

*Final*



## North Carolina Procurement Transformation

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Operating Model  
February 18, 2011

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- Approach and Collection Process
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## Executive Summary

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**There are nine specific areas that the State of North Carolina should address to improve the efficiency and effectiveness of the procurement function.**

- Deploy an Operating Model that focuses on building key procurement capabilities and processes to better leverage State of North Carolina dollars, people and processes
- Implement a strategic sourcing methodology to drive best value for the State of North Carolina
- Establish a standard contract management / administrative process, including a standard set of terms and conditions and standard contract templates
- Manage and measure suppliers using a Supplier Performance Management Framework
- Analyze spend by increasing spend analytics capabilities and utilizing technology
- Utilize reverse auctions (where optimal) to drive additional value in the sourcing process
- Streamline the requisitioning process to reducing procurement cycle time
- Track and report compliance to maximize contract and procurement policy effectiveness
- Proactively manage internal and external customers needs

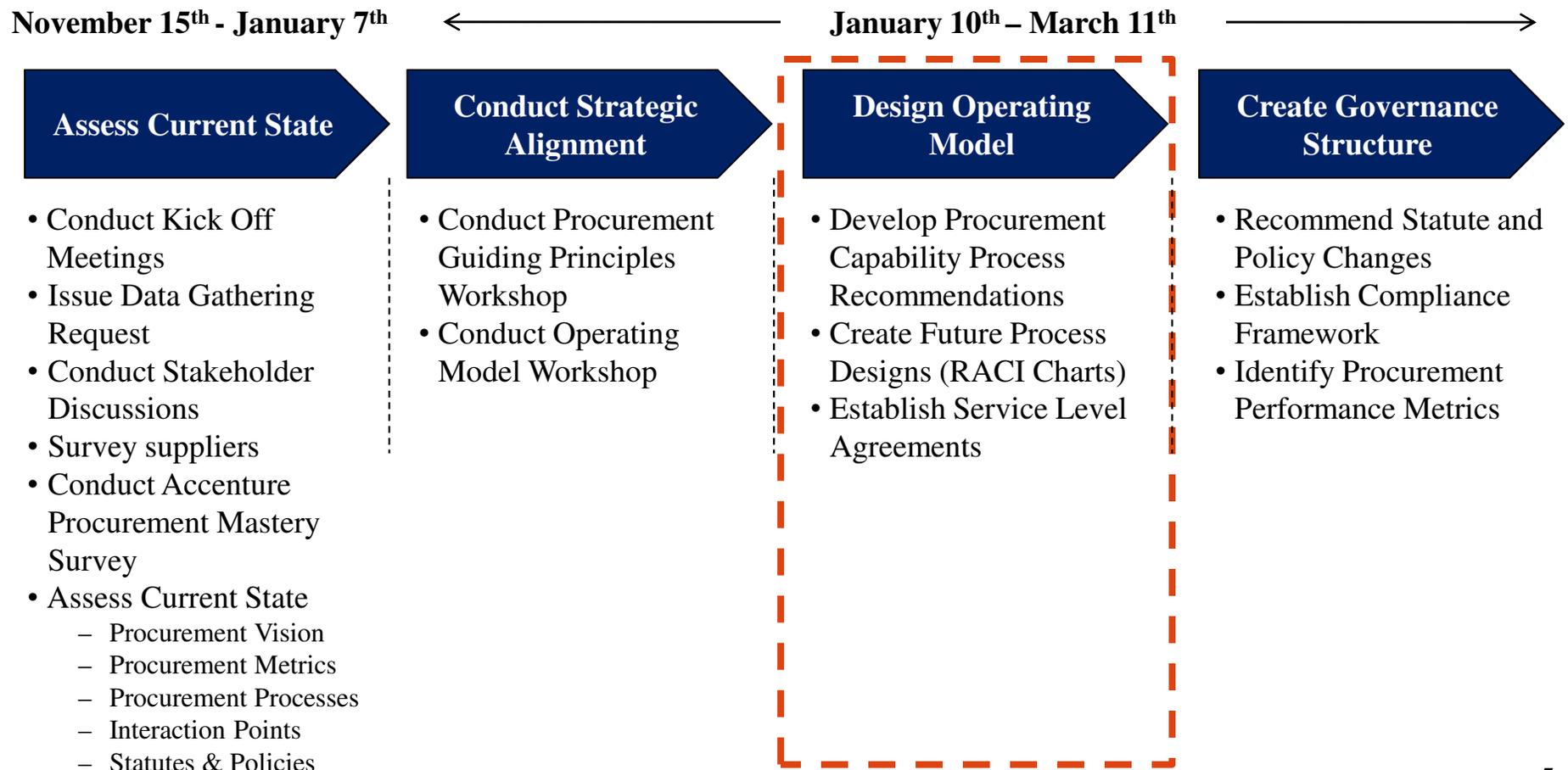
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## Approach and Collection Process

The team followed a structured approach to collect the information needed to develop the recommended Operating Model for the procurement function.



## Approach and Collection Process

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**Key activities in determining the Operating Model include developing the Guiding Principles and conducting an Operating Model Workshop to confirm the recommended Operating Model and key processes.**

**—Key Operating Model Activities—**

- Conducted survey discussions with 60 key procurement stakeholders
- Assessed and outlined current state procurement processes across state agencies and community colleges (see Current State Assessment Deliverable)
- Conducted workshop to determine and finalize procurement Guiding Principles and vision
- Created draft of Operating Model Recommendation, key process overviews for Sourcing, Requisitioning, Contract Management / Administration and Compliance Monitoring, as well as the corresponding RACI charts to outline roles / responsibilities
- Held Operating Model workshop to confirm model, processes and RACI charts
- Developed recommended processes, RACI charts and Service Level Agreements based on recommended Operating Model and Procurement Guiding Principles

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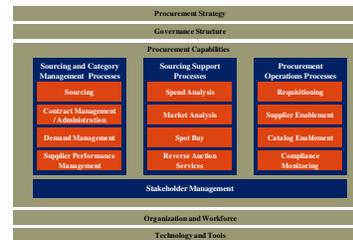
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# Operating Model Overview

The Operating Model describes the way an organization operationalizes and executes its strategies and is closely interrelated with the Governance Model and Organizational Model.

## Operating Model



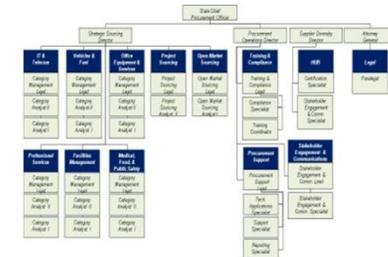
Describes what procurement capabilities are needed, how the work is **executed**, and **interfaces** with other groups within the State

## Governance Model



Defines **key decision rights**, **leadership oversight**, and **performance mgmt** to execute and drive compliance to strategy

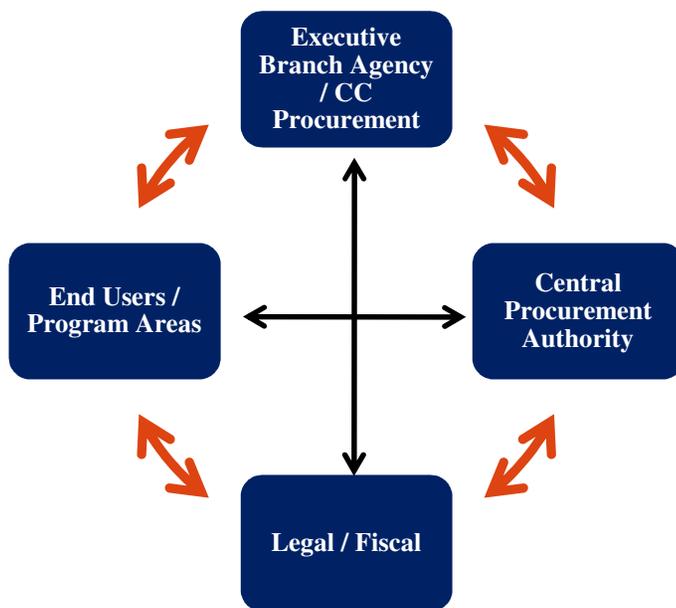
## Organizational Model



Describes **functional roles** and **reporting lines** within the procurement organization

## Operating Model Benefits

**The recommended Operating Model increases collaboration across procurement stakeholders to more effectively deliver targeted business objectives and defines roles and responsibilities for procurement capability processes.**

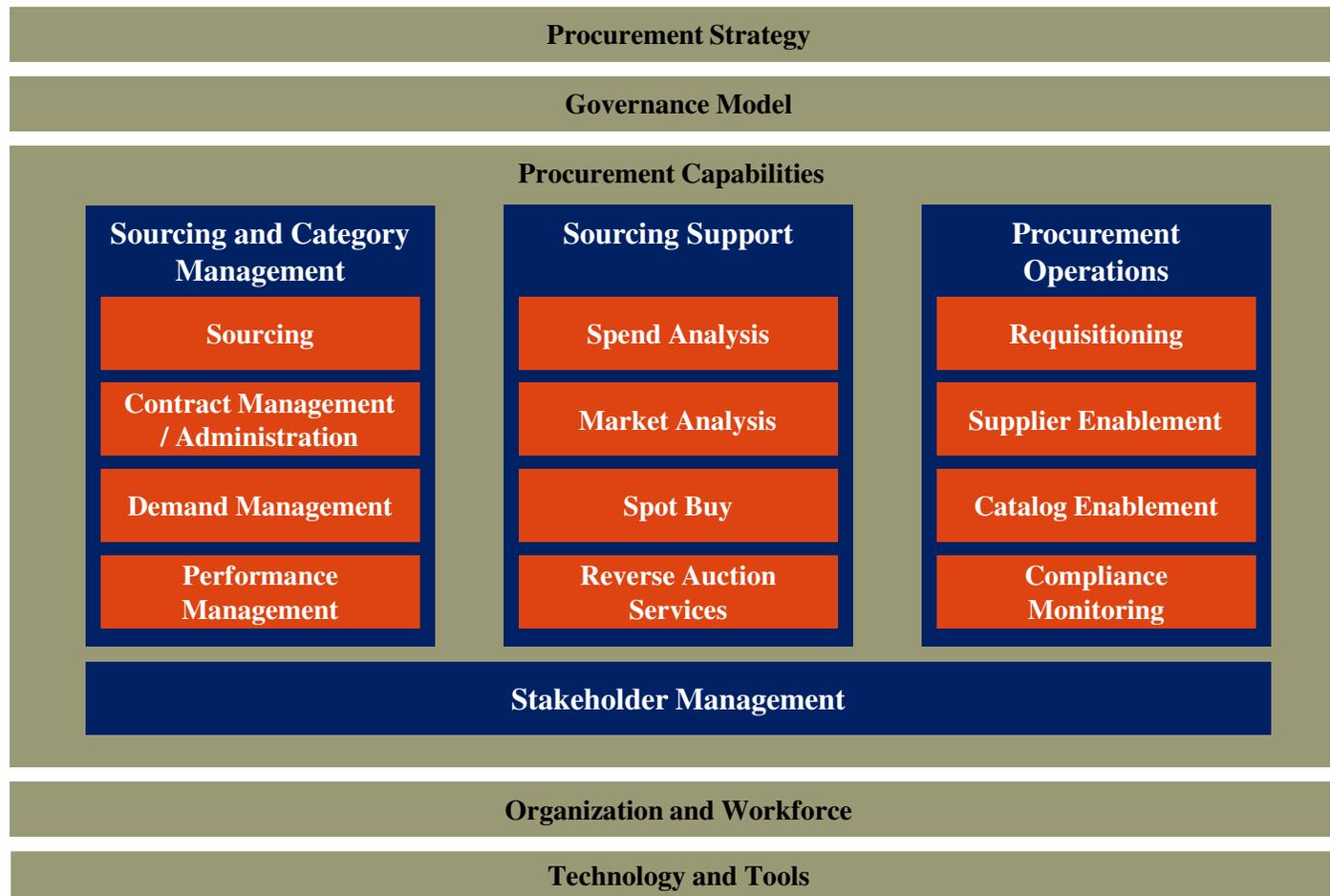


**Cross functional collaboration and clearly defining roles are critical success factors**

1. Establishing a tighter linkage between the Central Procurement Authority, Executive Branch Agency / Community College Procurement and the end users / program areas in the purchasing process
  - Drives category strategic planning, sourcing projects and related sourcing project governance
  - Increases collaboration and coordination across state entities
2. Defines the ownership of activities associated with procurement capability processes
3. Operationalizes procurement vision and strategy by defining specific processes that are executable and support the State's business objectives
4. Drives predictable results and outputs through defining repeatable procurement function processes

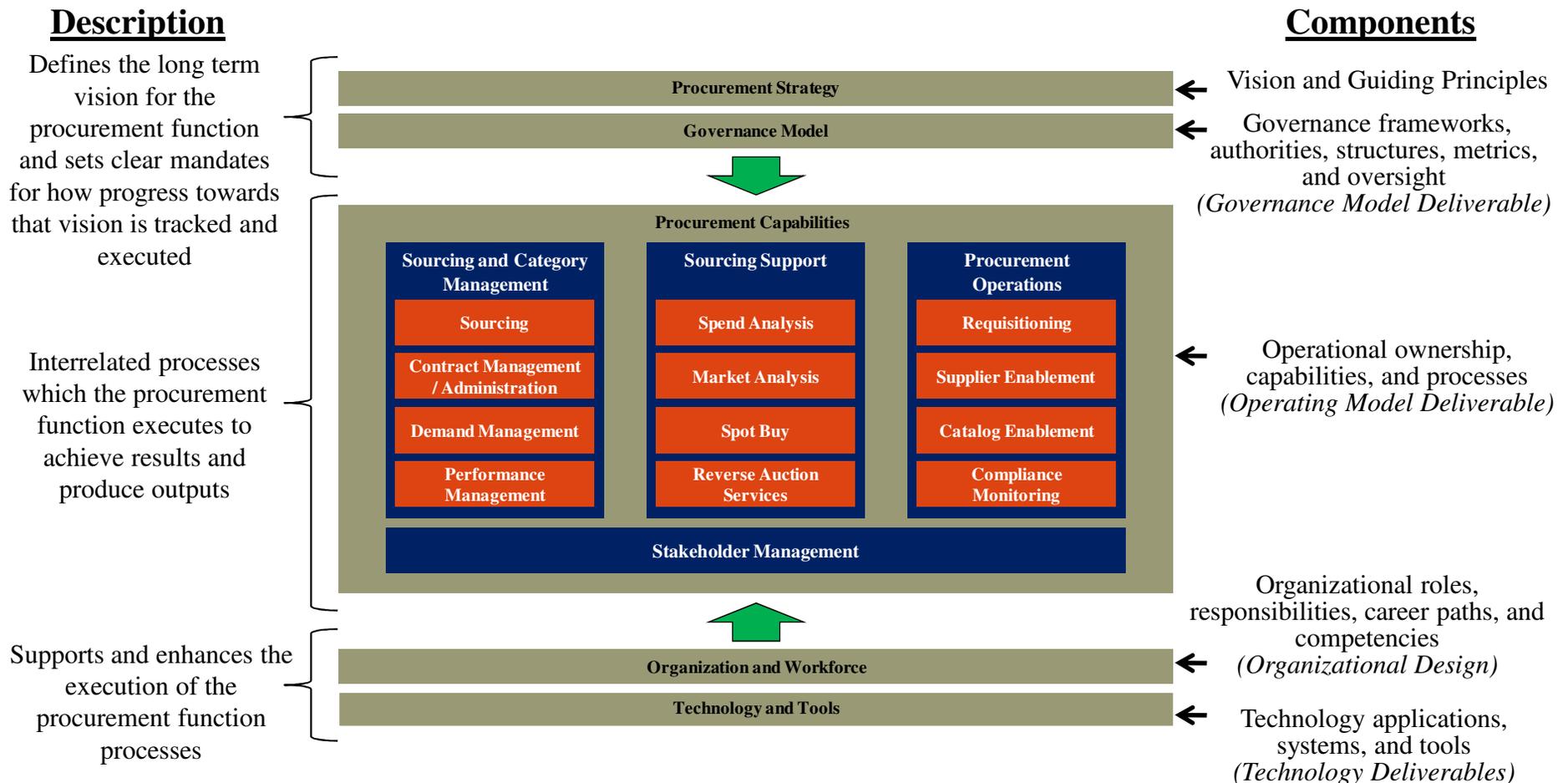
## Recommended Operating Model

The recommended Operating Model shows the capabilities the procurement function will employ collaboratively to meet the needs of the internal and external stakeholders.



## Recommended Operating Model

The Operating Model describes how all the components of the procurement function interact to drive results and outputs.



# Operating Model Components Procurement Strategy

**The procurement strategy is the long term strategic direction of the procurement function which aligns to State business objectives, vision and Procurement Guiding Principles.**

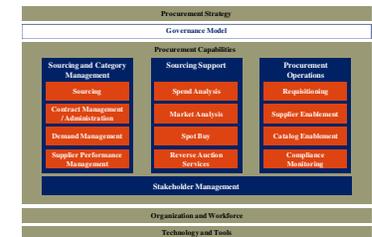


## Objectives

- Develop and manage a long term procurement strategy aligned with the State of North Carolina’s objectives and business needs
- Establish clear procurement high-level objectives, aligned with procurement vision and Guiding Principles, that can be cascaded down throughout the agency/community college procurement organizations
- Continuously improve procurement capabilities to optimize cross-functional integration and cross entity synergies
- Determine how Organization and Workforce and Technology and Tools will interface and enable procurement capability processes
- Components: Vision and Guiding Principles

# Operating Model Components Governance Model

**The Governance Model constitutes the structural framework that defines how the procurement function is managed.**

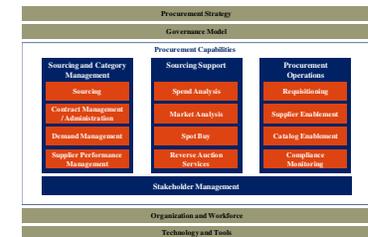


## Objectives

- Define and communicate the procurement management framework including communication and reporting structures
- Manage how Procurement Vision and Operating Model are implemented
- Manage People: Develop and maintain a high performing procurement workforce through capability development, recruitment and performance management
- Manage Performance: Measure, follow-up and communicate procurement performance
- Manage Processes: Develop and manage the implementation of procurement policies, processes, and standards
- Manage Systems and Tools: Develop, implement and maintain the systems and tools that will enhance TCO benefits within procurement
- Components: Governance frameworks, authorities, structures, metrics, and oversight

# Operating Model Components Procurement Capabilities

The procurement function will utilize the Operating Model to build the capabilities to be a strategic business partner and create value for the State of North Carolina.

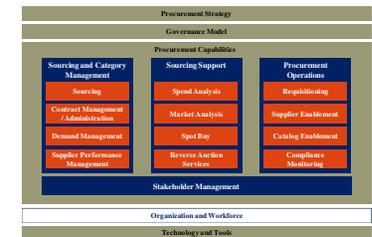


## Objectives

- Build and deploy procurement capabilities within Central Procurement Authority and entity procurement groups to drive value for its customers
- Develop and maintain focused capabilities on sourcing and category management, sourcing support and procurement operations processes.
- Increase the level of emphasis placed on proactively managing and supporting external stakeholders and develop a framework for monitoring the impact of various procurement initiatives on these key stakeholder
- Define high-level process roles and responsibilities across the procurement function and internal / external stakeholder groups
- Components: Operational ownership, capabilities, and processes

# Operating Model Components Organization and Workforce

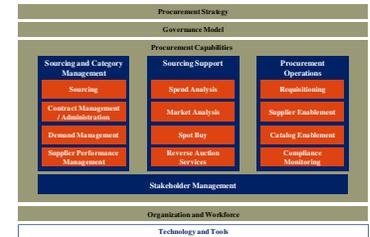
**The organization and workforce are enablers that promote the procurement strategy, support the establishment of the governance model, and enhance building the procurement capabilities.**



## Objectives

- Support Procurement Strategy and Governance Model
- Create an organization to execute procurement processes and drive value for its internal / external customers
- Establish a workforce that has clearly defined business objectives that align to the Procurement Strategy and Guiding Principles
- Determine roles within the procurement function that will focus on enhancing procurement capabilities and carrying out the established procurement processes (sourcing and category management, sourcing support, procurement operations, and stakeholder management)
- Create a workforce with a defined career progression and provide training to the workforce to support the functions within each role
- Components: Organizational roles, responsibilities, career paths, and competencies

**Technology and tools will enable and support the procurement capabilities by streamlining and providing transparency into the key procurement processes.**



### Objectives

- Support the procurement capabilities and processes by making accurate data accessible
- Employ centralized tools that can be utilized across agencies, community colleges, end users, etc.
- Leverage technology such as E-Procurement and eSourcing that will streamline the procurement processes, as well as increase visibility and transparency
- Establish tools, such as Supplier Performance Management scorecards and Procurement Balanced scorecards, that enable a simplified method of monitoring performance and identifying areas of improvement
- Enable streamlining existing processes, such as requisitioning, supplier enablement and catalog enablement, to reduce cycle time and manual activities
- Components: Technology, applications, systems and tools

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## Capability Definitions

**The Sourcing & Category Management capabilities will drive value through collaborative efforts between procurement and suppliers.**

High Level Capability	Capability	Definition
<b>Sourcing &amp; Category Management</b>	<b>Sourcing</b>	A process aimed to lower total cost of ownership (TCO) by impacting different costs while maintaining / improving quality and service. It is a structured and prioritized approach to realize and sustain benefits in a full partnership with the appropriate customers and supplier base.
	<b>Contract Management / Administration Processes</b>	Process for tracking, monitoring, and reviewing contracts that increases user visibility and improves internal and external compliance with negotiated contracts
	<b>Demand Management</b>	Identify ways to lower total cost of ownership and streamline procurement processes with existing suppliers by rationalizing/standardizing specifications, utilizing substitute goods and services, examining life cycle cost, and reducing volume consumed
	<b>Supplier Performance Management</b>	Systematic management of supplier relationships to optimize the value delivered throughout the relationship

## Capability Definitions

**The Sourcing Support capabilities will provide standardized processes and tools to carry out Sourcing and Category Management activities.**

High Level Capability	Capability	Definition
<b>Sourcing Support</b>	<b>Spend Analysis</b>	Provides detailed information on expenditures across the State and aids in compliance tracking, monitoring, reporting, and supporting strategic sourcing
	<b>Market Analysis</b>	Research conducted to understand market conditions, trends, supply base, constraints, and pricing structure to support various procurement processes
	<b>Spot Buy</b>	Purchase of goods or services that do not require the full strategic sourcing process
	<b>Reverse Auction Services</b>	A process and set of activities that support accelerated pricing negotiations through a dynamic competition between suppliers to provide the best pricing solution for goods or services in a timed environment

## Capability Definitions

**The Procurement Operation capabilities will streamline procurement processes and support compliance, while increasing visibility across the State.**

High Level Capability	Capability	Definition
Procurement Operations	<b>Requisitioning</b>	A common process that guides requesters through the steps of procurement, it may include automated approvals and reduce buyer involvement when purchasing from preferred suppliers
	<b>Supplier Enablement</b>	Involves managing supplier information (e.g., registration, catalogs) and end-user setup in order for suppliers to utilize State systems and tools for procurement activities
	<b>Catalog Enablement</b>	Establishing catalogs to facilitate the purchase of goods or services from contracted suppliers. Catalog enablement decreases requisition cycle time, drives compliance and encourages buyers to purchase standardized goods / services.
	<b>Compliance Monitoring</b>	Reviews how the organization is performing against set standards and metrics, provides insight into how policies are followed, and identifies areas of opportunity to drive value through process efficiencies

## Capability Definitions

**The Stakeholder Management capability focuses on achieving procurement goals while meeting customers’ needs.**

High Level Capability	Capability	Definition
<b>Stakeholder Management</b>	<b>Customer Relationship Management</b>	Actively searching for new opportunities to continuously understand internal and external customers’ needs and supply market trends to develop appropriate solutions. Customer relationship management focuses on internal/external customer outreach to share procurement information such as leading practices, latest trends, methods and approaches.

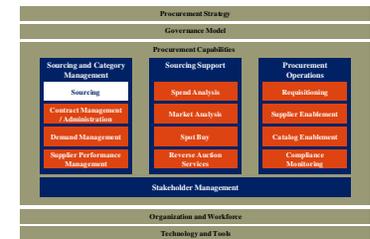
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# Sourcing

## Sourcing across state entities will allow North Carolina to obtain best value solutions from suppliers and drive bottom line savings for the State.



### Process Definition

- A process aimed to lower total cost of ownership (TCO) by impacting different costs while maintaining / improving quality and service. It is a structured and prioritized approach to realize and sustain benefits in a full partnership with the appropriate customers and supplier base.

### Challenges

- Today procurement is reactive versus proactive; there is not a multi-year sourcing plan that effectively coordinates the activities among the central purchasing authorities and the entities
- Existing procurement related statutes, administrative codes and executive orders reduce the procurement function's ability to optimize value through strategic sourcing

### Other State Examples / Leading Practices

- **Pennsylvania** – uses a single statewide strategic sourcing methodology for evaluating requirements and conducting strategic sourcing - \$320 million in annualized savings to date; center-led team conducts strategic sourcing with cross functional stakeholder team; reduced cycle time from 9-12 to 4-6 months for sourcing /contracting process
- **Georgia** – applies a common strategic sourcing practice and process across the enterprise with a dedicated knowledge based strategic sourcing team
- **Minnesota** – saved \$155 million through collaborative market analysis and adoption of agency-wide standards

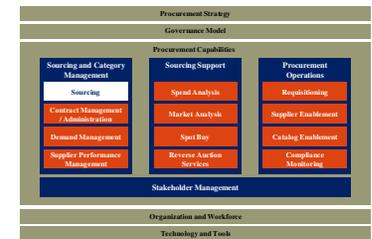
### Recommendations

- **OM 1** – Develop a strategic planning capability by establishing and publishing a long term sourcing plan
- **OM 2** - Implement a statewide strategic sourcing methodology to conduct statewide procurements on behalf of the state agencies / community college to increase purchasing power
  - Conduct sourcing using cross-functional teams to ensure business needs and objectives are achieved
  - Prioritize agency/community college requirements and spend to aggregate demand including statewide standards across all spend categories
  - Utilize new Stakeholder Engagement / Communication Specialist position to communicate procurement value and support pulling in additional spend from LEAs, Universities and Local Governments into sourcing initiatives
- **OM 3** – Implement an eSourcing solution to streamline and increase visibility into the sourcing process, in addition to standard RFx templates to be utilized statewide
- **OM 4** - Implement recommended statute changes to allow for pricing negotiations and drive best value solutions from suppliers
- **OM 5** - Consolidate to one centralized purchasing manual which is maintained by Central Procurement Authority
- **OM 6** – Review other state's protest processes to identify additional opportunities to streamline the process

The sourcing recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 1	Develop a strategic planning capability by establishing and publishing a long term sourcing plan	✓	✓					✓
OM 2	Implement a statewide strategic sourcing methodology to conduct statewide procurements on behalf of the state agencies / community college to increase purchasing power	✓	✓	✓			✓	✓
OM 3	Implement an eSourcing solution to streamline and increase visibility into the sourcing process, in addition to standard RFx templates to be utilized statewide			✓	✓	✓		
OM 4	Implement recommended statute changes to allow for pricing negotiations and drive best value solutions from suppliers	✓						
OM 5	Consolidate to one centralized purchasing manual which is maintained by Central Procurement Authority		✓			✓		
OM 6	Review other state's protest processes to identify additional opportunities to streamline the process				✓	✓		

**Key Objective:** Involve all appropriate stakeholders in the process to select the “right” supplier(s) that meet business requirements at the lowest total cost of ownership (TCO)



The RACI Chart below outlines the roles and responsibilities for a strategically sourced category above the delegation of authority.

Key Activities	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>0.0 Maintain Long Term Sourcing Plan</b>	<ul style="list-style-type: none"> <li>Develop and maintain s long term Strategic Sourcing Plan</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C	I	C	C OSBM
<b>1.0 Kick-off &amp; Assess Opportunity</b>	<ul style="list-style-type: none"> <li>Gather and analyze data to determine opportunity</li> <li>Define team members</li> </ul>	A,R	C	C	C	C	C	C	I	-	C OSBM
<b>2.0 Profile Internally &amp; Externally</b>	<ul style="list-style-type: none"> <li>Develop internal and external profiles</li> <li>Analyze Total Cost of Ownership</li> </ul>	A,R	C	C	C	C	C	C	I	C	C OSBM
<b>3.0 Develop Strategy</b>	<ul style="list-style-type: none"> <li>Determine sourcing strategy options</li> <li>Estimate savings potential</li> </ul>	A,R	C	C	C	C	C	C	I	-	C
<b>4.0 Screen Suppliers &amp; Selection Factors</b>	<ul style="list-style-type: none"> <li>Create supplier decision matrix</li> <li>Evaluate RFP responses</li> </ul>	A,R	C	C	C	C	C	C	R	I	C OSBM
<b>5.0 Conduct Competitive Exercise with Supply Mkt.</b>	<ul style="list-style-type: none"> <li>Develop competitive bid</li> <li>Determine supplier based on results</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C	R	-
<b>6.0 Negotiate &amp; Develop Recommendation</b>	<ul style="list-style-type: none"> <li>Develop Fact-Based Negotiation Package</li> <li>Negotiate Agreement</li> </ul>	A,R	R	R	R	R	R	C	R	R	C OSBM
<b>7.0 Implement Agreement</b>	<ul style="list-style-type: none"> <li>Develop framework to monitor impact of various procurement initiatives</li> </ul>	A,R	R	R	R	R	R	R	R	R	C OSBM

## Contract Management / Administration

Establishing a centralized contract repository, consolidating procedures, and monitoring policies will allow the State to gain more visibility into contracts across state entities.



### Process Definition

- Process for tracking, monitoring, and reviewing contracts that increases user visibility and improves internal and external compliance with negotiated contracts

### Challenges

- In general, there is a lack of consistent, documented procurement processes that incorporate leading practices in contract management / administration

### Other State Examples / Leading Practices

- **Florida** – Maintains a contract management / administration tool that stores contracts, but also maintains a report of contract performance by agency

### Recommendations

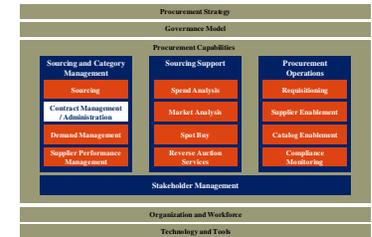
- **OM 7** - Establish a standard contracts management process that includes:
  - Specific protocol for managing contract templates
  - Tracking contract reviews
  - Establishing notifications for upcoming contract reviews and expirations
  - Predefined standards and controls for terms, approval flows, audit trails
- **OM 8** – Develop and maintain standard contract templates
  - Develop a standardized contract template which will include a single set of standard terms and conditions and common supplemental terms and conditions to be used by agencies and community colleges
- **OM 9** – Implement a contracts management tool to store contracts and monitor contract compliance and usage

## Contract Management / Administration Guiding Principles Alignment

The contract management / administration recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 7	Establish a standard contracts management process			✓	✓	✓		
OM 8	Develop and maintain standard contract templates		✓	✓	✓			
OM 9	Implement a contracts management tool to store contracts and monitor contract compliance and usage			✓	✓	✓		

**Key Objective:** Provide complete user visibility of contracts throughout the State of North Carolina, a contract management governance model and improved internal and external compliance to negotiated contracts



## 0.0 Maintain Contract Management Strategy

**Objective:** Define roles and procedures within the contract management process, establish standard tools and templates, establish contract repository. Process is reviewed and modified periodically.

**Potential Outputs:**

- Contract Management Procedures
- Standard Contract Template
- Standard Terms & Conditions
- Contracts Repository

## 1.0 Create and Approve Contracts

**Objective:** Review approval procedures for standard agreements, establish agreement requirements, review agreement with suppliers, obtain approval

**Potential Outputs:**

- Contract Authority and Approval
- Standard Contract Template

## 2.0 Administer Contracts

**Objective:** Review available standard contract tools and templates, load contract into available tools

**Potential Outputs:**

- Template Updates
- Contract Communication
- Updated Contracts Repository
- Filed Contract Documents

## 3.0 Manage Contracts

**Objective:** Determine roles and responsibilities, run reports to review contract performance, identify modifications and update documents, identify risk management, review compliance

**Potential Outputs:**

- Compliance Summary
- Contract Required Reports (e.g., Spend Reports)
- Corrective Action Plan

## 4.0 Close Out Contracts

**Objective:** Receive notifications of upcoming contract reviews or renewals, close contract, file contract in archives, input contract information into contracts repository, file original contract documents

**Potential Outputs:**

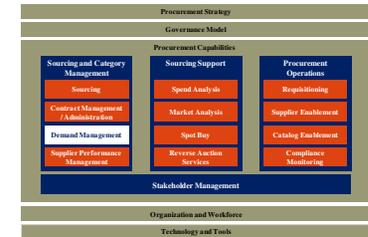
- Contract Notifications
- Updated Contracts Repository
- Closed & Archived Contract

The RACI Chart below outlines the roles and responsibilities for contract management / administration for state term contracts.

Key Activities	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>0.0 Maintain Contract Management Strategy</b>	<ul style="list-style-type: none"> <li>Authority and Approval Verification</li> <li>Approved Contract Document</li> <li>Standard Terms &amp; Conditions</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	R,C	I	-
<b>1.0 Create and Approve Contracts</b>	<ul style="list-style-type: none"> <li>Authority and Approval Verification</li> <li>Approved Contract Document</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	R,C	I	C Fiscal
<b>2.0 Administer Contracts</b>	<ul style="list-style-type: none"> <li>Template Updates</li> <li>Technical Tools</li> <li>Contract Communication,</li> <li>Updated Contracts Database</li> <li>Filed Contract Documents</li> </ul>	A,R	C	C	C	C	C	C	C	R	-
<b>3.0 Manage Contracts</b>	<ul style="list-style-type: none"> <li>Compliance Summary</li> <li>Contract Required Reports (e.g., Spend Reports)</li> <li>Corrective Action Plan</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	R,C	C,I	R	C Auditors
<b>4.0 Close Out Contracts</b>	<ul style="list-style-type: none"> <li>Contract Notifications</li> <li>Updated Contracts Repository</li> <li>Closed &amp; Archived Contract</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	R,C	C,I	R	-

# Demand Management

**Demand Management can drive additional savings and increase efficiencies after the sourcing process is completed and agreement is implemented.**



## Process Definition

Identify ways to lower TCO and streamline procurement processes with existing suppliers by rationalizing/standardizing specifications, utilizing substitute goods and services, examining life cycle cost, and reducing volume consumed

## Challenges

- Little focus on continuous improvement opportunities after the contract is implemented

## Other State Examples / Leading Practices

- **Florida** – Central review of requisitions for vehicles to make sure requested car / truck is appropriate for application (e.g., not over specified)

## Recommendations

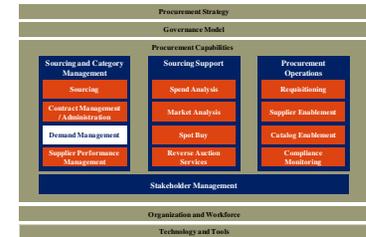
- **OM 10** - Establish rigorous demand management / planning process that includes early collaboration with all relevant stakeholders (including across government levels)
- **OM 11** - Implement a demand management program that focuses on driving additional value with existing suppliers
  - Focus on rationalizing specifications and lifecycle management
  - Investigate usage of substitute products, where applicable
  - Place ownership with supply base to identify areas of consolidation or ways to drive efficiencies for bottom line cost savings

## Demand Management Guiding Principles Alignment

The demand management recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 10	Establish rigorous demand management / planning process that includes early collaboration with all relevant stakeholders (including across government levels)	✓	✓					✓
OM 11	Implement a demand management program that focuses on driving additional value with existing suppliers	✓		✓				

**Key Objective:** Drive additional savings by identifying areas of opportunity for rationalizing specifications, managing demand volume and specifications for future purchases, etc.



**1.0 Analyze Demand Drivers**

**Objective:**

Understand consumption drivers, review current specifications and determine areas to rationalize specifications, manage demand volume and specifications for future purchases

**Potential Outputs:**

- Rationalized Specifications
- Demand Management Potential Benefits
- Implementation Plan
- Future Specifications / Policies

**2.0 Execute and Maintain Demand Management Program**

**Objective:**

Establish cross-functional teams to identify issues, build consensus for demand management opportunities, and develop collaborative action plan

**Potential Outputs:**

- Cross-Functional Team Structure
- Issue Log / Tracking
- Demand Management Opportunity List
- Action Plan

**3.0 Communicate Outcomes & Revised Category Strategy**

**Objective:**

Promote findings internally and externally, integrate demand management into the sourcing model and promote collaboration and socialization

**Potential Outputs:**

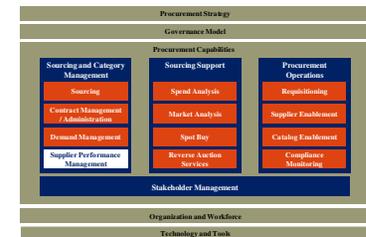
- Communication Plan

The RACI Chart below outlines the roles and responsibilities for demand management.

Key Processes	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Analyze Demand Drivers</b>	<ul style="list-style-type: none"> <li>Understand Consumption Drivers</li> <li>Rationalize Specifications</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C,I	-	R,C	-
<b>2.0 Execute and Maintain Demand Management Program</b>	<ul style="list-style-type: none"> <li>Establish Cross-Functional Teams</li> <li>Identify Issues</li> <li>Develop Collaborative Action Plan</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	R,C,I	-	R,C	
<b>3.0 Communicate Outcomes &amp; Revised Category Strategy</b>	<ul style="list-style-type: none"> <li>Promote Findings Internally and Externally</li> <li>Integrate Demand Management into the Sourcing Model</li> <li>Promote Collaboration</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C,I	-	R,C	-

# Supplier Performance Management

**Establishing a Supplier Performance Management framework is essential to building strategic relationships with key suppliers and striving towards continuous improvement.**



## Process Definition

- Systematic management of supplier relationships to optimize the value delivered throughout the relationship

## Challenges

- The State has no existing supplier performance management framework and limited experience with Supplier Relationship Management / Supplier Performance Management

## Other State Examples / Leading Practices

- Supplier segmentation based on strategic impact
- Long term partnering agreements with key suppliers
- Automated KPI-based performance measurement
- Central contracts log for all relevant stakeholders

## Recommendations

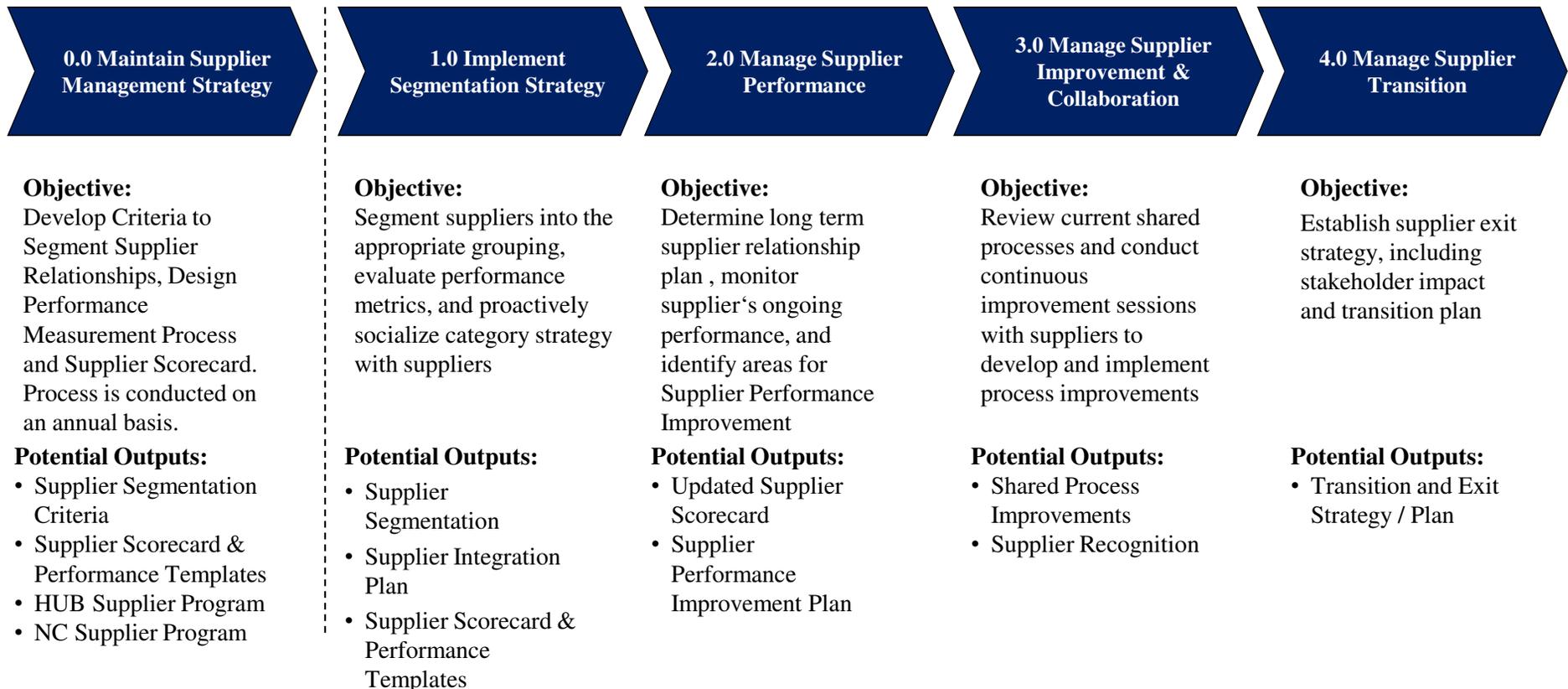
- **OM 12** - Segment supplier base to ensure all suppliers the proper level of focus and interaction
- **OM 13** - Collaboratively set realistic metrics that will measure the value delivered to the State by the strategic supplier. These should be set and included in the contract
  - Establish Supplier Scorecard to measure performance and identify areas of improvement
- **OM 14** – Drive continuous improvement with suppliers after the contract is established in order to streamline processes and reduce the total cost of ownership
- **OM 15** - Implement a Performance Improvement Plan to be used when supplier performance falls below target
- **OM 16** - Streamline process to collect feedback on supplier performance across end users

# Supplier Performance Management Guiding Principles Alignment

**The supplier performance management recommendations align to the procurement Guiding Principles.**

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 12	Segment supplier base to ensure all suppliers the proper level of focus and interaction		✓	✓	✓	✓		
OM 13	Collaboratively set realistic metrics that will measure the value delivered to the State by the strategic supplier. These should be set and included in the contract		✓		✓			
OM 14	Drive continuous improvement with suppliers after the contract is established in order to streamline processes and reduce the total cost of ownership	✓	✓					
OM 15	Implement a Performance Improvement Plan to be used when supplier performance falls below target		✓	✓	✓			
OM 16	Streamline process to collect feedback on supplier performance across end users		✓	✓		✓		

**Key Objective:** Increase the proactive management of key supplier relationships and develop a framework for measuring ongoing performance



The RACI Chart below outlines the roles and responsibilities for Supplier Performance Management .

Key Processes	Description	Role										
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other	
<b>0.0 Maintain Supplier Management Strategy</b>	<ul style="list-style-type: none"> <li>Develop Criteria to Segment Supplier Relationships</li> <li>Design Performance Measurement Process</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	R,C	R,I	C,I	I	-
<b>1.0 Implement Segmentation Strategy</b>	<ul style="list-style-type: none"> <li>Develop and communicate supplier integration plan</li> </ul>	A,R	R	R	R	R	R	C,I	C,I	R,C	-	
<b>2.0 Manage Supplier Performance</b>	<ul style="list-style-type: none"> <li>Determine Supplier Relationship Plan</li> <li>Monitor supplier performance</li> <li>Identify areas for Supplier Improvement</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	R,C,I	C,I	R,C	-	
<b>3.0 Manage Supplier Improvement &amp; Collaboration</b>	<ul style="list-style-type: none"> <li>Shared Process Improvements</li> <li>Supplier Recognition</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C,I	C,I	R,C	-	
<b>4.0 Manage Supplier Transition</b>	<ul style="list-style-type: none"> <li>Transition and Exit Strategy / Plan</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C,I	C	R,C	-	

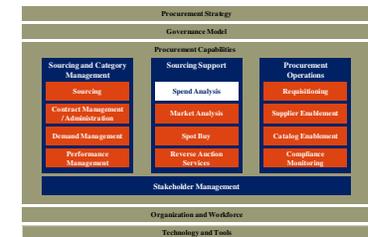
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## Spend Analysis

**Spend Analysis is crucial in understanding current spend levels, and implementing a spend analysis tool will enable the State to track, monitor, and report spend to increase visibility.**



### Process Definition

- Provides detailed information on expenditures across the State and aids in compliance tracking, monitoring, reporting, and supporting strategic sourcing

### Challenges

- Spend Analytics tool will require an upfront investment, as well as a ongoing maintenance fee
- Potential issue in consolidating E-Procurement and NCAS data with University/LEA data

### Other State Examples / Leading Practices

- **Pennsylvania** – Consolidated view via SAP SRM
- **Minnesota** – Issued Executive Order in 2005 to support visions for strategic sourcing including spend analysis. First state to implement on enterprise basis.
- **Florida** – Consolidates purchase order, invoice, and p-card data from all state agencies from various sources and utilizes analytics tool to monitor spend

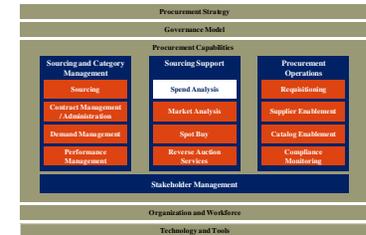
### Recommendations

- **OM 17** - Formalize statewide spend analysis capability to support decision making as part of strategic sourcing methods
- **OM 18** – Review spend commodity codes to align with spend visibility needs
- **OM 19** - Utilize industry accepted category classification scheme consistently at the transaction level (e.g., UNSPSC, NIGP)
- **OM 20** - Implement spend analysis technology to support procurement function activities
  - Determine approach to incorporating University and LEA spend data into central data repository

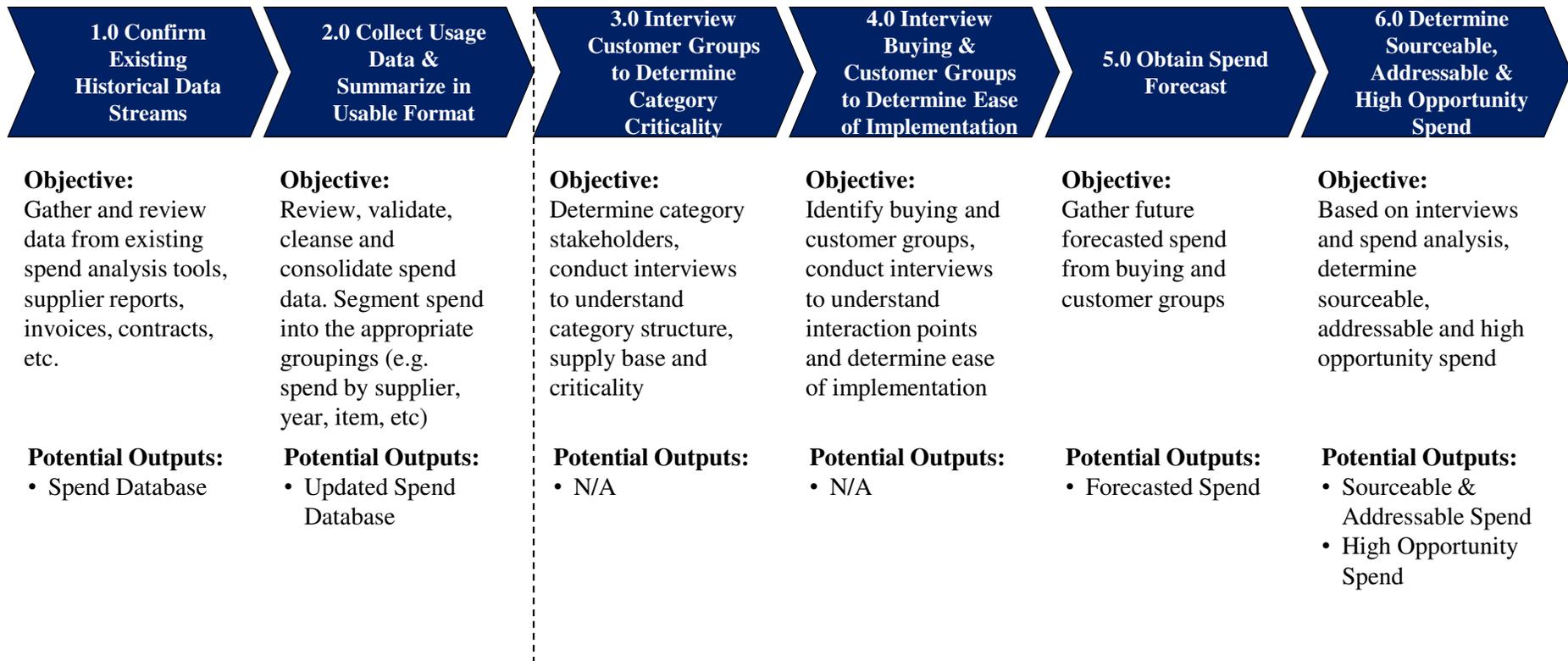
The spend analysis recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 17	Formalize statewide spend analysis capability to support decision making as part of strategic sourcing methods			✓		✓		✓
OM 18	Review spend commodity codes to align with spend visibility needs					✓		✓
OM 19	Utilize industry accepted category classification scheme consistently at the transaction level (e.g., UNSPSC, NIGP)			✓		✓		
OM 20	Implement spend analysis technology to support procurement function activities			✓		✓		✓

**Key Objective:** Understand current spend levels and trends, identify criticality within category, and understand the ease of implementation for each sourcing initiative



Optional steps if additional spend analysis is needed

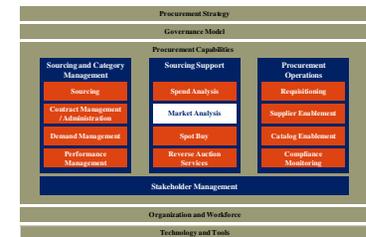


The RACI Chart below outlines the spend analysis roles and responsibilities.

Key Processes	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Confirm Existing Historical Data Streams</b>	<ul style="list-style-type: none"> <li>Gather and review data from multiple data sources</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	-	C	-
<b>2.0 Collect Usage Data &amp; Summarize</b>	<ul style="list-style-type: none"> <li>Review, validate, cleanse and consolidate spend data</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	-	C	-
<b>3.0 Interview Buying &amp; Customer Groups to Determine Category Criticality</b>	<ul style="list-style-type: none"> <li>Determine category stakeholders, conduct interviews</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	-	-	-
<b>4.0 Interview Buying &amp; Customer Groups to Determine Ease of Implantation</b>	<ul style="list-style-type: none"> <li>Identify buying and customer groups, conduct interviews</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	-	C	-
<b>5.0 Obtain Spend Forecast</b>	<ul style="list-style-type: none"> <li>Gather future forecasted spend from buying and customer groups</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C	-	-	-
<b>6.0 Determine Sourceable, Addressable &amp; High Opportunity Spend</b>	<ul style="list-style-type: none"> <li>Based on interviews and spend analysis, determine sourceable, addressable and high opportunity spend</li> </ul>	A,R	R,C	R,C	R,C	R,C	R,C	C,I	-	C	-

# Market Analysis

Market analysis helps understand current market conditions, trends, supply base and aids in structuring the RFx.



## Process Definition

- Research conducted to understand market conditions, trends, supply base, constraints, and pricing structure to support various procurement processes

## Challenges

- Lack of experience in some categories may exist within the current workforce

## Other State Examples / Leading Practices

- **Georgia** – Knowledge Management supports strategic sourcing by providing leading practices and insights on cooperative agreements

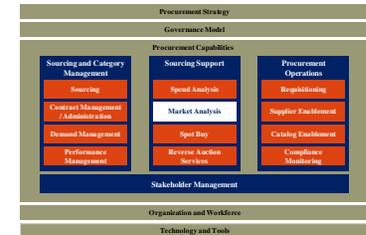
## Recommendations

- **OM 21** - Utilize market analysis as part of the sourcing process to understand:
  - Current business needs
  - Market size, environment and current trends
  - Supply base
  - Areas of opportunity by understanding current State needs by utilizing market intelligence / benchmarking
- **OM 22** - Review relevant agreements to evaluate market conditions / pricing benchmarks (e.g., other state contracts, co-op agreements, GSA)
- **OM 23** - Utilize Supply Base Meetings prior to developing and conducting solicitations in targeted categories to provide an open forum to gather suppliers' insights into opportunities for the State to reduce total cost of ownership and examples of how other states / companies have approached developing contracts (e.g., leading practices and lessons learned)

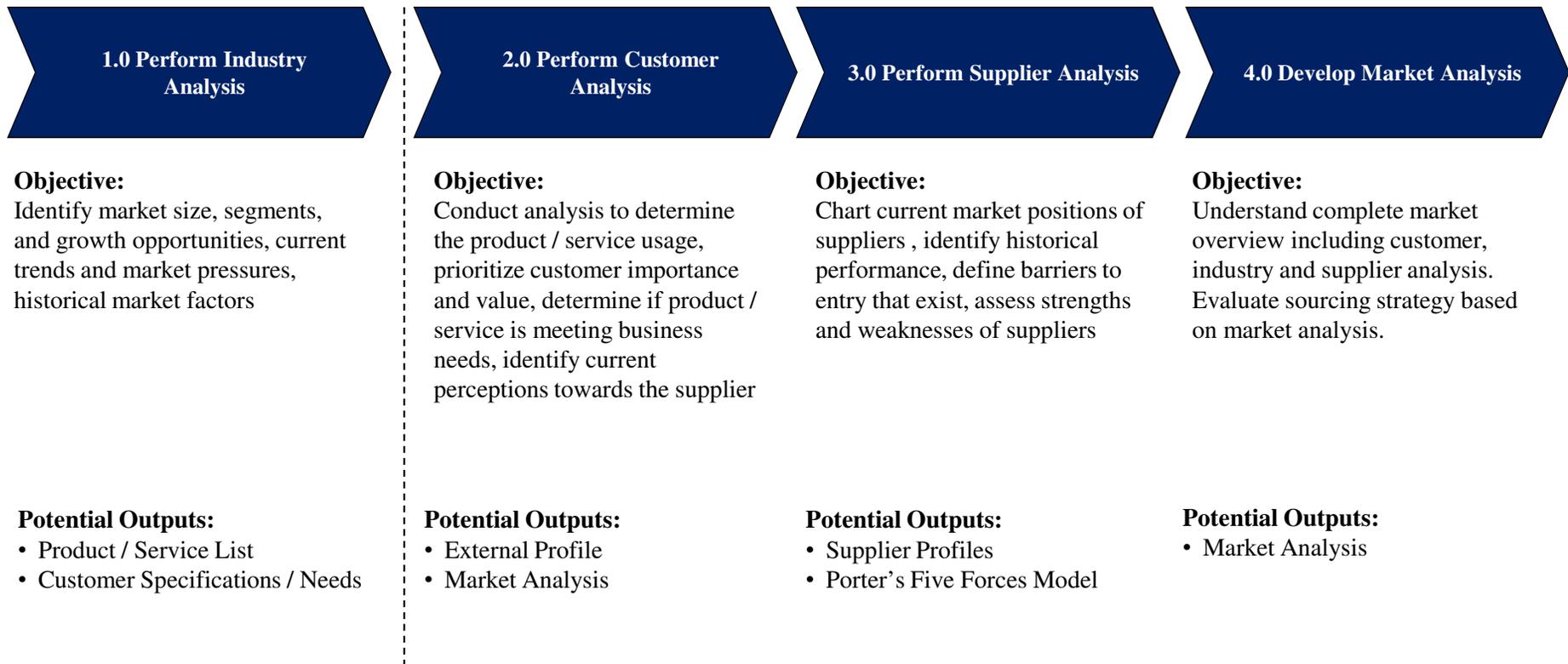
**The market analysis recommendations align to the procurement Guiding Principles.**

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 21	Utilize market analysis as part of the sourcing process	✓	✓	✓		✓		
OM 22	Review relevant agreements to evaluate market conditions / pricing benchmarks (e.g., other state contracts, co-op agreements, GSA)	✓				✓		
OM 23	Utilize Supply Base Meetings prior to developing and conduction solicitations in targeted categories to provide an open forum to gather suppliers' insights into opportunities for the State to reduce total cost of ownership and examples of how other states / companies have approached developing contracts (e.g., leading practices and lessons learned)	✓	✓	✓				

**Key Objective:** Perform market and supply base analysis to identify key market trends and opportunities that can be leveraged through the sourcing process



Optional steps if additional market analysis is needed

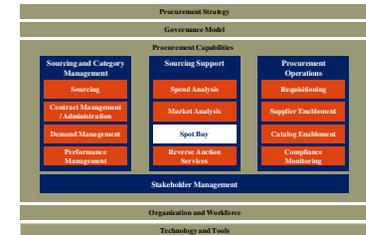


The RACI Chart below outlines the market analysis roles and responsibilities.

Key Processes	Description	Role										
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other	
<b>1.0 Perform Industry Analysis</b>	<ul style="list-style-type: none"> <li>Identify market size, segments, and growth</li> <li>Understand market trends and pressures</li> <li>Identify historical market factors</li> </ul>	A,R	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	I	C	-
<b>2.0 Perform Customer Analysis</b>	<ul style="list-style-type: none"> <li>Understand purchasing groups</li> <li>Prioritize importance and value of product</li> <li>Determine if product meets business needs</li> </ul>	A,R	RC,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	I	C	-
<b>3.0 Perform Supplier Analysis</b>	<ul style="list-style-type: none"> <li>Chart current market position of competitors</li> <li>Identify historical performance and barriers to entry</li> </ul>	A,R	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	I	C	-
<b>4.0 Develop Market Analysis</b>	<ul style="list-style-type: none"> <li>Evaluate supplier portfolio</li> <li>Assess demand and supply complexity</li> </ul>	A,R	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	I	C	-

# Spot Buy

**Although conducting accelerated sourcing during the spot buy process may increase savings achieved, a clearly defined process is needed to establish spot buy parameters and procedures.**



## Process Definition

- Purchase of goods or services that do not require the full strategic sourcing process

## Challenges

- Central Procurement Authority is focusing much of their time on smaller dollar and/or one-time only open market bids, which is taking time and effort away from strategic sourcing and planning

## Other State Examples / Leading Practices

- Establish a spot buy function within procurement operations to reduce the volume of low value/dollar activities within category segment management team
- Establish a spot buy desk

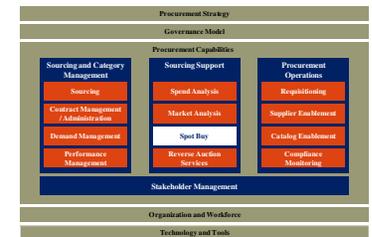
## Recommendations

- **OM 24** - Explore increasing entity delegation levels, allowing additional one-time purchases to be made at the agency/community college level in order to allow for Central Procurement Authority to focus on strategic sourcing
- **OM 25** - Establish Central Procurement Authority led team that solely focuses on bids that are above entity delegation of authority and are not on state term contracts (open market bids)
  - Sourcing process may be accelerated depending on the complexity of the category and spend

The spot buy recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 24	Explore increasing entity delegation levels, allowing additional one-time purchases to be made at the agency/community college level in order to allow for Central Procurement Authority to focus on strategic sourcing		✓	✓		✓		✓
OM 25	Establish Central Procurement Authority led team that solely focuses on bids that are above entity delegation of authority and are not on state term contracts (open market bids	✓	✓			✓	✓	

**Key Objective:** Utilize a structured process to procure goods and services that do not require the full strategic sourcing process (e.g., one-time need)\*



**Objective:**

Review existing contracts to determine if a preferred supplier or contract for good / service is in place

**Potential Outputs:**

- N/A

**Objective:**

Determine and review product / service requirements and specifications, conduct market analysis, if necessary to determine leading practices and understand market conditions

**Potential Outputs:**

- Specifications List

**Objective:**

Identify potential suppliers through market analysis (including suppliers who have registered with the state for a particular good or service) and understand if suppliers can meet specifications / business needs

**Potential Outputs:**

- Supplier List

**Objective:**

Develop and conduct competitive solicitation process (e.g., request for quote, formal bid) with suppliers to understand pricing and supplier capabilities for providing good or service

**Potential Outputs:**

- Solicitation Package
- Supplier Responses

**Objective:**

Review and analyze supplier bids, determine selected supplier based on pricing and ability to meet specifications

**Potential Outputs:**

- Recommendations / Selected Supplier

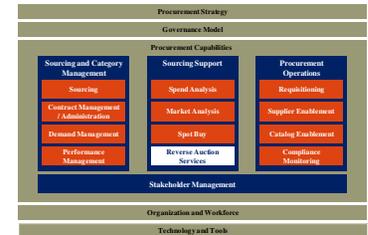
\* Spot Buys (e.g., open market bids for large dollar amounts) may utilize an accelerated strategic sourcing process where warranted

The RACI Chart below outlines the spot buy roles and responsibilities for one time purchases above the delegation of authority.

Key Processes	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Confirm No Existing Preferred Arrangements or Contracts</b>	<ul style="list-style-type: none"> <li>Review existing contracts to determine if a preferred supplier or contract for product / service is in place</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C,I	C,I	-
<b>2.0 Analyze Specifications</b>	<ul style="list-style-type: none"> <li>Determine and review product / service requirements and specifications,</li> <li>Conduct market analysis</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C,I	C,I	-
<b>3.0 Identify Suppliers</b>	<ul style="list-style-type: none"> <li>Identify potential suppliers through market analysis</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C,I	C,I	-
<b>4.0 Conduct Competitive Solicitation Process</b>	<ul style="list-style-type: none"> <li>Develop and execute competitive solicitation with suppliers</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C,I	R	-
<b>5.0 Select Supplier</b>	<ul style="list-style-type: none"> <li>Review and analyze supplier bids</li> <li>Determine selected supplier</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C,I	C	-

## Reverse Auction Services

Reverse auctions can be used to drive additional value as part of the sourcing process.



### Process Definition

- A process and set of activities that support accelerated pricing negotiations through a dynamic competition between suppliers to provide the best pricing solution for goods or services in a timed environment

### Challenges

- Some statutes restrict reverse auctions from taking place in some specific categories

### Other State Examples / Leading Practices

- **Pennsylvania** – Use eAuctions as part of a statewide strategic sourcing methodology
- **Florida** – Uses Ariba Sourcing and its reverse auction capability

### Recommendations

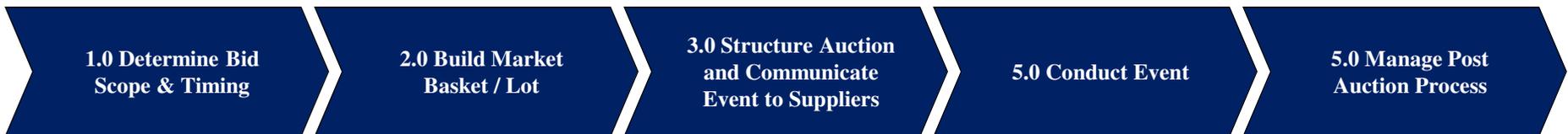
- **OM 26** - Utilize reverse auctions as part of the sourcing process in order to fast track the negotiation process and drive additional savings for appropriate categories
  - Suppliers participating in the reverse auction will need to participate in either a formalized bid process or be pre-qualified based on set specifications
  - The results of the reverse auction will be considered in the overall award decision, but will not be the only decision factor (e.g., low bid does not necessarily mean business is awarded to the supplier)
- **OM 27** - Implement an eSourcing tool that can support the State's reverse auction activities

## Reverse Auction Services Guiding Principles Alignment

The reverse auction services recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 26	Utilize reverse auctions as part of the sourcing process in order to fast track the negotiation process and drive additional savings for appropriate categories	✓		✓				
OM 27	Implement an eSourcing tool that can support the State's reverse auction activities			✓		✓		

**Key Objective:** Drive additional savings during the sourcing process by fostering a competitive environment to fast track supplier negotiations



**Objective:**

Determine bid scope / category and auction timeline

**Objective:**

Conduct research / determine market basket of items and lot structure, determine savings calculation methodology

**Objective:**

Determine auction length, minimum bid decrement, extension time, communicate details to supply base and conduct auction practice sessions

**Objective:**

Conduct reverse auction with supply base

**Objective:**

Conduct post-auction analysis, determine award scenarios and next steps

**Potential Outputs:**

- Auction Scope

**Potential Outputs:**

- Market Basket / Lot Structure
- Savings Calculation Methodology

**Potential Outputs:**

- Auction Structure
- Supplier Auction Instructions / Details

**Potential Outputs:**

- Finalized Pricing from Auction

**Potential Outputs:**

- Pricing Analysis
- Sourcing Recommendations
- Confirming Pricing with Supplier

The RACI Chart below outlines the reverse auction services roles and responsibilities.

Key Processes	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Determine Bid Scope &amp; Timing</b>	<ul style="list-style-type: none"> <li>Determine bid scope / category and auction timeline</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	I	I	-
<b>2.0 Build Market Basket / Lot</b>	<ul style="list-style-type: none"> <li>Conduct research / determine market basket of items and lot structure</li> <li>Determine savings calculation methodology</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	I	I	-
<b>3.0 Structure Auction and Communicate Event to Suppliers</b>	<ul style="list-style-type: none"> <li>Determine auction service</li> <li>Communicate auction details to supply base</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	I	C	-
<b>4.0 Conduct Event</b>	<ul style="list-style-type: none"> <li>Conduct reverse auction with supply base</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	I	R	-
<b>5.0 Manage Post Auction Process</b>	<ul style="list-style-type: none"> <li>Conduct post-auction analysis</li> <li>Determine award scenarios and next steps</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C,I	C	-

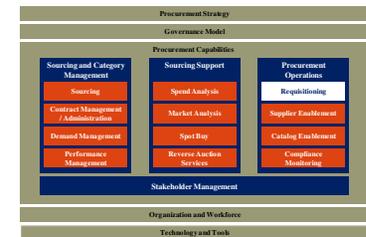
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# Requisitioning

While the State utilizes E-Procurement for the requisition to PO process, there are opportunities to further streamline the process and improve usage among users.



## Process Definition

- A common process that guides requesters through the steps of procurement, it may include automated approvals and reduce buyer involvement when purchasing from preferred suppliers

## Challenges

- Lengthy approval process increases cycle time for requisitioning process
- Lack of training for users, resulting in inconsistent practices across state entities

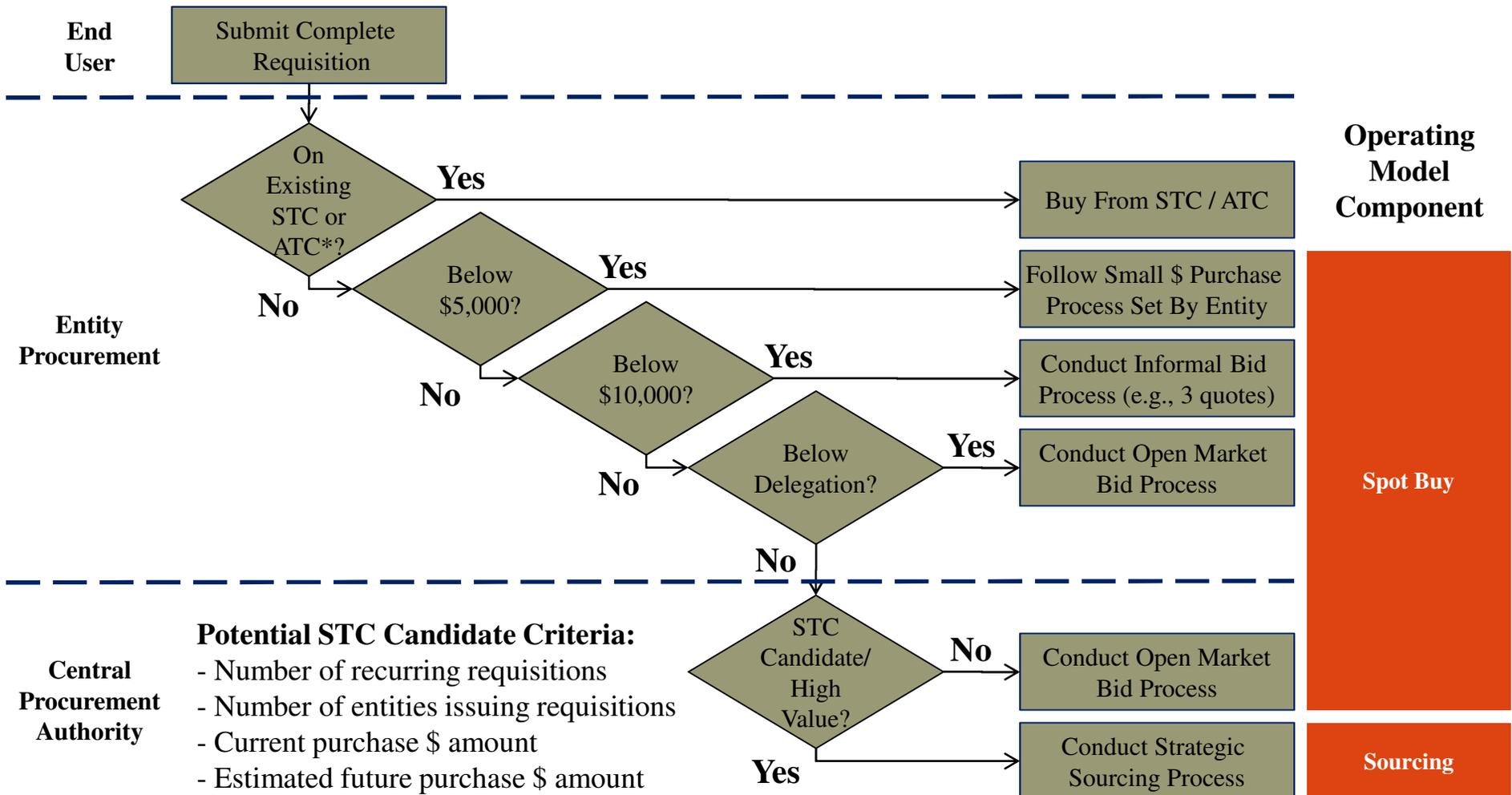
## Other State Examples / Leading Practices

- **Florida** uses an eProcurement system for both requisition to PO and invoicing; the system also integrates with their statewide spend analytics tool
- **Pennsylvania** has implemented an SAP ERP and SAP SRM solution with source to pay functionality

## Recommendations

- **OM 28** - Evaluate opportunities to simplify and standardize the agency workflow requirements within E-Procurement
- **OM 29** - Consider implementing fewer required approvers, especially for contracted catalog items to decrease cycle times for items that have already been competitively bid and contracted
- **OM 30** - Develop role or activity based training and make training guides and tools accessible via the web
- **OM 31** - Increase training for professional purchasing staff to maximize compliance and use of system
  - Focus on areas such as when to use catalogs, what to request from suppliers to maximize search effectiveness, when to best use punch-out sites, etc.

The procurement approach for each requisition will vary based on multiple variables.

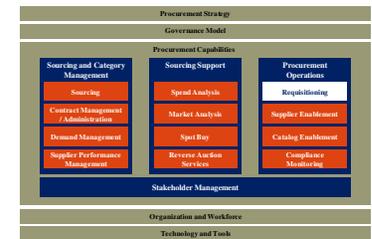


\* STC = State Term Contract, ATC = Agency Specific Term Contract

The requisitioning recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 28	Evaluate opportunities to simplify and standardize the agency workflow requirements within E-Procurement		✓	✓		✓		
OM 29	Consider implementing fewer required approvers, especially for contracted catalog items to decrease cycle times for items that have already been competitively bid and contracted		✓	✓	✓	✓		
OM 30	Develop role or activity based training and make training guides and tools accessible via the web		✓				✓	
OM 31	Increase training for professional purchasing staff to maximize compliance and use of system		✓		✓		✓	

**Key Objective:** Procure goods or services using an automated process from requisition to purchase order



**Objective:**

Identify need for goods or services, obtain electronic approvals based on approval levels and rules, obtain budget approval

**Potential Outputs:**

- Approved Requisition

**Objective:**

Determine procurement approach for the category from the buyer portal

**Potential Outputs:**

- Procurement Approach

**Objective:**

Source requisitions internally or externally, create RFQ as needed for spot buys, create orders from requisitions, send order to supplier

**Potential Outputs:**

- Bid / Quote (as applicable)
- Purchase Order
- Supplier confirmation of order

**Objective:**

Receive item, compare delivery to specifications outlined in the purchase order, process returns if applicable, record inventory / asset management if applicable

**Potential Outputs:**

- Product receipt
- Updated inventory values / asset management
- Service entry sheets for contingent labor

**Objective:**

Receive invoice or p-card statement, confirm line items and totals are correct and match the PO and receipt

**Potential Outputs:**

- Approved and matched invoice, or p-card statement

**Objective:**

Generate and submit payment to supplier

**Potential Outputs:**

- Wire, ACH or check payment

 Out of Scope for Procurement Transformation Project

The RACI Chart below outlines the requisitioning process roles and responsibilities over the entity delegation.

Key Activities	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Create Requisition</b>	<ul style="list-style-type: none"> <li>Identify need of good or service</li> <li>Obtain electronic approvals</li> </ul>	C	C	C	C	C	C	A,R	-	-	C Fiscal
<b>2.0 Determine Procurement Approach</b>	<ul style="list-style-type: none"> <li>Determine appropriate purchasing channels (catalog, spot buy or p-card),</li> </ul>	A,R	C,I	C,I	C,I	C,I	C,I	C,I	C	I	-
<b>3.0 Execute Procurement Process</b>	<ul style="list-style-type: none"> <li>Source requisitions internally or externally</li> <li>Conduct RFQ, as needed</li> <li>Create order and submit to supplier</li> </ul>	A,R	R	R	R	R	R	C	-	R,C	-
<b>4.0 Receive Item</b>	<ul style="list-style-type: none"> <li>Receive and process item</li> <li>Compare to PO</li> </ul>	C	C	C	C	C	C	A,R	-	C	
<b>5.0 Process Invoice<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Receive and match invoice to PO</li> </ul>										
<b>6.0 Pay Supplier<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Issue payment to supplier</li> </ul>										

RACI chart assumes Central Procurement Authority led; R = Responsible, A = Accountable, C = Consulted, I = Informed

Notes:

1. Out of Scope of the Procurement Transformation Project, but is an area of opportunity

The RACI Chart below outlines the requisitioning process roles and responsibilities under the entity delegation.

Key Activities	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Create Requisition</b>	<ul style="list-style-type: none"> <li>Identify need of good or service</li> <li>Obtain electronic approvals</li> </ul>	C,I	I	I	I	I	I	A,R	-	-	C Fiscal
<b>2.0 Determine Procurement Approach</b>	<ul style="list-style-type: none"> <li>Determine appropriate purchasing channels (catalog, spot buy or p-card),</li> </ul>	C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	A,R	C	I	-
<b>3.0 Execute Procurement Process</b>	<ul style="list-style-type: none"> <li>Source requisitions internally or externally</li> <li>Conduct RFQ, as needed</li> <li>Create order and submit to supplier</li> </ul>	C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C	-	C	-
<b>4.0 Receive Item</b>	<ul style="list-style-type: none"> <li>Receive and process item</li> <li>Compare to PO</li> </ul>	-	C,I	C,I	C,I	C,I	C,I	A,R	-	C	
<b>5.0 Process Invoice<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Receive and match invoice to PO</li> </ul>										
<b>6.0 Pay Supplier<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Issue payment to supplier</li> </ul>										

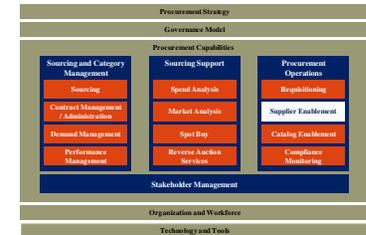
RACI chart assumes agency / community college led; R = Responsible, A = Accountable, C = Consulted, I = Informed

Notes:

1. Out of Scope of the Procurement Transformation Project, but is an area of opportunity

# Supplier Enablement

There is opportunity to improve the supplier data maintained by the State through a data cleansing process.



## Process Definition

- Involves managing supplier information (e.g., registration, catalogs) and end-user setup in order for suppliers to utilize State systems and tools for procurement activities

## Challenges

- Suppliers are required to register in three systems: E-Procurement, eQuote, IPS
- Duplicate supplier records exist in E-Procurement

## Other State Examples / Leading Practices

- Maintaining accurate and up-to-date supplier data, removing duplicate supplier records and inactive suppliers
- Supplier self-management of data
- All supplier data stored in a centralized location

## Recommendations

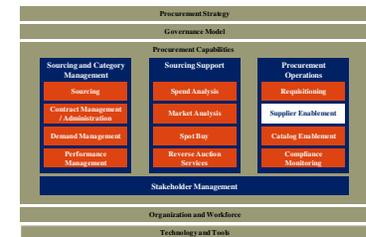
- **OM 32** - Streamline the supplier registration process to minimize integration points
- **OM 33** – Establish and execute a process to identify inactive / active suppliers and remove duplicate supplier records

# Supplier Enablement Guiding Principles Alignment

The supplier enablement recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 32	Streamline the supplier registration process to minimize integration points		✓	✓		✓		
OM 33	Establish and execute a process to identify inactive / active suppliers and remove duplicate supplier records			✓		✓		

**Key Objective:** Add and maintain accurate and up-to-date supplier data



**Objective:**

Receive and process approved supplier registration form

**Objective:**

Create supplier master record

**Objective:**

Update master record contact information, as needed. Supplier maintains records on supplier portal, if available.

**Objective:**

Review supplier list and determine active / inactive suppliers, delete inactive suppliers

**Objective:**

Block or unblock supplier based on status, as necessary

**Potential Outputs:**

- Supplier Registration Form

**Potential Outputs:**

- Supplier Record

**Potential Outputs:**

- Updated Supplier Record

**Potential Outputs:**

- Inactive / Active Supplier List

**Potential Outputs:**

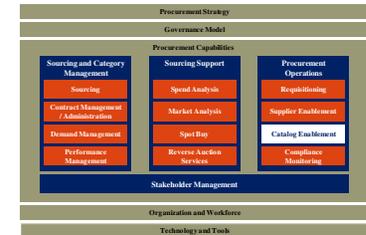
- Blocked / Unblocked Supplier List

The RACI Chart below outlines the supplier enablement roles and responsibilities.

Key Processes	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Receive Approved Supplier Request Form</b>	<ul style="list-style-type: none"> <li>Receive and process approved supplier registration form</li> </ul>	A,R	I	I	I	I	I	I	-	R	R E-ProTeam
<b>2.0 Create Supplier Master Record</b>	<ul style="list-style-type: none"> <li>Create supplier master record in E-Procurement tool, sourcing tools and spend analytics, if applicable</li> </ul>	A,R	I	I	I	I	I	I	I	R	R E-ProTeam
<b>3.0 Maintain Supplier Master Record</b>	<ul style="list-style-type: none"> <li>Update master record contact information</li> </ul>	A,R	I,R	I,R	I,R	I,R	I	I	I	R	R E-ProTeam
<b>4.0 Flag Supplier Master Record for Deletion</b>	<ul style="list-style-type: none"> <li>Review supplier list and determine active / inactive suppliers, delete inactive suppliers</li> </ul>	A,R	C	C	C	C	C	C	C	C,I	R OSC
<b>5.0 Block / Unblock Supplier</b>	<ul style="list-style-type: none"> <li>Block or unblock supplier based on status</li> </ul>	A,R	C	C	C	C	C	C	C	C,I	R OSC

# Catalog Enablement

**Catalog usage could be more effective in driving compliance if processes were established to improve catalog content and increase accuracy of information represented.**



## Process Definition

- Establishing catalogs to facilitate the purchase of goods or services from contracted suppliers. Catalog enablement decreases requisition cycle time, drives compliance and encourages buyers to purchase standardized goods / services.

## Challenges

- Users have too many product options, making search challenging
- No tools are available to easily review and audit punch-out products and pricing

## Other State Examples / Leading Practices

- Electronic catalogs used for high volume spend
- Utilize “blanket purchase orders” for repetitive, company wide purchases

## Recommendations

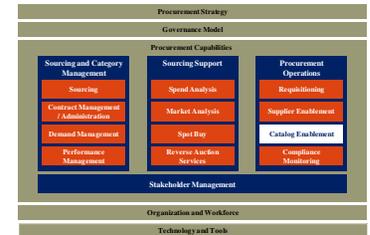
- OM 34** - Refine or reduce number of available products through structured strategic sourcing initiatives
- OM 35** - Implement improved processes and internal service level agreements regarding implementing catalogs for new contracts and keeping catalog content up-to-date and reflective of expiration dates
- OM 36** - Implement a strategy / process to review pricing on catalogs to increase accuracy

# Catalog Enablement Guiding Principles Alignment

The catalog enablement recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 34	Refine or reduce number of available products through structured strategic sourcing initiatives	✓	✓	✓		✓		
OM 35	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	✓	✓	✓	✓	✓		
OM 36	Implement a strategy / process to review pricing on catalogs to increase accuracy		✓	✓	✓	✓		

**Key Objective:** Maintain accuracy of catalogs that contain the correct goods / services to meet the needs of the end users



**Objective:**  
Define catalog strategy and catalog scheme

**Potential Outputs :**  
• Catalog Strategy



**Objective:**  
Conduct catalog upload process, enrich catalogs with data and obtain final catalog content approval. Establish catalog view and publish final catalog for use. Define punch-out catalog views and approve catalogs, establish punch-out connections with supplier network.

**Potential Outputs :**  
• Published Catalog  
• Published Supplier Punch-Out Catalog  
• Supplier Punch-Out Connections



**Objective:**  
Review catalogs to ensure pricing is up-to-date and correct, modify products offered based on availability/business needs, delete catalogs as contract expire

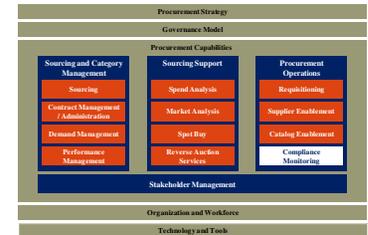
**Potential Outputs :**  
• Update Published Catalog

The RACI Chart below outlines the catalog enablement process roles and responsibilities.

Key Activities	Description	Role									
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other
<b>1.0 Determine Catalog Strategy</b>	<ul style="list-style-type: none"> <li>Define catalog strategy</li> <li>Determine catalog scheme</li> </ul>	A,R	C	C	C	C	C	C,I	I	C	R
											E-Pro Team
<b>2.0 Execute Catalog Strategy</b>	<ul style="list-style-type: none"> <li>Obtain catalog approvals</li> <li>Publish catalog content</li> <li>Define punch-out views</li> <li>Obtain approval</li> <li>Establish punch-out connections</li> </ul>	A,R	C	C	C	C	C	C,I	I	C,R	R
											E-Pro Team
<b>3.0 Maintain and Update Catalogs</b>	<ul style="list-style-type: none"> <li>Update catalog pricings</li> <li>Update products offered on catalogs</li> <li>Delete obsolete catalogs</li> </ul>	A,R	C	C	C	C	C	C,I	I	C,R	R
											E-Pro Team

# Compliance Monitoring

**Consolidating compliance monitoring processes will increase transparency when monitoring compliance across state entities.**



## Process Definition

- Reviews how the organization is performing against set standards and metrics, provides insight into how policies are followed, and identifies areas of opportunity to drive value through process efficiencies

## Challenges

- There are no consistent compliance procedures across all entities to monitor policy, statutes and procurement procedures

## Other State Examples / Leading Practices

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

## Recommendations

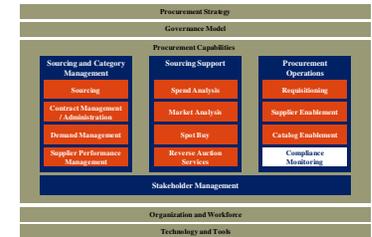
- **OM 37** – Consolidate state agencies and community colleges compliance monitoring processes used to monitor spend on state term contracts and adherence to state policies and procedures
- **OM 38** - Develop and implement a set of procurement performance metrics that track performance on an individual, process and organizational level

# Compliance Monitoring Guiding Principles Alignment

The compliance monitoring recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 37	Consolidate state agencies and community colleges compliance monitoring processes used to monitor spend on state term contracts and adherence to state policies and procedures			✓	✓	✓		
OM 38	Develop and implement a set of procurement performance metrics that track performance on an individual, process and organizational level			✓	✓	✓		

**Key Objective:** Monitor how the organization is complying with state policies, procedures, and processes and identifying areas of improvement



**0.0 Establish Compliance & Exception Strategies**

**Objective:**

Determine compliance and exception strategy, align compliance strategy with stakeholder and formalize compliance tracking procedure

**Potential Outputs:**

- Compliance Strategy
- Exception Procedures
- Compliance Tracking Tools

**1.0 Track & Report Performance**

**Objective:**

Track and report compliance, monitor compliance with the sourcing strategy and track exceptions

**Potential Outputs:**

- Exceptions Tracking
- Compliance Reports
- Spend Reports
- Policy /Process Compliance Reports

**2.0 Communicate Results & Develop Improvement Strategies**

**Objective:**

Communicate Performance Results, Develop Improvement Strategy and Monitor Improvement Strategy

**Potential Outputs:**

- Performance Results
- Improvement Strategy

The RACI Chart below outlines the compliance monitoring roles and responsibilities.

Key Activities	Description	Role										
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other	Strategic Planning & Performance Management
<b>0.0 Establish Compliance &amp; Exception Strategies</b>	<ul style="list-style-type: none"> <li>Develop Compliance Strategy</li> <li>Develop Exception Strategy</li> <li>Align Compliance Strategy with Stakeholder</li> <li>Formalize Compliance Tracking Procedures</li> </ul>	A,R	C	C	C	C	C	C	I	-	C,I Fiscal	-
<b>1.0 Track &amp; Report Performance</b>	<ul style="list-style-type: none"> <li>Track &amp; Report Benefits</li> <li>Monitor Compliance with Sourcing Strategy</li> <li>Track Exceptions</li> </ul>	A,R	C	C	C	C	C	C	I	-	C,I Fiscal	I
<b>2.0 Communicate Results &amp; Develop Improvement Strategies</b>	<ul style="list-style-type: none"> <li>Communicate Performance Results</li> <li>Develop Improvement Strategy</li> <li>Monitor Improvement Strategies</li> </ul>	A,R	C	C	C	C	C	C	I	-	C,I Fiscal	I

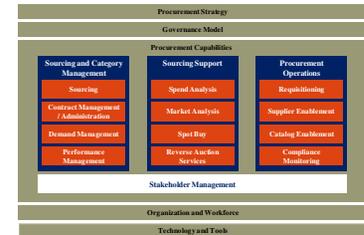
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# Stakeholder Management

**Focusing on increased stakeholder management will allow the procurement function to increase its operational and delivery excellence.**



## Process Definition

- Actively searching for new opportunities to continuously understand internal and external customers' needs and supply market trends to develop appropriate solutions. Customer relationship management focuses on internal/external customer outreach to share procurement information such as leading practices, latest trends, methods and approaches.

## Challenges

- Minimal processes in place for fostering stakeholder collaboration

## Other State Examples / Leading Practices

- Florida** - Updated central procurement authority's website to provide more information to reduce eligible users' time to find and use state term contracts effectively, including providing a description of each state term contract's scope, major benefits from using the state term contract, and keywords to support advanced searches

## Recommendations

- OM 39**- Establish a communication process to increase procurement knowledge and awareness, understand customer needs, and communicate procurement value achieved
- OM 40** – Conduct surveys with internal / external stakeholders in order to understand levels of satisfaction with Procurement's performance and areas of opportunity
- OM 41** - Update and maintain website that provides listing of all state term contracts, including description of scope, benefits, FAQ, How To Use, Geographic Coverage, Contractors, Contractors' HUB status, Recycled / Sustainable Products Flag, etc.
  - Website should enable advanced searches and include key words for each state term contract to improve ability for stakeholders to find contracts quickly

# Stakeholder Management Guiding Principles Alignment

The stakeholder management recommendations align to the procurement Guiding Principles.

Rec. #	Recommendation	Best Value	Customer Focus	Delivery Excellence	Compliance and Accountability	Operational Efficiency	Workforce Excellence	Strategic Planning
OM 39	Establish a communication process to increase procurement knowledge and awareness, understand customer needs, and communicate procurement value achieved		✓	✓		✓		
OM 40	Conduct surveys with internal / external stakeholders in order to understand levels of satisfaction with Procurement's performance and areas of opportunity		✓					
OM 41	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, etc.		✓	✓	✓	✓		

# Stakeholder Management

**Key Objective:** Increase the level of emphasis placed on proactively managing internal and external stakeholders and develop a framework for monitoring the impact of various procurement initiatives on key stakeholders



## Objectives of a Stakeholder Analysis & Action Plan

- Assess all stakeholders impacted by the procurement initiative and ensure the initiative aligns to procurement Guiding Principles and business objectives
  - The identified stakeholder groups directly feed into the communication plan
  - The individual stakeholder assessment will help to define the required actions to take the stakeholder to the required level of commitment

## Key tasks in setting up the Stakeholder Analysis & Action Plan

- Define the procurement initiative's stakeholders
- Use their concerns and communication requirements to define required communication events and include the stakeholders in the overall communication plan for the Procurement Initiative
- Regularly re-assess the stakeholder analysis to reflect future changes into the communication plan

The RACI Chart below outlines the stakeholder management roles and responsibilities.

Key Activities	Description	Role										
		Central Procurement Authority	Executive Branch Agencies Procurement	Community Colleges Procurement	Universities Procurement	LEAs Procurement	Local Government Procurement	End User / Program Areas	Procurement Legal Counsel	Supply Base	Other	
<b>Internal / External Stakeholder Management</b>	<ul style="list-style-type: none"> <li>Provide communication and information to stakeholder groups</li> <li>Conduct activities and execute processes to meet customer needs</li> </ul>	A,R,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	R,C,I	I	C,I	C,I Fiscal

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- Recommended Service Level Agreements

## Service Level Agreements

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**Standard Service Level Agreements are developed to provide a common understanding of the key services and responsibilities that can be expected between the procurement function and its customers.**

- The Operating Model defines the procurement capabilities needed, how the work is executed, and interfaces between relevant stakeholders.
- The recommended Service Level Agreements (SLA) are focused on the key services that contribute to achieving the procurement function's vision. These SLAs will need to be reviewed periodically and potentially adjusted to meet changes in the procurement environment.
- Each recommended SLA has a clear definition and method for measurement to provide a transparent approach to governance and service management.
- Further customization of SLA target levels may be required at the entity level to cater to nuances in scope and service.

## Service Level Agreements

**Service Level Agreements are established for the major processes / capabilities to define how Procurement will interact with its customers to achieve targeted business outcomes.**

Process	Service Level Agreement
<b>Sourcing</b>	<ul style="list-style-type: none"> <li>• Ensure representative stakeholder agency / community colleges participate in strategic sourcing initiatives</li> <li>• Publish value delivered through strategic sourcing by providing documented savings within 30 days of completing the initiative</li> <li>• Execute Strategic Sourcing plan according to an agreed upon timeline</li> </ul>
<b>Contract Management / Administration</b>	<ul style="list-style-type: none"> <li>• Ensure proper monitoring of contracts by assigning each contract to a trained procurement professional</li> </ul>
<b>Demand Management</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Supplier Performance Management</b>	<ul style="list-style-type: none"> <li>• Proactively manage identified strategic suppliers by maintaining supplier scorecards</li> </ul>
<b>Spend Analysis</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Market Analysis</b>	<ul style="list-style-type: none"> <li>• None</li> </ul>
<b>Spot Buy</b>	<ul style="list-style-type: none"> <li>• Complete open market bids within a specific timeline</li> </ul>

## Service Level Agreements

**Service Level Agreements are established for the major processes / capabilities. The SLAs defines how Procurement will interact and provide service to meet customer needs.**

Process	Service Level Agreement
Reverse Auction Services	<ul style="list-style-type: none"> <li>• None</li> </ul>
Requisitioning	<ul style="list-style-type: none"> <li>• Complete requisitions within a specific timeline</li> </ul>
Supplier Enablement	<ul style="list-style-type: none"> <li>• None</li> </ul>
Catalog Enablement	<ul style="list-style-type: none"> <li>• Establish catalogs within a specific time from execution of signed agreement</li> <li>• Review catalog pricing to confirm pricing matches contracts</li> </ul>
Compliance Monitoring	<ul style="list-style-type: none"> <li>•None</li> </ul>
Stakeholder Management	<ul style="list-style-type: none"> <li>• Achieve consistent customer satisfaction ratings by providing information and communication to stakeholders on a regular basis</li> </ul>

**Collaborating with representatives from the agencies and community colleges will be key to understanding business requirements and objectives during the sourcing process.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Ensure representative stakeholder agency / community colleges participate in strategic sourcing initiatives	Sourcing – Central Procurement Authority and Agency / CC representatives will collaborate on all steps in the sourcing process	Central Procurement Authority, Agency / Community College Representatives	Stakeholder Agencies / Community Colleges will provide resource(s) to serve on the sourcing team to ensure business needs are met throughout the sourcing process	N/A – Review project teams at the beginning of each initiative and determine which agencies / community colleges need representation (based on spend)	All sourcing teams will have representation from the major spend agencies / community colleges

**The Central Procurement Authority will provide written savings documentation upon the completion of each sourcing initiative.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Publish value delivered through strategic sourcing by providing documented savings within 30 days of completing the initiative	Sourcing – Implement Agreement	Central Procurement Authority, Agency / Community College	Central Procurement Authority will document the savings / benefit achieved through the strategic sourcing process after completion / implementation of the contract	Checkpoint held 30 days after signed contract to ensure savings has been documented and delivered to the agency / community college representatives	All initiatives will have completed savings documentations

**Central Procurement Authority will conduct strategic sourcing according to an agreed upon timeline, the timing of each sourcing initiative will be tracked and managed throughout the process.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Execute Strategic Sourcing plan according to an agreed upon timeline	Sourcing - Strategic Plan through Implement Agreement	Central Procurement Authority, Agency / Community College	Central Procurement Authority will conduct sourcing initiatives according to the wave plan, major milestones will be tracked to ensure on-time completion and contract implementation	Quarterly – Review initiative status to confirm timeline. Identify initiatives that are behind schedule and conduct a root cause analysis to determine reason and corrective action.	All initiatives are completed according to the sourcing plan timeline

## Contract Management / Administration Service Level Agreements

**Each completed contract will be assigned to a trained procurement resource that will conduct contract management activities for state term contracts and entity specific contracts.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Ensure proper monitoring of contracts by assigning each contract to a trained procurement professional	Manage Contracts – review contract terms, ensure suppliers are adhering to contract SLAs, conducting contract reviews	Trained procurement professionals will be responsible for reviewing the contracts issued by their entity (e.g., central procurement authority, state agency, community college)	Procurement professionals will be assigned to all contracts. They will be responsible for conducting the contract review process and monitoring supplier adherence to SLAs.	Quarterly – Assign Procurement professional to manage contract within 30 days of completing sourcing initiative	All contracts will be assigned a procurement professional within a specified timeframe

# Supplier Performance Management Service Level Agreements

**Central Procurement Authority will monitor and manage supplier performance for strategic suppliers<sup>1</sup>.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Proactively manage identified strategic suppliers by maintaining supplier scorecards	Segment Suppliers / Manage Supplier Performance	Central Procurement Authority, Stakeholder Agency / Community Colleges, Suppliers	Central Procurement Authority (CPA) will review spend, supply base and contract complexity and determine the top strategic suppliers. CPA will establish a plan to manage the performance of this list of top strategic suppliers.	TBD – Central Procurement Authority provides scorecards for strategic suppliers according to an established schedule	All supplier performance scorecards are created for strategic suppliers

Notes:

1. Strategic suppliers (e.g., suppliers with high levels of spend / high impact to the State) will be determined during the implementation phase

**Central Procurement Authority will complete sourcing and implementation of open market bids according to an agreed upon timeline.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Complete open market bid within a specific timeline	Spot Buy Process – Steps 1 through 5	Central Procurement Authority, Agency / Community College End User	Central Procurement will complete open market bids according to a timeline established by spend threshold (e.g., higher spend, open market bids will have a lengthier timeline)	Quarterly – Review of completed open market bids from requisition creation to PO/contract (tiered approach)	TBD

Notes:

1. The specific time targets will be established during the implementation phase and will vary by procurement type (e.g., open market, spot buy, etc)

**Central Procurement Authority will reduce requisition cycle time by completing sourcing, open market bids and spot buys according to an agreed upon schedule.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Complete requisitions within a specific timeline	Requisitioning Process – Create Requisition, Determine Procurement Approach, Execute Procurement Process	Central Procurement Authority, End Users, Agency / Community Colleges	Requisitions will be completed within a timeline specific to each type of bid (e.g., spot buy, open market, sourcing initiative, etc.). The SLA will measure the time between the creation of the requisition to the establishment of the contract /PO.	Quarterly – Review of requisition cycle time (from requisition creation to PO/contract)	TBD

Notes:

1. The specific time targets will be established during the implementation phase and will vary by procurement type (e.g., open market, spot buy, etc)

**Central Procurement Authority will be responsible for establishing catalogs in a timely manner after the contract has been implemented.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Establish catalogs within a specific time from execution of signed agreement	Catalog Enablement – Execute Catalog Strategy	Central Procurement Authority, Supplier, E-Procurement Team	Central Procurement Authority will work with supplier and E-Procurement Team to establish a catalog within a specific time period after the contract is established	Quarterly – TBD	All catalogs will be established within the agreed upon timeline

**Central Procurement Authority will be responsible for periodically reviewing and confirming contract and catalog pricing to ensure accuracy.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Review catalog pricing to confirm pricing matches contract	Catalog Enablement – Execution of Catalog Strategy	Central Procurement Authority, E-Procurement Team, Supplier	Central Procurement Authority will periodically review catalog (including punch-out catalogs) pricing to verify accuracy. Pricing will be verified according to pricing indices that may be included in contract.	TBD – Review frequency will be established during the implementation phase	All catalogs pricing match contract pricing

**Central Procurement Authority will provide communication and information on the major procurement processes to internal and external stakeholders.**

Service Level Agreement	Task	Entity Interaction	Definition	Measurement	Target
Provide information and communication to stakeholders on a regular basis	Various - all processes will require some degree of stakeholder communication	Central Procurement Authority, End Users, Agencies / Community Colleges, Suppliers	Central Procurement Authority will be responsible for providing information and communications	Quarterly – Customer satisfaction surveys (Procurement Function Survey, Central Procurement Authority Survey, Supplier Survey, etc.)	85% Satisfactory rating on surveys across user groups

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**The Operating Model recommendations support the Guiding Principles developed by the State.**

**Best Value**

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

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**Customer Focus**

Address all stakeholders' business needs and manage their expectations in a timely, informative, and responsive manner

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**Delivery Excellence**

Develop, maintain, and execute standardized, repeatable procurement processes and procedures across the procurement function – supported by technology where appropriate – to achieve targeted business outcomes

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**Compliance and Accountability**

Enforce compliance with statutes, administrative codes, executive orders, and policies while providing appropriate transparency for stakeholders through monitoring, measuring, and reporting activities

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**Operational Efficiency**

Align people, processes, and technology to optimize the procurement function against defined procurement goals and metrics

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**Workforce Excellence**

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

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**Strategic Planning**

Strategically plan procurement activities using a proactive and collaborative approach to optimize the return on investment for the State of North Carolina

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**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>