 1 Processes

**Strategic Planning** | **Project Preparation** | **Category Strategy Development** | **Supplier Assessment and Negotiation** | **Implementation**

**0.0 Maintain Long Term Sourcing Plan** | **1.0 Kick-off & Assess Opportunity** | **2.0 Profile Internally & Externally** | **3.0 Develop Strategy** | **4.0 Screen Suppliers & Select** | **5.0 Conduct Competition Exercise with Supply Mkt.** | **6.0 Negotiate & Develop Resources & Risks** | **7.0 Implement Agreements**

**Objective:** Maintain a long term sourcing plan that addresses the timeline and opportunity for category sourcing.

**Potential Outputs:** Sourcing Plan, Sourcing Analysis, Communication Plan

**Objective:** Determine project plan, timeline, team and external communication plan.

**Potential Outputs:** Project Charter, Stakeholder List, Project Communication List

**Objective:** Collect & assess spend data, build bottom-up category spend baseline and validate baseline with stakeholders. Determine best sourcing strategy for the category to maximize economic value.

**Potential Outputs:** Sourcing Analysis, Internal Profile, External Profile, Supplier Profiles, Total Cost of Ownership Model, Category Strategy

**Objective:** Finalize price & requirement factors, and supplier selection criteria. Execute sourcing event (e.g. RFP/Auction), evaluate responses, short-list suppliers, and conduct supplier due diligence.

**Potential Outputs:** Supplier Long List, Selection Criteria, Supplier Selection Decision Matrix, RFP / Auction, Supplier Short List, Fast Track Negotiation Strategy, Final supplier Selection

**Objective:** Define contract implementation strategy and prepare implementation plan including communication strategy, and performance measurement.

**Potential Outputs:** Implementation Plan, Benefits Summary, Category Roll-Over Plan, Approved Supplier Agreements

Develop / improve processes for Sourcing and Category Management, Sourcing Support and Procurement Operations

### Level 2 Processes and RACI Charts

**0.1 Identify and Prioritize Opportunities** | **0.2 Develop Multi-Year Sourcing Plan** | **0.3 Communicate Plan**

**Milestone(s):** Multi-year Sourcing Plan, Project Communication Plan

**0.1 Identify and Prioritize Opportunities:** Gather High Level Spend & Contracts, Identify & Prioritize Opportunities, Estimate Opportunities & Finalize Project Plan

**0.2 Develop Multi-Year Sourcing Plan:** Develop Long-term Sourcing Plan, Understand Sourcing Timeline and Resources, Estimate Potential Spend and Savings

**0.3 Communicate Plan:** Establish Internal / External Project Communication Vehicles

**RACI Chart:**

Task	01	02	03	04	05	06	07	08
0.1 Identify and Prioritize Opportunities	R							
0.2 Develop Multi-Year Sourcing Plan		R						
0.3 Communicate Plan			R					

Define and develop next lower level processes and RACIs to define the roles and responsibilities at the task level

### Templates and Job Aids

Develop standard tools, templates and job aids to be utilized for each process across State Procurement and state agency / community college procurement entities

# Implementation Plan Develop Procurement Manual / Policies

## Objective & Outcome

Create a standardized Procurement Manual and policies which promote consistency across the procurement function and drive compliance. The new Procurement Manual and policies will provide a standardize approach to execute procurement capabilities.

## Key Activities

- Gather leading practice Procurement Manuals and policies
- Conduct policy analysis to determine current policies in effect and how they need to be updated or cancelled if no longer applicable
- Utilize next level process details to develop a standard statewide Procurement Manual<sup>1</sup>
- Create policy drafts, review with Procurement Governance Team, and obtain approvals
- Document and formalize quality management system<sup>2</sup> requirements and policies
- Finalize policy compliance procedures and process
- Issue approved policies and communication to stakeholders

## Potential Workload Impacts

- Number and skill sets of resources involved in implementation
- Number of policies that need to be created or modified
- Required level of detail of each process and policy

## Dependencies

- Completion of Establish Detailed Processes and Templates step
- Establishing the Procurement Governance Team, which is needed to review, approve, support, and enforce policies
- Completion of recommended Statute changes needed to support new Operating and Organizational Models

## Resource Requirements

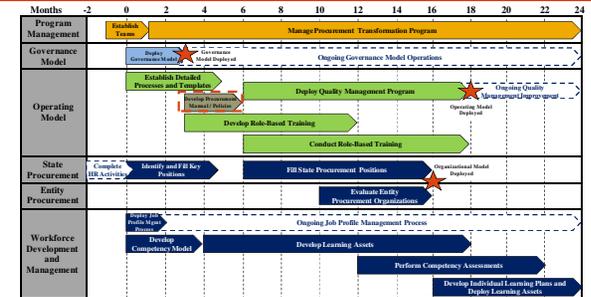
- 2-4 FTEs

## Resource Skill / Knowledge Requirements

- Deep understanding of approved Operating Model and Organizational Model
- Strong working knowledge of procurement related statutes and administrative codes, including changes being considered in proposed legislation
- Strong understanding of State environment and entities
- Strong written communication skills
- Experience developing and documenting processes / policies
- Quality management system knowledge and experience

## Estimated Duration

- 3 months



1. Some agencies may require supplemental policies for specific situations / circumstances  
2. See Quality Management System Requirements section for requirement details

# Implementation Plan

## Develop Procurement Manual / Policies

**In addition to the Procurement Manual, relevant procurement policies may need to be updated or developed by the team during this step.**

— Procurement Policy Examples —

<p style="text-align: center;">Doc. T92-031, as revised (Appendix A) <u>Passed by the BoT</u> 6/3/92 Revised: 12/4/96 Revised: 8/7/02 Revised: 6/12/08</p> <p style="text-align: center;"><b>UNIVERSITY OF MASSACHUSETTS PURCHASING POLICY</b></p>	
<p>The purpose of this policy is to govern University purchases of goods, repairs and leases of equipment and real property. This policy shall apply to all purchases of goods, services, and franchises for the use of or access to University premises or facilities. In accordance with Section 3 and Section 13 of Chapter 75 of the General Laws, as amended, the source of funds under the provisions of said Section 13 shall be governed by subsequent amendment, revision, or repeal, from time to time, by the Trustees of the University.</p> <p>The University shall obtain all supplies, printing, equipment, and other products and services for the Commonwealth and the University as is consistent with the quantity, quality, serviceability, and other factors affecting service and use as required by the University. In complying with this policy, the cost of acquisition and the delivery of the item being purchased shall be considered as well as the cost of the item being purchased. No person shall be authorized to purchase for the University without encumbering, in advance, sufficient funds to meet the obligations of the purchase.</p> <p>To maximize vendor competition and volume discount purchases, department heads shall be required to submit University, State, and MHEC publicly bid contracts whenever practicable.</p>	<p style="text-align: center;"><b>DOC. T08-086</b> <u>Passed by the BoT</u> 9/26/08</p> <p style="text-align: center;"><b>UNIVERSITY OF MASSACHUSETTS INFORMATION TECHNOLOGY ACQUISITION POLICY</b></p> <p><b>Introduction</b></p> <p>Campus information technology departments continue to encounter public safety, data security and system support issues when electronic equipment is attached to University/Campus networks by departments without IT's prior knowledge and review. Problems can arise with the purchase of new equipment (e.g., servers, etc.) that may not be compatible with the current IT infrastructure at the University. Problems can also arise when consultants are contracted to perform services on IT-related systems and processes without prior consultation and coordination with the IT department. Consultant actions may result in threats to the network security and the systems and processes they are reviewing. The University/Campus IT department needs to have advance knowledge of any such activity to assure system integrity and security throughout the engagement.</p> <p>The IT department should be involved with the up-front evaluation and planning for new IT-related systems or services to ensure the systems are installed in compliance with University security standards. Involvement up-front will also provide the IT department with the opportunity to assess the resources and training requirements that will be required to provide the ongoing support for any new system. Some of these systems may have a direct impact on the life and safety of students and employees (e.g., emergency notification, elevator controls, etc.). System</p>

# Implementation Plan Deploy Quality Management Program

## Objective & Outcome

Plan and execute rollout of the Quality Management System (QMS), including the Procurement Manual and policies, to the procurement function. The Quality Management System will support the execution and management of procurement processes and Operating Model capabilities.

## Key Activities

- Develop plan to rollout to the procurement function the Quality Management System to support the approved Operating Model (e.g., format to present new Operating Model)
- Conduct pilot rollout of Quality Management System and address feedback prior to expanding rollout
- Utilize identified representatives from each entity to champion and support the rollout of the Quality Management System
- Coordinate planning efforts for the role-based training process (to include Quality Management System requirements and specific tasks)
- Complete rollout of Quality Management Program to state agencies / community colleges
- Finalize process to manage and maintain the QMS documentation and standardization of processes

## Potential Workload Impact

- Approach to rolling out Quality Management System across the entities (e.g., number of pilots, number of waves)
- Degree of changes based on feedback from pilot
- Number of trained presenters to conduct workshops with key stakeholders

## Dependencies

- Approved Procurement Manual and detailed process flows
- Clear method to measure effectiveness and completion of Operating Model deployment across the entities

## Resource Requirements

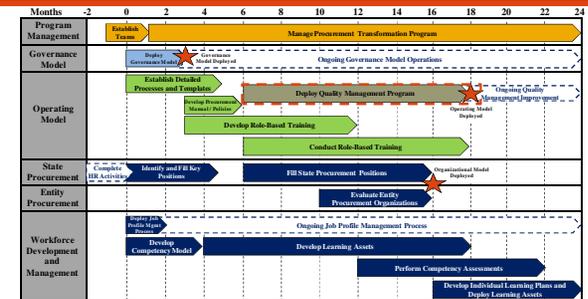
- 1-2 FTEs

## Resource Skill / Knowledge Requirements

- Deep understanding of approved Operating Model and Organizational Model
- Extensive experience with Quality Management System (e.g., ISO 9001:2008 or equivalent)
- Extensive knowledge of State of North Carolina procurement laws, statutes, and codes
- Strong sourcing, category management and contract management skills
- Ability to clearly articulate the procurement function's Vision and Guiding Principles to support change management activities
- Strong presentation and communication skills

## Estimated Duration

- 12 months



**Objective & Outcome**

Develop training that will allow State Procurement and entity procurement employees to fully understand and execute the new, North Carolina specific procurement processes and procedures that are applicable to their position. This training will provide employees with the understanding and knowledge to successfully perform their job-specific activities and tasks. This initial role-based training is separate from the ongoing competency development training that is discussed under the Develop Learning Assets step.

**Key Activities**

- Confirm key roles across State Procurement and entity procurement organizations that require role-based training
- Develop plan to conduct role-based training to the procurement function (e.g., pilot approach, which capabilities in which wave, format(s) to present training)
- Develop role-based training materials for each procurement capability and process (training will be conducted in conjunction with the implementation of the new organization)

**Potential Workload Impacts**

- Number of training sessions and classes
- Amount of existing training that can be leveraged in creating new materials
- Speed of rolling out new State Procurement and entity procurement organizations
- Number and skill sets of resources involved in implementation

**Dependencies**

- Completion of Establish Detailed Processes and Templates step and Develop Procurement Manual / Policies step

**Resource Requirements**

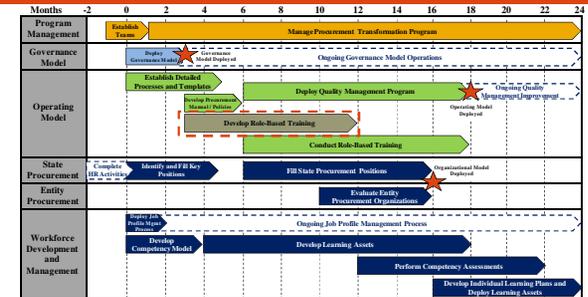
- 2 FTEs

**Resource Skill / Knowledge Requirements**

- Deep understanding of approved Operating Model and Organizational Model
- Experience developing and delivering training materials for various audiences
- Strong written communication skills

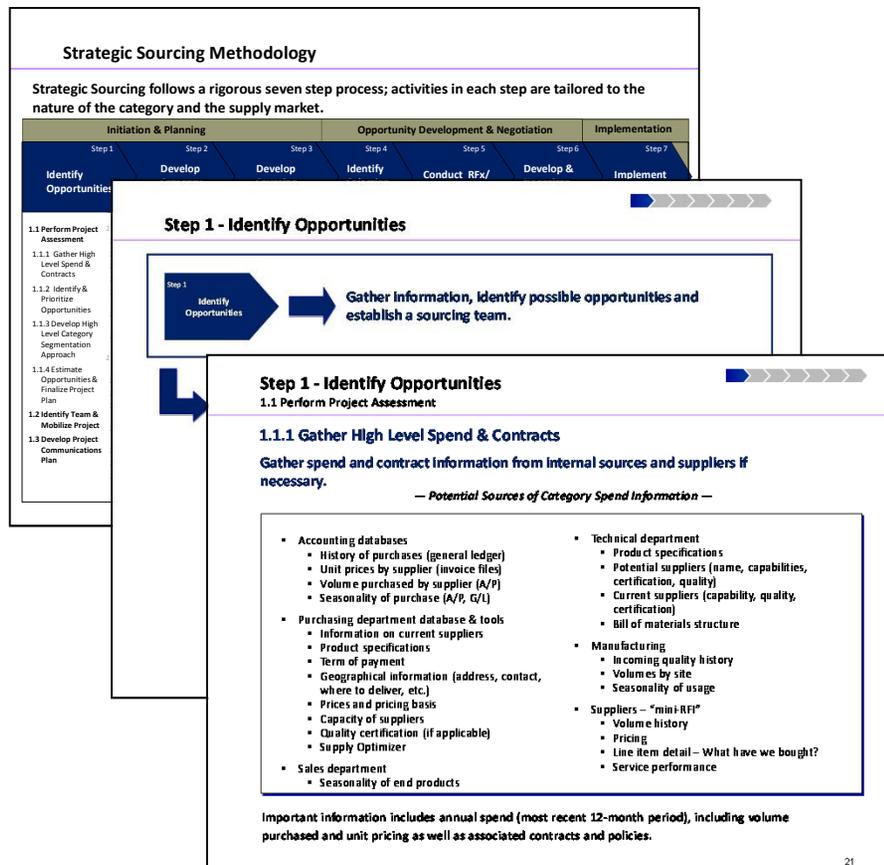
**Estimated Duration**

- 12 months



During this step in the Implementation Plan, the team will create training materials for the newly established policies, procedures and processes.

— Procurement Training Examples —



— Category Analyst II Training Plan Example —

- Procurement Process Overview
- Procurement Statutes, Administrative Codes, and Policies Review
- Strategic Sourcing
- Spend Analytics
- Market Analytics
- Contract Management / Administration Process
- Demand Management
- Supplier Enablement Process
- Catalog Enablement
- Compliance Monitoring

# Implementation Plan Conduct Role-Based Training

## Objective & Outcome

Conduct role-based training for State Procurement and state agency / community college procurement employees to give them the knowledge they need to execute their responsibilities in the new Operating Model. This will support the effective rollout and sustainment of the Operating Model capabilities.

## Key Activities

- Conduct role-based training for State Procurement (e.g., training will cover all procurement processes, policies, rules of engagement that are relevant to each role)
- Conduct role-based training for state agencies / community colleges

## Main Workload Drivers

- Approach to conducting role-based training (e.g., number of pilots, number of waves)
- Approach to delivering training sessions (e.g., instructor led, CBT, conference calls, webcasts)
- Availability and skill sets of resources to conduct training

## Dependencies

- Completion of Develop Role-Based Training step
- Support from leadership for procurement employees to attend role-based training
- Having the majority of the new procurement positions filled across the entities before training is conducted
- Approval for trainers or trainees to travel as needed to attend training sessions (if applicable)

## Resource Requirements

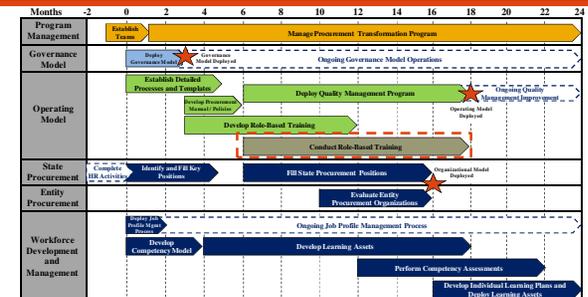
- 1 FTE

## Resource Skill / Knowledge Requirements

- Deep understanding of approved Operating Model and Organizational Model
- Experience in delivering training materials for various audiences
- Strong presentation, communication, and coaching skills
- Ability to clearly articulate the procurement function's Vision and Guiding Principles to support change management activities

## Estimated Duration

- 12 months



The team will develop the training plan, schedule and conduct the training courses in order to rollout the Operating Model across the procurement function.

— Training Schedule Example —

	May-11					June-11			
	5/3/11	5/10/11	5/17/11	5/24/11	5/31/11	6/7/11	6/14/11	6/21/11	6/28/11
<b>Training</b>									
Conduct Kickoff Session									
Sourcing Methodology Training									
Procurement Manual Review									
Negotiation Training									
Requisitioning Training Session									
Supplier Performance Management									
Open Market Bid Training									
Contract Compliance Training									
Demand Management Training									
Stakeholder Management Training									
Supplier Enablement Training									
Catalog Enablement Training									

— Key Activities—

- Develop learning / training plan
- Determine format and audience
- Establish training schedule
- Assign course instructors
- Establish audience
- Conduct training
- Solicit and incorporate participant feedback

# Implementation Plan Identify and Fill Key Positions

## Objective & Outcome

Identify and fill the key State Procurement positions to ensure ownership and effective management of procurement operations and transformation tasks. These employees will help build the State Procurement organization and execute implementation plan activities.

## Key Activities

- Identify key State Procurement positions (e.g., State Chief Procurement Officer, State Procurement Legal Counsel, Strategic Sourcing Director, Training & Compliance Manager, Training Coordinator)
- Fill the key positions in State Procurement to ensure ownership and management of procurement operations and transformation tasks
- Communicate new State Procurement organization chart and initially filled key positions to stakeholders

## Potential Workload Impacts

- Number of key positions
- Approach to filling key position
- Availability of qualified and interested candidates

## Dependencies

- Approval of the job profiles and salary grades for identified key State Procurement positions
- Availability of resources from Office of State Personnel
- Availability of funds to support reclassifications

## Resource Requirements

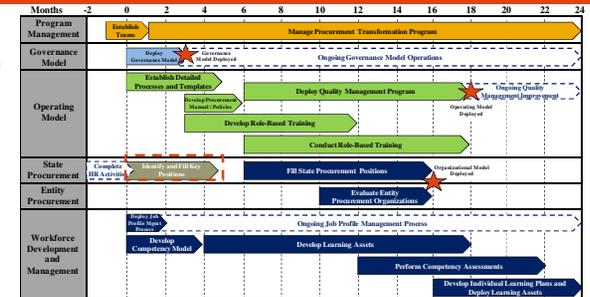
- .5 FTE

## Resource Skill / Knowledge Requirements

- Deep understanding of the current procurement workforce and HR policies
- Ability to identify and coordinate assessment of potential candidates for key procurement positions
- Internal stakeholder collaboration
- Strong communications and change management skills

## Estimated Duration

- 3 months



# Implementation Plan Fill State Procurement Positions

## Objective & Outcome

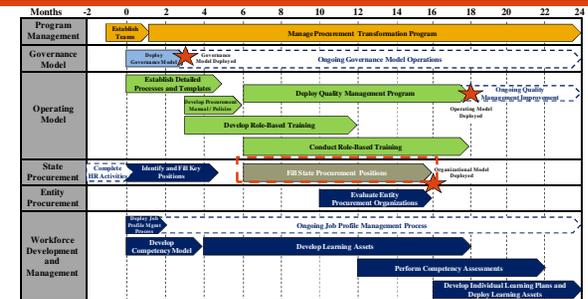
Fill State Procurement positions to ensure the appropriate resources and skills are in place to improve the efficiency and effectiveness of the procurement function

## Key Activities

- Identify State Procurement positions that need to be filled to improve the efficiency and effectiveness of the procurement function
- Conduct process to fill positions in State Procurement to ensure ownership and management of procurement operations and transformation tasks
- Approve, communicate, and post potential career path mappings to provide a clear framework for employees to customize and plan future career aspirations

## Potential Workload Impacts

- Number of remaining State Procurement positions to fill
- Approach to filling remaining position
- Degree of availability of interested and qualified candidates
- Availability of resources from Office of State Personnel and the Department of Administration Human Resources Division to support key activities



## Dependencies

- Approval of the job profiles and salary grades for remaining State Procurement positions
- Key State Procurement positions must be filled to support the alignment and onboarding of resources to the remaining State Procurement positions
- Completion of detailed processes and templates, Procurement Manual / Policies, and role-based training materials that are relevant for State Procurement positions
- Availability of funds to support reclassifications

## Resource Requirements

- .5 FTE

## Resource Skill / Knowledge Requirements

- Deep understanding of the current procurement workforce and HR policies
- Ability to identify and coordinate assessment of potential candidates for procurement positions
- Strong communications and change management skills
- Understanding of budget requirements

## Estimated Duration

- 10 months

# Implementation Plan

## Evaluate Entity Procurement Organizations

### Objective & Outcome

Develop recommended procurement organization designs for each state agency and community college to deploy standardized procurement job profiles and ensure appropriate sizing of procurement organizations across the procurement function statewide

### Key Activities

- Prioritize entity evaluations based on size and resource constraints
- Conduct an initial kick-off meeting with the entities to discuss the evaluation process and sizing factors
- Pull centrally available sizing factors from E-Procurement, IPS, BEACON, etc.
- Distribute information request to entities with sizing factors they are requested to collect and provide to team in advance
- Based on centrally collected and entity provided sizing factor data, develop initial procurement organization design for each entity
- Share initial procurement organization design with each entity and, through discussion, develop final organization design recommendation
- Share potential career path mappings to provide a clear framework for employees to customize and plan future career aspirations

### Potential Workload Impacts

- Amount of centrally available sizing factors versus entity provided sizing factors
- Amount of time needed for entities to review initial procurement organization design and help shape final organization design recommendation

### Dependencies

- Completion of Establish Detailed Processes and Templates step, Develop Procurement Manual / Policies step, and Develop Role-Based Training step
- Approval of job profiles and salary grades for entity procurement positions
- Data to support sizing factors evaluation must be readily available or provided by entities in a timely manner
- Availability of funds to support reclassifications

### Resource Requirements

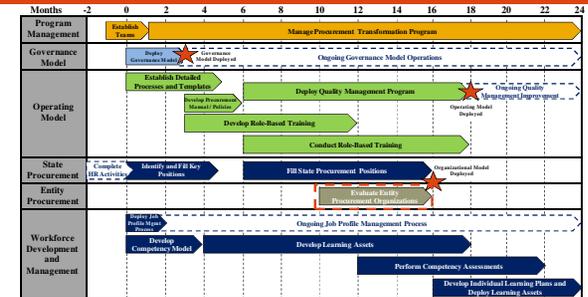
- 1 FTE

### Resource Skill / Knowledge Requirements

- Organizational design and implementation experience (e.g., experience in using sizing factors to design procurement organization charts)
- Strong understanding of State environment and entities
- Strong communications and change management skills
- Ability to drive change
- Data collection and analysis skills

### Estimated Duration

- 6 months



# Implementation Plan Deploy Job Profile Management Process

## Objective & Outcome

Finalize job profiles and deploy the approved standardized, centrally managed job profile management process to maintain consistency and ensure ongoing relevancy of the procurement job profiles

## Key Activities

- Gain necessary approvals of job profiles and salary grades
- Deploy and maintain approved roles and procedures within the job profile management process
- Finalize standard job profile template and migrate approved job profile content into approved template
- Identify and establish a central repository for approved job profiles
- Develop performance metrics that align with the approved Procurement Balanced Scorecard for each position
- Share job profiles content with stakeholders to collect their input
- Store approved job profiles on central repository as appropriate

## Potential Workload Impacts

- Degree of changes needed to migrate current job profiles into approved standard template
- Number of stakeholders included in review of job profiles
- Number of approvals required to approve job profiles
- Availability and participation of stakeholders and Office of State Personnel resources to support key activities

## Dependencies

- Approval of job profiles
- Approval of Balanced Scorecard
- Establishment of central repository for approved job profiles

## Resource Requirements

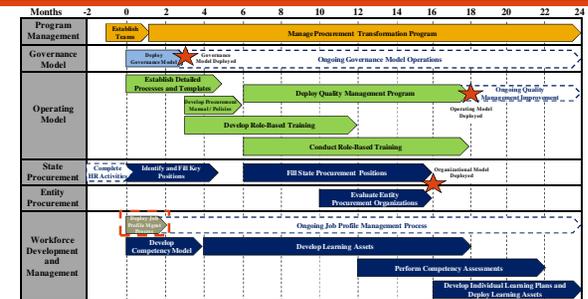
- .5 FTE

## Resource Skill / Knowledge Requirements

- Experience in managing procurement job profiles and standardized templates
- Experience in creating and establishing individual performance metrics
- Ability to centrally post and manage job profiles
- Strong written communication skills
- Meeting facilitation skills to effectively solicit feedback from stakeholders

## Estimated Duration

- 2 months



**Objective & Outcome**

Establish a competency model and map the competencies to positions to create a framework to support individual learning and coaching opportunities

**Key Activities**

- Review leading practice procurement competency frameworks and descriptions
- Review job profiles and the approved Governance Model, Operating Model, and Organizational Model for competency implications
- Work with stakeholders to finalize the appropriate competency types (e.g., core skills, procurement technical skills, specialist competencies) and create a list of competencies to best meet the State’s needs
- Define for each competency the detailed variations of proficiency levels
- Select for each job profile the applicable competencies
- Determine the desired level of proficiency the State expects for each selected competency within each job profile
- Finalize and obtain approval of the competency model

**Potential Workload Impacts**

- Number of competencies
- Number of stakeholders involved in creating and approving the competency model

**Dependencies**

- Availability of leading practice procurement competency models
- Approval of Governance Model, Operating Model, and Organizational Model (includes job profiles)

**Resource Requirements**

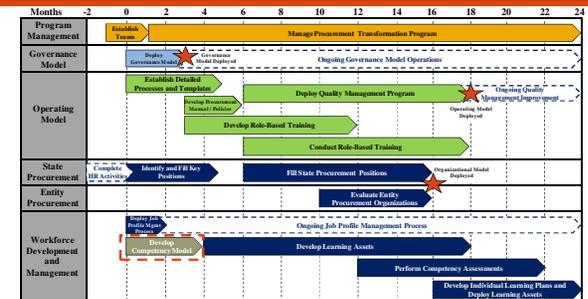
- 2 FTEs

**Resource Skill / Knowledge Requirements**

- Experience in developing competency models, including identifying competencies and establishing target levels of proficiency at the job profile level
- Deep understanding of approved Governance Model, Operating Model, and Organizational Model (including job profiles)
- Strong written communication skills

**Estimated Duration**

- 4 months



For each job profile, the relevant set of competencies and the corresponding desired level of proficiencies would be selected.

**Step 1:**

**Job Profiles**

Which **job profiles** are required for the Procurement organization?

**State Chief Procurement Officer**

**Job Description**

The State Chief Procurement Officer (SCPO) serves as the public leader of the State's procurement function and is responsible for the procurement of goods and services by Executive Branch state agencies and community colleges. The SCPO works with key stakeholders to maintain and extend the procurement function's overall strategy, vision, mission, and guiding principles to ensure alignment with current needs of the State. In addition, the SCPO manages major leadership level relationships across the State to communicate and obtain support of procurement initiatives. The SCPO also develops measures to ensure that procurement processes, ethics and conflict of interest management policies are followed. The SCPO manages the Strategic Sourcing Director, Procurement Operations Director, Supplier Diversity Director, and Procurement Legal Counsel. Success as SCPO involves a deep understanding of the procurement function, procurement strategy development, and the ability to influence key stakeholders.

**Key Responsibilities**

- Champion the procurement function's vision, mission, and guiding principles with stakeholders to achieve targeted business outcomes
- Serve as the public leader of the State's procurement function with state agencies, community colleges, universities, LEAs, local governments, suppliers, the legislature, and other external stakeholders
- Responsible for procurement of goods and services by Executive Branch state agencies and community colleges
- Manage relationships with internal and external stakeholders to communicate and obtain support of the role delivered by the procurement function
- Build cross-organizational relationships to drive business requirements and focus on customer service

**Key Skills**

- Ability to Drive and Adapt to Change
- Strong Stakeholder Collaboration
- Leadership
- Oral & Written Communication
- Strategic Planning
- Supplier Relationship Management (SRM) & Development

**Industry Code**

TSD

**Minimum Education & Experience Levels**

- Bachelor's Degree or Equivalent Experience
- Experience leading public sector procurement operations/compatible to the complexity of the State of North Carolina

Useful for managing employee expectations

**Step 2:**

**Competencies**

What knowledge, skills, and characteristics are needed to effectively perform a role??

Competency	Definition
<b>Business Performance Measurement (KPIs)</b>	Assessing, calculating, understanding, and using indicators in order to determine business performance (Examples: Inventory Days on Hand, Inventory Turn, Freight, Total Distribution Cost/ lb, DSM)
<b>Supply Chain Best Practices</b>	Using external Supply Chain Best Practices to develop effective, proven strategic and tactical approaches
<b>Governance / Policies &amp; Procedures</b>	Understanding & applying governance structures relevant to job, including levels of authority, understanding and applying knowledge of procedures, organizational structures and processes
<b>Complaint Management</b>	Responding to all complaints in a timely and effective manner and solve the problems. Prevents re-occurrence of negative feedback for improving organization

Useful in attracting, training, promoting, and retaining talent

**Step 3:**

**Proficiency Levels**

How **proficient** do Procurement employees need to be for each skill?

**Materials and Inventory Planning**

Identifies inventory targets (e.g. dollars, pounds, quality, etc.) for all classes of product (e.g. Raw Materials, Intermediates and Finished Goods) and collaborates with vendors to develop and implement a short-term (e.g. 90 days plan to supply materials).

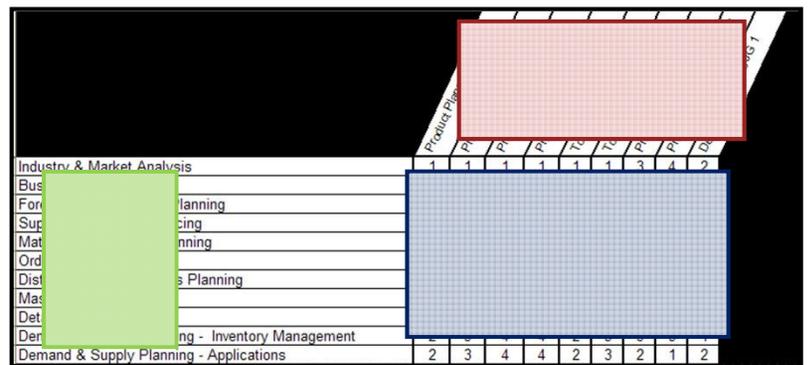
Awareness	Functioning	Skilled	Expert
<ul style="list-style-type: none"> <li>• Applies an understanding of why and where concepts such as safety stock, rolling stock and DSM are used to identify potential impacts on own work</li> </ul>	<ul style="list-style-type: none"> <li>• Utilizes an understanding of the unique characteristics of each product class to develop inventory targets</li> </ul>	<ul style="list-style-type: none"> <li>• Develops inventory and supply plans of specific products for planned outages</li> </ul>	<ul style="list-style-type: none"> <li>• Investigates alternative stocking practices and how they can best be applied to various supply chains and business environments (e.g. distribution requirements plan, etc.)</li> </ul>

Useful for Performance Reviews and skill set alignment

**Competency Model**

For each **job profile**,

- which **skills** do they need, and
- how **proficient** do they need to be in those skills?



Ties all three components together

**Objective & Outcome**

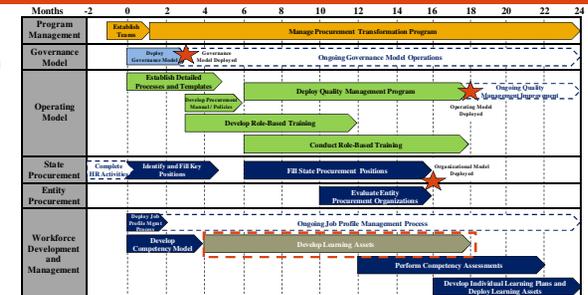
Develop learning assets to enable procurement employees across the State to expand the critical competencies and skills they need in their current or next position. Key outcome is to have relevant learning assets that can be efficiently and effectively delivered to procurement employees.

**Key Activities**

- Identify the required curriculum for each competency
- Evaluate potential learning delivery approaches (computer –based training, instructor-led courses, webcasts) and learning solutions (e.g., UNC School of Government, Supply Chain Academy) that could be used to develop learning assets
- Work with stakeholders to identify, approve, and obtain effective learning assets from learning solutions that will meet the State’s competency requirements
- Develop any learning assets that were not available from learning solutions
- Work with stakeholders to establish a schedule for learning events and implementation of learning assets
- Integrate learning assets into the learning management system , as required.

**Potential Workload Impacts**

- Number of competencies identified in the Competency Model
- Amount of learning assets that need to be developed versus sourced
- Steps needed to obtain learning assets from learning solutions



**Dependencies**

- Completion of the Develop Competency Model step

**Resource Requirements**

- 2 FTEs

**Resource Skill / Knowledge Requirements**

- Experience in developing training curriculum and learning assets for various audiences
- Deep understanding of approved procurement Competency Model
- Strong communication skills
- Experience with various types of learning solutions to help identify / use one that is appropriate for the State
- Deep understanding of approved Governance Model, Operating Model, and Organizational Model (including job profiles)

**Estimated Duration**

- 14 months

**During this step, learning solutions, assets, and delivery channels are identified to fulfill the competency development needs.**

- Once the competency model has been established and approved, learning solutions, assets, and delivery channels can be aligned to each competency / proficiency combination
- It may not be possible or needed for all competency / proficiency combinations to have associated training

— Training Program —

*Illustrative*

Competency	Proficiency Level			
Mastering Strategic Planning	Beginnner	Intermediate	Advanced	Expert
Supply Chain Principles	Beginnner	Intermediate	Advanced	Expert
TCO Awareness & Analysis	Beginnner	Intermediate	Advanced	Expert
Global Market Awareness	Beginnner	Intermediate	Advanced	Expert
Supplier Analysis	Beginnner	Intermediate	Advanced	Expert
Fact - Based Supplier Negotiation	Beginnner	Intermediate	Advanced	Expert
Product and Category Expertise	Beginnner	Intermediate	Advanced	Expert
Industry Acumen	Beginnner	Intermediate	Advanced	Expert
Mastering Purchasing Applications	Beginnner	Intermediate	Advanced	Expert
Transaction Management	Beginnner	Intermediate	Advanced	Expert
Mastering Microsoft Applications	Beginnner	Intermediate	Advanced	Expert
Supplier Integration	Beginnner	Intermediate	Advanced	Expert
Supplier Relationship Management	Beginnner	Intermediate	Advanced	Expert
Sourcing Project Management	Beginnner	Intermediate	Advanced	Expert
Business Acumen	Beginnner	Intermediate	Advanced	Expert
Financial Analysis	Beginnner	Intermediate	Advanced	Expert

— Learning Solutions, Assets, and Delivery Channels —

**UNC School of Government**

- Understating Strategic Planning – Classroom
- Negotiation Essentials – Webcast
- Financial Modeling - Webcast

**NIGP Training Program**

- Advanced Negotiations – Webcast
- Adv. Negotiations - Webcast

**Learning Provider**

- Supply Chain Overview – CBT
- Microsoft Basics - Webcast

**NC Developed**

- NC Strategic Sourcing – CBT
- E-Procurement for Power Users- Classroom

# Implementation Plan Perform Competency Assessments

## Objective & Outcome

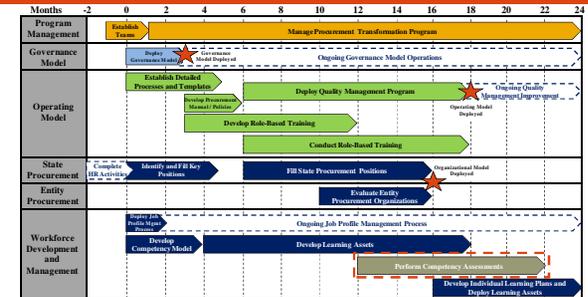
Conduct a two phased approach to compare procurement employees' assessed level of proficiency on their relevant competencies to the desired levels to identify gaps and determine Individual Learning Plan opportunities. Phase One will involve State Procurement employees and Phase Two will include state agency and community college procurement employees.

## Key Activities

- Create and approve a competency assessment communication plan for all procurement supervisors and employees
- Execute the competency assessment communication plan within State Procurement (Phase One)
- Issue competency assessments to all procurement supervisors and employees in State Procurement
- Have State Procurement employees perform self assessment
- Have supervisors evaluate their State Procurement employee s' self assessments and provide their perspective
- Review results from the competency assessments in total to understand overall trends and gaps in competencies, as well as establish a baseline
- Repeat assessment process with entity procurement employees and their supervisors (Phase Two)

## Potential Workload Impacts

- Number of competency assessments to be performed
- Functionality and ease of use of web-based competency assessment tool
- Percentage of assessment completion within targeted time period (impacts effort needed to follow-up with non-responders)
- Timely and complete participation by procurement employees and their supervisors in completing assessments



## Dependencies

- Completion of the Develop Competency Model step
- Availability of web-based tool to support conducting competency assessments
- Support by procurement leadership to emphasize importance of completing the assessment process and that its purpose is to identify training opportunities versus evaluate employees' performance

## Resource Requirements

- 1 FTE

## Resource Skill / Knowledge Requirements

- Deep understanding of approved procurement Competency Model
- Experience in performing competency assessments using web-based tool
- Strong communications and change management skills
- Data analysis and reporting skills

## Estimated Duration

- 10 months

The use of a web-based tool to conduct competency assessments and perform the subsequent analysis is key to identifying and prioritizing learning opportunities within the estimated duration of this implementation step.

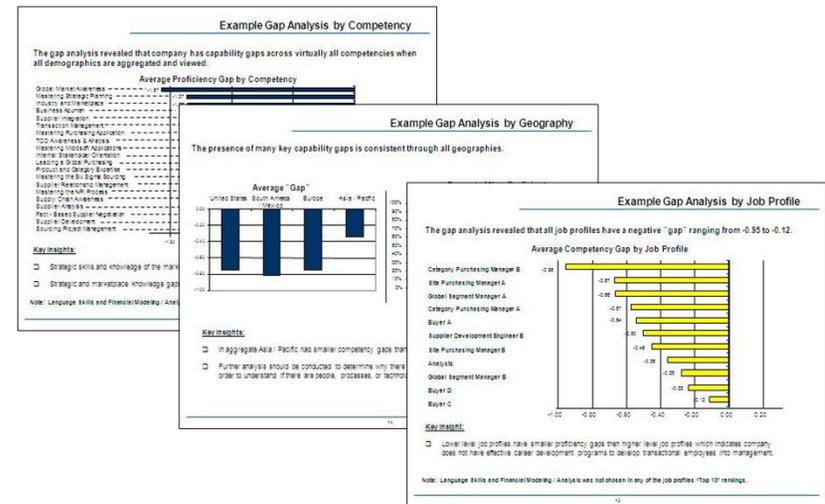
— Procurement Competency Assessment Example —

Procurement: Competency Assessment					
Rating	Scale	Description	Rating	Scale	Description
1	No Experience	• Not trained or exposed to skill area	4	Experienced	• Has demonstrated the ability to apply skill to complete work with minimal supervision • Has demonstrated the ability to assist and/or coach team members completing work requiring this skill
2	Beginner	• Trained or exposed to skill area with minimal or no experience in applying the skill • Understands fundamental concepts associated with the skill	5	Advanced	• Has demonstrated the ability to lead a work effort requiring the application of this skill • Has demonstrated the ability to make improvement recommendations based on knowledge in this area
3	Intermediate	• Understands and explains key concepts associated with the skill to others • Has demonstrated the ability to apply skill to complete work with clear direction and guidance	6	Expert	• Recognized as a deep expert in this area outside immediate team • Has demonstrated the ability to define knowledge in this area based upon leading practices

Professional Skills					
Ethics		1	3	6	
#	Definition	Guideline	Guideline	Guideline	
1	The knowledge of the ethical and professional behaviors in procurement practices to build and maintain credibility and trust in the procurement organization	• No understanding/knowledge of procurement business ethics	• Understands, practices, and is knowledgeable in Aon ethical guidelines	• Upholds most credible and ethical behavior and is able to guide others	
Communication					
#	Definition	1	3	6	
#	Definition	Guideline	Guideline	Guideline	
2	The ability to actively listen to colleagues, internal customers, and suppliers to identify key points; communicate clearly and concisely both verbally and orally; tailor communication styles to specific situations.	• No experience with formal communication	• Clearly and concisely communicated somewhat complex messages / information	• Clearly and concisely communicated sensitive and/ or highly complex messages / information. Able to develop a formal, written Communication Plan	
Teamwork					
#	Definition	1	3	6	
#	Definition	Guideline	Guideline	Guideline	
3	The ability to work effectively with others in a team environment, including assuming and executing "fair share" of workload, support teams and individuals to achieve	• No experience working in teams/ prefers to work individually	• Led at least one (1) team and worked effectively with multi-functional team(s)	• Led at least three (3) teams or one (1) large-scale team and demonstrated ability addressing	

— Competency Assessment Report Examples —



# Implementation Plan

## Develop Individual Learning Plans and Deploy Learning Assets

### Objective & Outcome

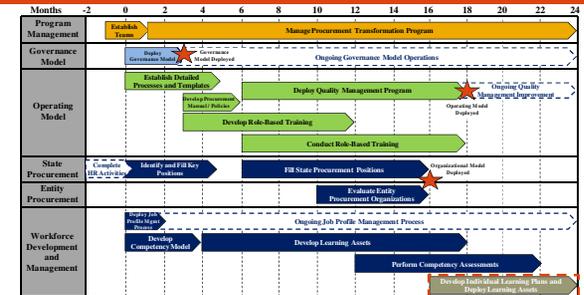
Develop and provide individual learning plans based on results of competency assessments that identify specific learning assets an employee is expected to complete over a defined period of time to increase his/her proficiency. Effectively deploying the approved learning assets is a key component of successfully building procurement employees' skills.

### Key Activities

- Develop individual learning plans that are based on the results from the competency assessments and include the set of learning assets the employee is expected to complete over a defined period of time
- Establish a clear method to measure program effectiveness and completion of individual learning plans
- Develop communication plan to stakeholders to inform them of approach to building their skills through new learning assets
- Coordinate and deploy learning assets and learning management system

### Potential Workload Impacts

- Reporting capabilities of web-based competency assessment tool
- Number of individual learning plans that need to be developed and managed
- Capabilities and availability of learning management system
- Learning asset schedule (e.g., frequency of courses, course capacity)
- Method to measure effectiveness and completion of individual development learning plans



### Dependencies

- Completion of Perform Competency Assessments step
- Support by procurement leadership to emphasize the benefits and importance of completing the individual development learning plans

### Resource Requirements

- .5 FTE

### Resource Skill / Knowledge Requirements

- Strong relationships with State Procurement and state agency / community college representatives
- Deep understanding of approved procurement Competency Model and learning solutions / learning assets
- Strong communication skills
- Data analysis and reporting skills
- Experience in coordinating and planning training schedules

### Estimated Duration

- 8 months

# Implementation Plan

## Develop Individual Learning Plans and Deploy Learning Assets

An Individual Learning Plan identifies specific learning topics an employee is expected to complete to further develop their proficiency in competencies that are important for their current or next position.

—Individual Learning Plan Example —

Assessment Information			Course Set: A					Course Set: B				
Competencies	Required vs. Agreed "Gap"	Course ID	Course Name	Course Type	Date	Time	Course ID	Course Name	Course Type	Date	Time	
1	Mastering Strategic Planning	-3	230	Mastering Strategic Planning	ILT - 1 day	12-Jul	8:00 - 5:00 (Local)	#N/A	#N/A	#N/A	#N/A	
2	Supply Chain Awareness	-1	220	Masters of Supply Chain: Direction in Supply Chain Management	Expert On Demand	N/A	N/A	64	Supply Chain Planning: Finding the Right Model	Online Self-Study	N/A	N/A
3	TCO Awareness & Analysis	-2	231	TCO Awareness & Analysis	ILT - 1/2 day	1-Aug	8:00 - 12:00 (Local)	#N/A	#N/A	#N/A	#N/A	
4	Mastering the Six Sigma Sourcing Process	-1	234	Mastering the 6SSS Process	Webcast	16-Aug	9:00 - 10:30 CT	#N/A	#N/A	#N/A	#N/A	
5	Mastering the NPI Process	-1	240	Mastering the NPI process	Webcast	21-Jul	8:30 - 10:00 CT	#N/A	#N/A	#N/A	#N/A	
6	Product and Category Expertise	-1	73	Advanced MRO Management	Expert On Demand	N/A	N/A	#N/A	#N/A	#N/A	#N/A	
7	Supplier Development	-1	98	Effective Supply: Supplier Performance Measurement and Supplier Value-Add	Expert On Demand	N/A	N/A	#N/A	#N/A	#N/A	#N/A	
8	Supplier Relationship Management	-2	229	Supplier Relationship Management	ILT - 1/2 day	27-Jun	1:00 - 5:00 (Local)	#N/A	#N/A	#N/A	#N/A	
9	Leading a Global Purchasing Organization	-1	227	Leading a Supply Chain Organization	Webcast	17-Oct	8:30 - 10:00 CT	#N/A	#N/A	#N/A	#N/A	
10	Internal Stakeholder Orientation	-2	185	Procurement Customer Intimacy & Insight	Expert On Demand	N/A	N/A	94	Effective Supply: Identifying Requirements	Online Self-Study	N/A	N/A
11			#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	
12	Exam	N/A	235	All subjects	Exam	25-Oct	9:00 - 10:30 CT	#N/A	#N/A	#N/A	#N/A	
13	Follow-Up	N/A	236	All subjects	Follow up meeting	13-Nov	9:00 - 11:00 CT	#N/A	#N/A	#N/A	#N/A	
14	Other	N/A	251	Prepare for Exam (all subjects)	Webcast	18-Sep	9:00 - 10:30 CT	#N/A	#N/A	#N/A	#N/A	

*\* Blank Indicates competency is at required proficiency*

**Comments:**

Please feel free to enter any comments on the development actions to be taken.

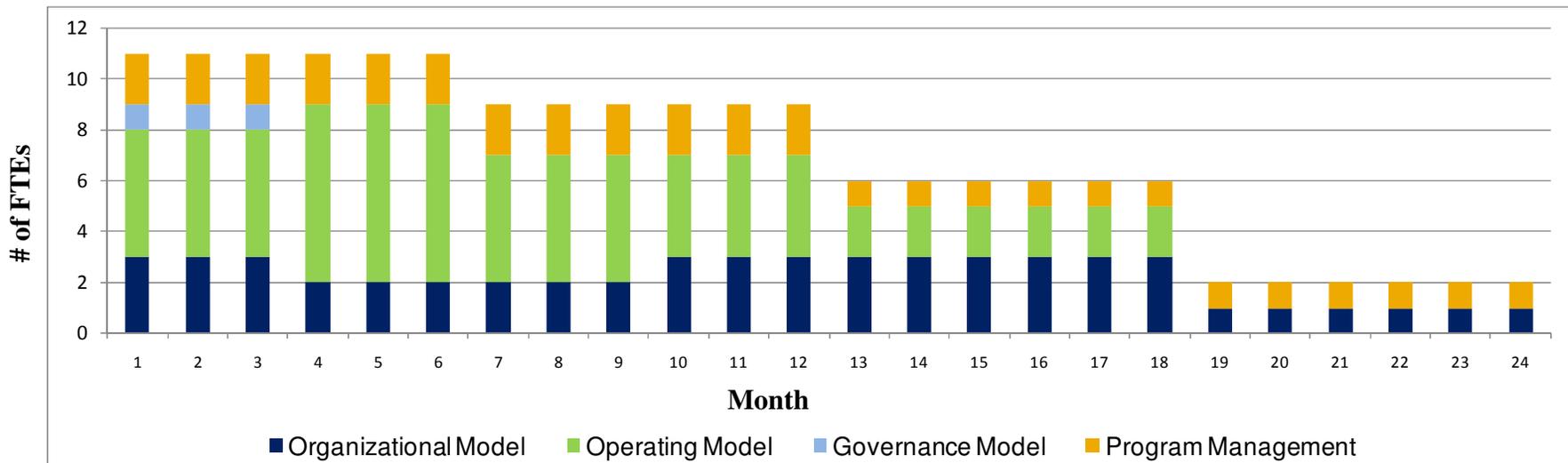
# Implementation Plan

## Estimated Core Implementation Team Resources

The size of the core procurement transformation implementation team will vary across the 24 month period, with the estimated peak level of 11 FTEs occurring in the first 6 months.

— Estimated Core Implementation FTEs—

Component	Month																							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Program Management	2	2	2	2	2	2	2	2	2	2	2	2	1	1	1	1	1	1	1	1	1	1	1	1
Governance Model	1	1	1																					
Operating Model	5	5	5	7	7	7	5	5	5	4	4	4	2	2	2	2	2							
Organizational Model	3	3	3	2	2	2	2	2	2	3	3	3	3	3	3	3	3	1	1	1	1	1	1	
<b>Total FTEs</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	



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## Quality Management System

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**Senate Bill 1213 requires the Department of Administration to implement a quality management system (QMS) to ensure that citizens and agency customer requirements are met.**

**—SB1213 Quality Management System Requirement—**

*To implement a quality management system equivalent to the International Organization for Standardization (ISO) 9001:2008 to ensure that citizen and agency customer requirements are met. By September 1 of 2012, and more frequently as requested, the Secretary shall report to the Joint Legislative Commission on Governmental Operations, the Program Evaluation Division, and the Fiscal Research Division concerning the progress of the Department's effort to comply with the provisions of this subdivision.*

**This section provides details on QMS principles, requirements, and how the recommended Governance, Operating, and Organizational Models help met the specific requirements.**

## Quality Management System

**A Quality Management System (QMS) like ISO 9001:2008 provides a framework for organizations to design, deploy, and manage processes to consistently meet customers' business needs and deliver value.**

### —Quality Management System Principles—

- Establish and champion Quality Management System objectives to meet confirmed customer requirements
- Document, implement, and maintain QMS policies and procedures
- Measure results and ensure customer requirements are met
- Take corrective action to address below target performance
- Monitor effectiveness of QMS and look for continuous improvement opportunities

### —ISO Quality Management System Requirements—

#### **General Requirements:**

- Establish and document QMS

#### **Management Responsibility:**

- Provide evidence of commitment to quality
- Focus on customers
- Establish and execute a quality policy
- Define QMS responsibility and authority
- Conduct QMS management reviews

#### **Resource Management:**

- Determine required QMS resources
- Train identified QMS resources
- Provide necessary infrastructure
- Establish and maintain suitable work environment

#### **Product Realization:**

- Plan product realization
- Review customer related requirements
- Control product design and development
- Control purchasing process
- Control production and service provision
- Control monitoring and measuring equipment

#### **Measurement, Analysis, and Improvement:**

- Plan monitoring and improvement processes
- Measure and monitor customer satisfaction
- Control non-conforming products
- Monitor effectiveness of QMS
- Make improvements to QMS

Source: Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008, which are available for purchase at:

[http://www.iso.org/iso/iso\\_catalogue/management\\_and\\_leadership\\_standards/quality\\_management/iso\\_9001\\_2008.htm](http://www.iso.org/iso/iso_catalogue/management_and_leadership_standards/quality_management/iso_9001_2008.htm)

**Documenting and maintaining standard processes and policies are crucial in monitoring how the procurement function achieves its objectives and goals.**

General Requirements		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Establish and document QMS	<ul style="list-style-type: none"> <li>Develop documents for organization's QMS</li> <li>Ensure organization's QMS documents respect and reflect vision and mission</li> <li>Establish and maintain a quality manual</li> <li>Establish a procedure to control QMS records</li> </ul>	<ul style="list-style-type: none"> <li>Document and implement consistent procurement processes through deployment of Operating Model, which includes a centrally maintained Procurement Manual and templates that would be posted on the State Procurement website (Operating Model)</li> <li>Conduct an annual process to review documented procurement processes and update manual (Operating Model)</li> <li>Require the Procurement Governance team to review and approve any material changes to Operating Model, including templates, Procurement Manual, etc. (Governance Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Quality Management System requirements align well with the procurement function's Vision and Guiding Principles.**

Management Responsibility		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Provide evidence of commitment to quality	<ul style="list-style-type: none"> <li>Support the development, implementation and the continuous improvement of the organization's QMS through executive sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>Develop and maintain procurement function's Vision and Guiding Principles that focus on providing quality service to the procurement function's customers through operational and delivery excellence (Governance Model)</li> <li>Obtain executive level sponsorship of QMS (Governance Model)</li> </ul>
Focus on customers	<ul style="list-style-type: none"> <li>Enhance customer satisfaction by ensuring that customer requirements are identified and met</li> </ul>	<ul style="list-style-type: none"> <li>Utilize and measure results delivered by cross entity sourcing teams (Governance Model)</li> <li>Conduct user survey for all state term contracts annually (Governance Model)</li> </ul>
Establish and execute a quality policy	<ul style="list-style-type: none"> <li>Support the establishment of effective quality objectives</li> <li>Develop a quality policy and ensure that it supports the organization's quality objective</li> <li>Ensure that the quality policy makes a commitment to continually improving the effectiveness of the QMS program</li> <li>Ensure that the quality policy is communicated, discussed and reviewed periodically throughout the organization</li> </ul>	<ul style="list-style-type: none"> <li>Develop and maintain standard sourcing and contract management policies (Operating Model)</li> <li>Align Procurement Manual and policies to procurement's Vision and Guiding Principles (Operating Model)</li> <li>Develop communication plan to rollout Operating Model, including the new Procurement Manual (Change Management)</li> <li>Implement processes and policies established in Procurement Manual, which includes a policy on quality (Operating Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Defining the roles and responsibilities for procurement processes is a key step in implementing a QMS program.**

Management Responsibility		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Define QMS responsibility and authority	<ul style="list-style-type: none"> <li>• Ensure QMS responsibilities and authorities are defined</li> <li>• Ensure QMS responsibilities and authorities are communicated throughout the organization</li> </ul>	<ul style="list-style-type: none"> <li>• Define RACIs for procurement function processes at the individual task level (Operating Model)</li> <li>• Include quality management responsibilities in relevant standard job profiles to clearly communicate expectations to employees (Organizational Model)</li> </ul>
Conduct QMS management reviews	<ul style="list-style-type: none"> <li>• Examine QMS inputs</li> <li>• Generate management review decision and action outputs</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a State Chief Procurement Officer position responsible for championing the QMS program (Organizational Model)</li> <li>• Include review of quality management factors in State Procurement's Compliance Review process to provide consistent and highly visible mechanism to monitor quality of procurement function's processes (Operating Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**During the implementation of the approved Operating and Organizational Models, procurement resources’ capabilities will be assessed and training will be provided to support the QMS program.**

Resource Management		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Determine required QMS resources	<ul style="list-style-type: none"> <li>Identify / provide resources to support QMS needs</li> </ul>	<ul style="list-style-type: none"> <li>Include in State CPO's job profile the responsibility to support Quality Management System program (Organizational Model)</li> <li>Utilize Training and Compliance Manager to champion and train resources on the QMS program within State Procurement (Organizational Model)</li> <li>Have State Procurement's Category Teams focus on implementing QMS program aspects in their core sourcing and contract management activities (Organizational Model)</li> </ul>
Train identified QMS resources	<ul style="list-style-type: none"> <li>Identify competency requirements of QMS personnel</li> <li>Review QMS resource competencies</li> <li>Provide training, or take other suitable steps, to meet QMS competency requirements</li> <li>Evaluate the effectiveness of QMS training and awareness activities</li> </ul>	<ul style="list-style-type: none"> <li>Include quality management requirements in job profiles / descriptions (Organizational Model)</li> <li>Provide initial role-based procurement training to procurement employees to give them the knowledge they need to execute their responsibilities in the new Operating Model (Operating Model)</li> <li>Conduct competency assessments after the rollout of the approved Operating and Organizational Models to assess procurement employees’ skill levels in the competencies required for their current position versus desired target proficiency levels (Organizational Model)</li> <li>Create a training plan to bridge gaps between individuals assessed and desired proficiency levels (Organizational Model)</li> <li>Conduct regular reviews of training effectiveness (Organizational Model)</li> <li>Conduct regular procurement employee competency assessments and address identified gaps (Organizational Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Providing the right tools and technology will be crucial in maintaining an environment that supports quality management.**

Resource Management		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Provide necessary infrastructure	<ul style="list-style-type: none"> <li>Identify, establish, and maintain the infrastructure to support QMS requirements and needs</li> </ul>	<ul style="list-style-type: none"> <li>Establish a procurement organization that supports QMS (Organizational Model)</li> <li>Provide processes and technology to support QMS (e.g., spend analysis tool, bid posting tool, contract management tool) (Operating Model, Technology)</li> </ul>
Establish and maintain suitable work environment	<ul style="list-style-type: none"> <li>Identify and maintain a work environment needed to fulfill QMS requirements</li> </ul>	<ul style="list-style-type: none"> <li>Provide workspace and technology to support collaboration with stakeholders (Technology)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Establishing a long term strategic sourcing plan will assist in the planning process across the procurement function.**

Product Realization		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Plan product realization	<ul style="list-style-type: none"> <li>Establish a product realization planning process</li> <li>Utilize product realization planning process to plan the realization of the organization's products (e.g., state term contracts)</li> <li>Prepare planning outputs that are suitable and consistent with the organization's QMS methods</li> <li>Develop processes needed to realize products</li> </ul>	<ul style="list-style-type: none"> <li>Create a 3-5 year sourcing plan (Operating Model)</li> <li>Establish a sourcing plan template that can be utilized across the procurement function (Operating Model)</li> <li>Conduct quarterly reviews of sourcing plan and make updates as necessary (Operating Model, Governance Model)</li> </ul>
Review customer related requirements	<ul style="list-style-type: none"> <li>Identify the customer requirements / needs</li> <li>Review and maintain your customers' product requirements</li> <li>Establish and maintain customer communication arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with representative procurement entities to define procurement / QMS processes (Operating Model)</li> <li>Define RACIs for specific sourcing and contract management tasks (Operating Model)</li> <li>Conduct annual contract reviews with customers to ensure contract needs are met (Operating Model)</li> <li>Include customers in sourcing process, including validation of savings generated (Operating Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Establishing templates, document reviews and approvals, and maintaining records will allow the procurement function to maintain visibility and control over procurement related work products.**

Product Realization		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Control product design and development	<ul style="list-style-type: none"> <li>Plan, control, and update the design and development of products</li> <li>Produce, approve, and verify product design and development outputs</li> <li>Perform systematic design and development reviews throughout the design and development process</li> <li>Carry out and perform design and development verification</li> <li>Identify, record, review, verify, validate, and approve changes in design and development</li> </ul>	<ul style="list-style-type: none"> <li>Establish specific templates for the steps in the sourcing process (e.g., sourcing plan, RFx template, contract template) (Operating Model)</li> <li>Document reviews and approval process at various checkpoints during the sourcing process (Operating Model)</li> <li>Maintain and store records / work products in a centralized location using a common file structure (Operating Model)</li> <li>Utilize contract management technology to monitor contracts (Technology)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Establishing a Supplier Performance Management process will be a key component to maintaining a quality management system after contracts are awarded.**

Product Realization		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Control purchasing process	<ul style="list-style-type: none"> <li>• Establish criteria that can be used to control suppliers</li> <li>• Evaluate suppliers' ability to supply products that meet the organization's requirements</li> <li>• Select suppliers that are capable of supplying products that meet the organization's specified requirements</li> <li>• Ensure that purchasing requirements are adequately specified before discussing with suppliers</li> <li>• Establish and implement product verification or inspection methods in order to ensure that purchased products meet purchase requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Establish standard supplier terms and conditions, service level agreements, and minimum requirements (Operating Model)</li> <li>• Clearly define and communicate the supplier evaluation and supplier selection processes during strategic sourcing process (Operating Model)</li> <li>• Work with user agencies and community colleges to clearly define business requirements to meet needs and industry requirements / standards (Operating Model)</li> <li>• Establish and order receipt processes to monitor quality (Operating Model)</li> <li>• Develop and implement a supplier performance management process / quality control plan (Operating Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Establishing and maintaining checkpoints and templates for the sourcing process will allow the procurement function to control the process and quality.**

Product Realization		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Control production and service provision	<ul style="list-style-type: none"> <li>Carry out service provision under controlled conditions</li> <li>Validate production and service provision processes whenever process outputs cannot be measured, monitored, or verified until after the product is in use or the service has been delivered</li> <li>Establish the unique identity of products (if appropriate)</li> <li>Identify the monitoring and measurement status of products</li> <li>Identify, verify, protect and safeguard property supplied by customers</li> </ul>	<ul style="list-style-type: none"> <li>Establish a standardized strategic sourcing methodology and create various checkpoints during the process (Operating Model)</li> <li>Create standard sourcing templates (Operating Model)</li> <li>Establish a method for tracking savings achieved during the sourcing process (Governance Model, Operating Model)</li> <li>Monitor spend on state term contracts and identify maverick spend (Governance Model)</li> <li>Develop a method for reducing maverick spend and increasing contract compliance across agencies and community colleges (Governance Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Monitoring spend, maintaining a balanced scorecard, and tracking performance will allow the procurement function to monitor the quality of service provided to its customers.**

Product Realization		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Control monitoring and measuring equipment	<ul style="list-style-type: none"> <li>• Identify monitoring and measuring needs and requirements</li> <li>• Select equipment / tools to meet monitoring and measuring needs and requirements</li> <li>• Establish monitoring and measuring processes</li> <li>• Calibrate monitoring and measuring equipment / tools whenever necessary to ensure that results are valid</li> <li>• Confirm that monitoring and measuring software is capable of fulfilling needs</li> <li>• Evaluate the validity of previous measurements</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor spend, service level agreements, and user satisfaction regularly (Governance Model)</li> <li>• Maintain a Balance Scorecard to measure procurement organization performance (Governance Model)</li> <li>• Monitor and track strategic supplier performance using a standardized scorecard (Operating Model, Governance Model)</li> <li>• Collaborate with stakeholders to identify and pursue areas of opportunity for improvement (Operating Model)</li> <li>• Modify and update measurement and reporting tools to meet business requirements (Governance Model, Operating Model)</li> </ul>

1. Accenture summary of International Organization for Standardization (ISO) Quality Management System Requirements 9001:2008

**Deploying a Balanced Scorecard will monitor the procurement function’s performances and identify areas of improvement.**

Measurement, Analysis, and Improvement		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Plan monitoring and improvement processes	<ul style="list-style-type: none"> <li>Identify the monitoring, measurement, and analytical processes to demonstrate conformity and make improvements</li> <li>Implement monitoring, measurement, and analytical processes</li> </ul>	<ul style="list-style-type: none"> <li>Develop Balanced Scorecard to track and manage key metrics that monitor health and quality of the procurement function (Governance Model)</li> <li>Empower the Procurement Governance Team to monitor the Balanced Scorecard and determine appropriate steps based on actual performance versus targeted performance (Governance Model)</li> <li>Develop a Procurement Results Management process to monitor Balanced Scorecard metrics and address below target performance using structured approach (e.g., root cause analysis, documented action plan, reporting of results)(Governance Model)</li> </ul>
Measure and monitor customer satisfaction	<ul style="list-style-type: none"> <li>Establish methods to monitor and measure customer satisfaction</li> <li>Establish and conduct an internal audit procedure</li> <li>Take action to address audit results</li> <li>Select suitable methods to monitor and measure the QMS processes</li> <li>Monitor and measure product characteristics</li> </ul>	<ul style="list-style-type: none"> <li>Develop and conduct surveys to help assess customer satisfaction levels and areas for improvement (Governance Model)</li> <li>Utilize State Procurement's Senior Business Analyst to identify Balanced Scorecard metrics that are consistently below targeted performance levels to elevate to the Procurement Governance Team for action (Governance Model)</li> <li>Conduct Compliance Reviews of state agencies and community colleges every 2-3 years (Operating Model)</li> <li>Utilize State Procurement resource to conduct informal internal audits of State Procurement's performance against established SLAs (Governance Model)</li> </ul>

**The procurement function can track spend on state term contracts and conduct surveys to monitor customer satisfaction and provide insights into areas of opportunity for improved service quality.**

Measurement, Analysis, and Improvement		
High-Level Requirement <sup>1</sup>	Description	Plan to Fulfill Requirement
Control non-conforming products	<ul style="list-style-type: none"> <li>Establish, document, implement, and maintain nonconforming products procedure</li> </ul>	<ul style="list-style-type: none"> <li>Follow Procurement Results Management process to identify and manage areas of continued below target performance (Governance Model)</li> <li>Include step in Compliance Review process to follow-up on all material findings from Compliance Reviews conducted by State Procurement (Operating Model)</li> </ul>
Monitor effectiveness of QMS	<ul style="list-style-type: none"> <li>Determine which data to collect to monitor effectiveness of QMS</li> <li>Collect identified data</li> <li>Analyze collected data to evaluate effectiveness of QMS</li> </ul>	<ul style="list-style-type: none"> <li>Track customer satisfaction survey results and actual spend on state term contract versus expected spend, using E-Procurement data and supplier provided sales data (Governance Model)</li> <li>Identify and address issues identified by analyzing customer survey responses (Governance Model)</li> <li>Identify state term contracts with below expected actual spend, determine root causes, and execute plan to address confirmed issues (Governance Model)</li> </ul>
Make improvements to QMS	<ul style="list-style-type: none"> <li>Use information to continually improve the effectiveness of QMS</li> <li>Establish, document, implement, and maintain a corrective action procedure</li> <li>Establish, document, implement, and maintain a preventive action procedure</li> </ul>	<ul style="list-style-type: none"> <li>Assess quality policy and processes periodically to ensure continued relevance to customer requirements (Operating Model)</li> <li>Provide method on State Procurement's website for customers and stakeholders to identify opportunities to improve the procurement function and QMS (Operating Model)</li> <li>Follow Key Decision Approval process to address identified continuous improvement opportunities (Governance Model)</li> </ul>

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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 services.*

### Guiding Principles

<b><i>Best Value</i></b>	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
<b><i>Customer Focus</i></b>	Address all stakeholders' business needs and manage their expectations in a timely, informative, and responsive manner
<b><i>Delivery Excellence</i></b>	Develop, maintain, and execute standardized, repeatable procurement processes and procedures across the procurement function – supported by technology where appropriate – to achieve targeted business outcomes
<b><i>Compliance and Accountability</i></b>	Enforce compliance with statutes, administrative codes, executive orders, and policies while providing appropriate transparency for stakeholders through monitoring, measuring, and reporting activities
<b><i>Operational Efficiency</i></b>	Align people, processes, and technology to optimize the procurement function against defined procurement goals and metrics
<b><i>Workforce Excellence</i></b>	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
<b><i>Strategic Planning</i></b>	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><b>R</b>esponsible</p>	<ul style="list-style-type: none"> <li>• The individual(s) who performs the task, responsible for the action/implementation</li> <li>• The degree of responsibility is defined by the Accountable person</li> <li>• “R’s” can be shared</li> </ul>	<p> <b>The ‘Doer’</b></p>
<p><b>A</b>ccountable</p>	<ul style="list-style-type: none"> <li>• The individual who is ultimately accountable</li> <li>• Has Yes/No power, as well as power of veto</li> <li>• Only one “A” can be assigned to a process step/activity</li> </ul>	<p> <b>“The Buck stops here”</b></p>
<p><b>C</b>onsulted</p>	<ul style="list-style-type: none"> <li>• The individual(s) to be consulted prior to an action being taken or a final decision made</li> <li>• Encourages two-way communication</li> <li>• “C’s” can be shared</li> </ul>	<p> <b>“In the Loop”</b></p>
<p><b>I</b>nformed</p>	<ul style="list-style-type: none"> <li>• The individual(s) who need to be informed after an action has been taken, or a decision is made</li> <li>• “I’s” can be shared</li> </ul>	<p> <b>“FYI”</b></p>