



Ohio Marketplace Commodities Purchasing Process

July 29-August 2, 2013

PURCHASING AS ONE!



THE TEAM

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- Kelli Whalen, DPS
- Jean Stephenson, DAS/OPS



STAKEHOLDERS

- Taxpayers
- Employees Who Need Purchased Items
- Purchasing Officers
- Agency Fiscal Staff
- Agency Administrators



BACKGROUND

The Kaizen event covered the procurement process for commodities purchased through Ohio Marketplace from the identification of a need through the dispatch of a purchase order.

Agencies enter requisitions into OAKS and create purchase orders through OAKS workflow. However, manual and paper based processes surround these automated steps, leading to wait times and feedback loops.



SCOPE OF EVENT

- **First Step:** Identification of commodity need
- **Last Step:** Purchase order dispatched

Overarching Themes:

- Faster
- More Efficient
- Clear Responsibility, Authority, and Accountability



PROJECT GOALS

Make best use of Ohio Marketplace technology by pairing it with an efficient process



Reduce wait time for employee needing the commodity



Reduce out-of-system steps



Reduce the number of “touches” for any given purchase

TEAM GOALS



OUT OF SCOPE

The basis for transformation is improving the process with...

- No additional staff
- No additional money
- No IT solutions until the process is improved
- No changes to laws or labor contracts
- No one loses their job because of the Kaizen event, although duties may be modified

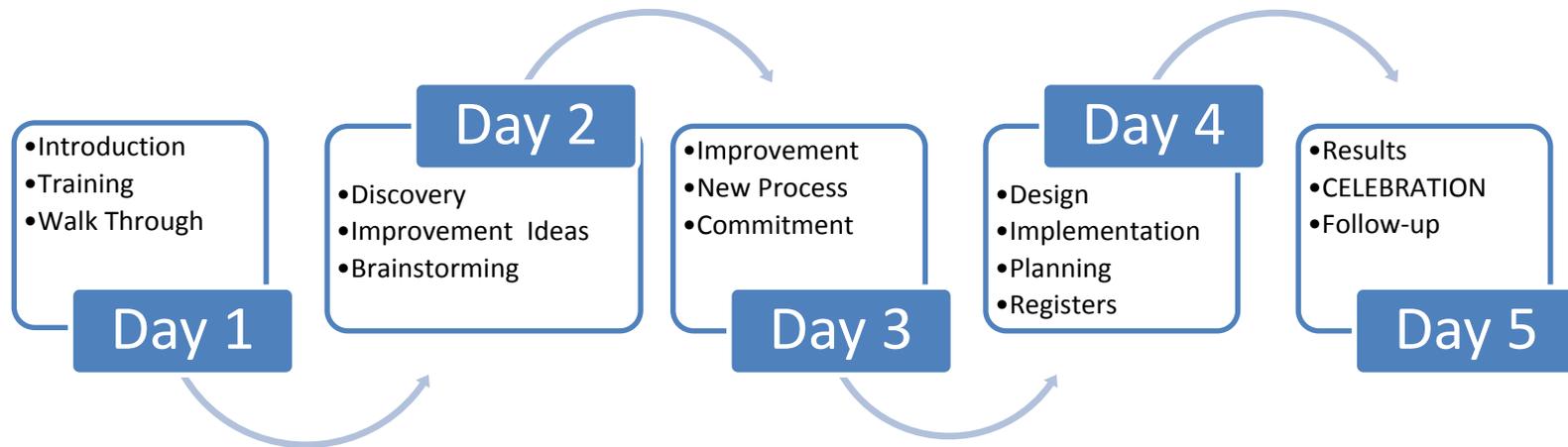


TO BREAK FOR THE BETTER

- Customer focused
- Work level team
- Tight focus on time (one week)
- Quick and simple, action first
- Necessary resources available right away
- Immediate results (new process functioning by end of week)



THE KAIZEN APPROACH



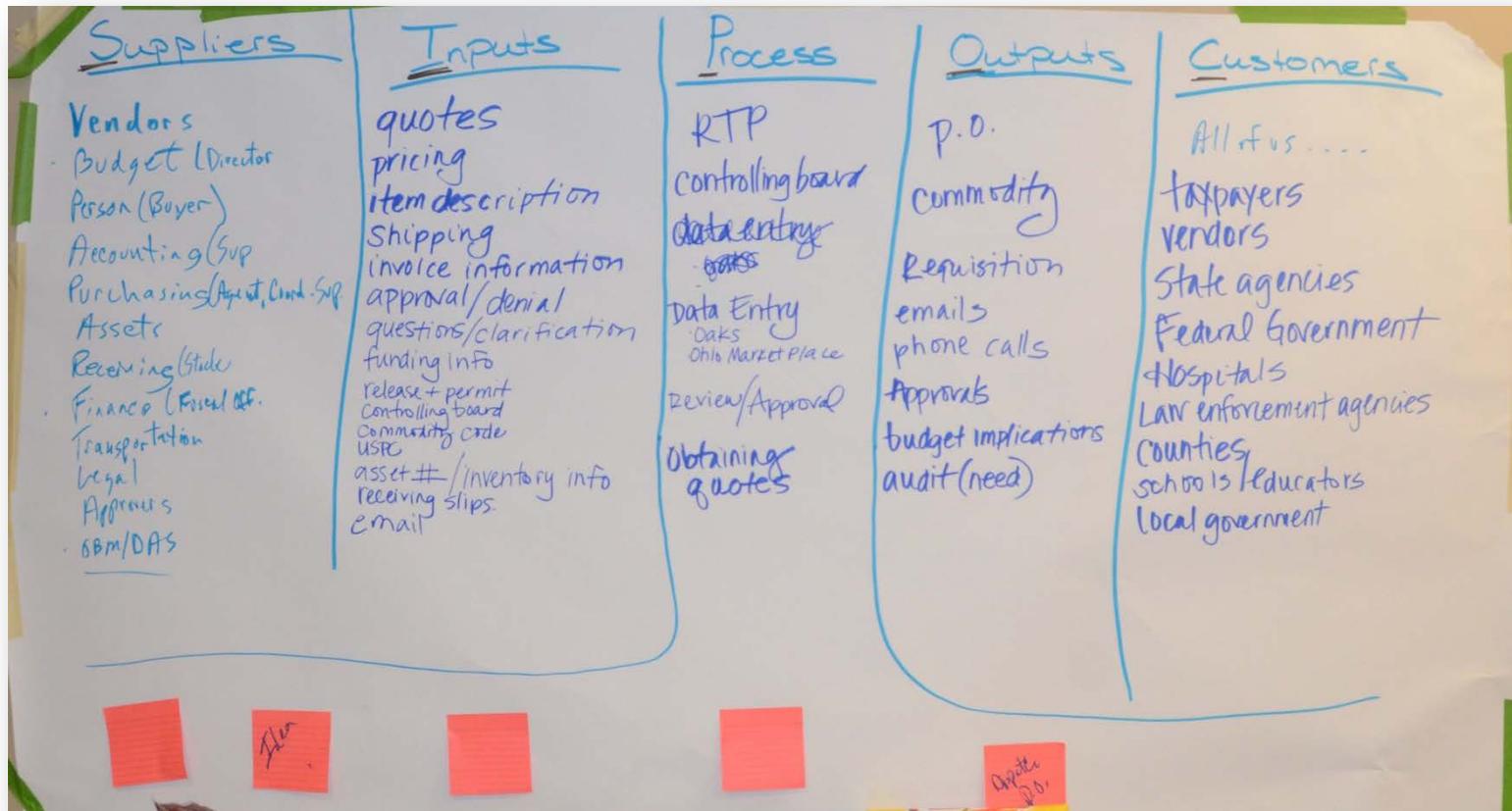
LEGACY SCORECARD

Measure	Current Level	Target	Gap
Costs	\$77.46 ¹	Reduce at least 75%	
Average Cycle Time for Catalog Purchase	29 hours ¹	Reduce at least 50%	15 hours
Average Cycle Time for Ad-hoc Purchase	42 Hours ¹		
% Online Approvals	18-33%	Increase to 90% for Ohio Marketplace Commodities	72-57%
Labor as a % of Spend	1.71% (of \$2.3B)	Reduce by 50%	0.85%
Customer Satisfaction Level	Unknown	4 out of 5 on Satisfaction rating with receiving goods timely	Unknown

¹Based on 2007 Hackett Study

HIGH LEVEL PROCESS - SIPOC

Suppliers Inputs Process Outputs Customers



CURRENT STATE

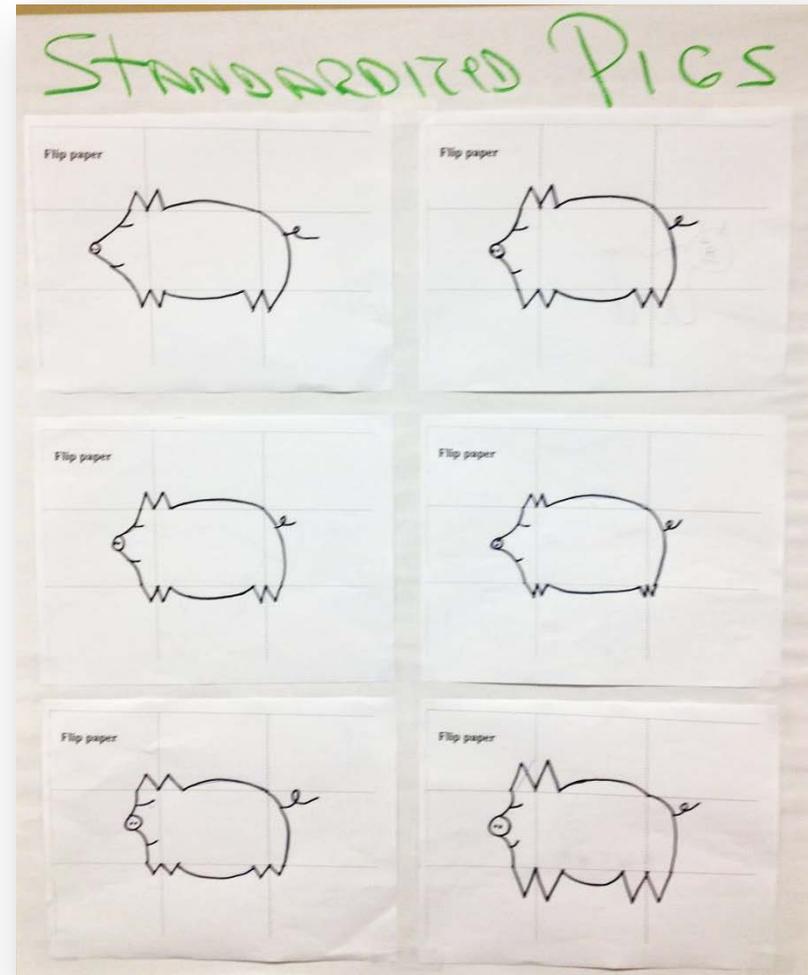
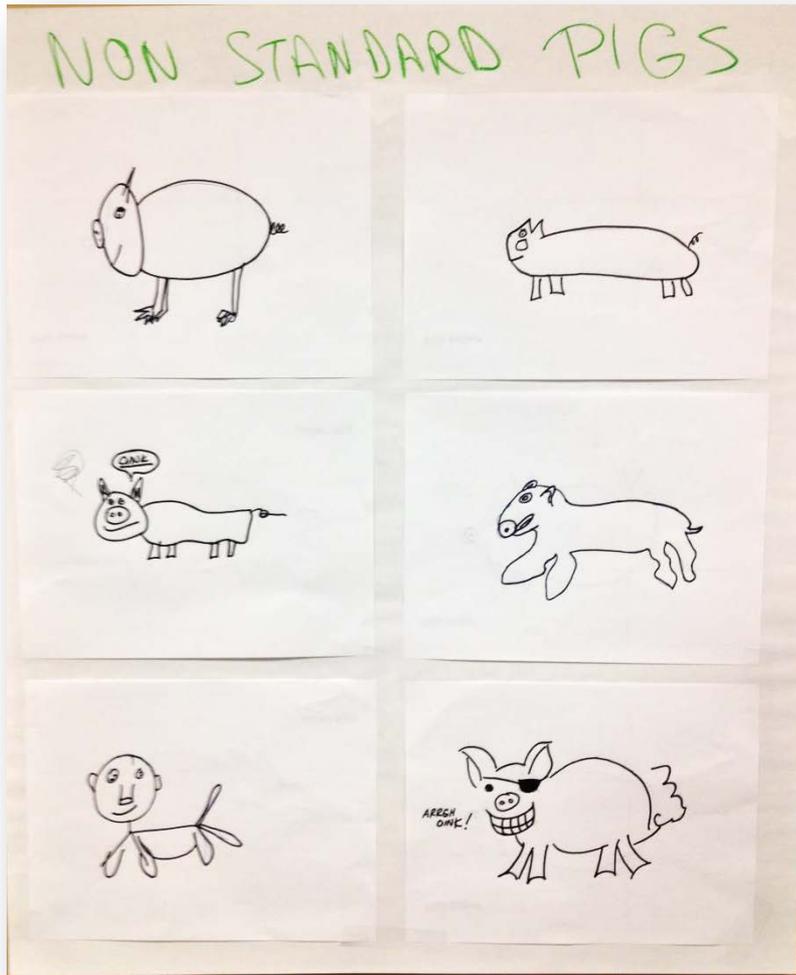


THE ORIGINAL PROCESSES HAD

- Too Many Decisions
- Too Many Handoffs
- Too Many Loop Backs
- TIM U. WOOD



STANDARDIZATION



BRAINSTORM – 98 IDEAS!



THE TEAM ANALYZED AND EVALUATED ALL OF THE IDEAS

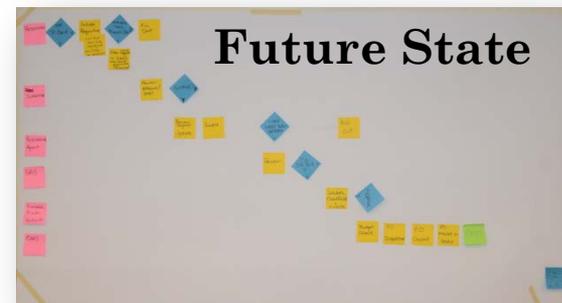
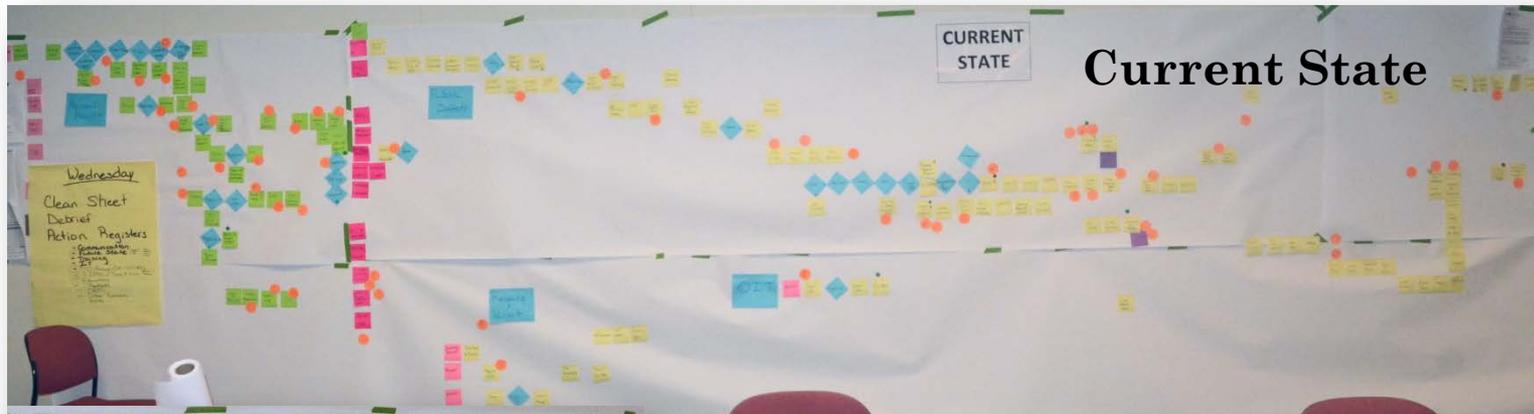
- Reduce number of approvals
- Electronic forms
- E-Signature
- Reduce number of touches per request



FUTURE STATE



BEFORE AND AFTER!



SCORECARD

Measure	Current Level	New Level	% Change
Process Steps	71-90	19	78%
Decision Points	11-17	6	64%
Handoffs	8-14	5	64%
Loopbacks	7	1	85%
Average Process Lead Time	30 Days	2 Hours-7 Days	70%



COST SAVINGS

What	Who	When	How
Based on 4 Pilot Agencies - Cost Savings			
① Postage Saved (see below)	Agencies	Sending to Vendor	electronic dispatch
② PAPER (see below)	Agencies, Vendors	Creation of all Reg./P.O.	Create Electronic Workflow
Redirected Hours	Agencies	Creation of all Reg./P.O.	How? <ul style="list-style-type: none"> • Approvals • Printing • Coding • Increase P-Card • eliminate Shadow System tracking
Travel Time & Delays	Agencies, Vendors	Creation of all Reg./P.O.	Print Post Attachments Interoffice mail, waiting on signatures Streamlining Approval Process, - USPS mail

Saved \$67,130



MORE RESULTS

- Decreased employee frustration
- Ability to follow a requisition through the process
- Enterprise-wide thinking and problem solving
- Established collaboration through working groups



IMPLEMENTATION PLANS

- Information Technology
- Communication and Training
- Form Review
- Collaboration
- MBE-Think Ohio First
- Roles and Responsibilities
- Dashboard
- Time Line



COMMUNICATION AND TRAINING

COMMUNICATIONS & TRAINING			
What	Who	When	How
Training	2 people from each agency electronically more than 2	TBA (ie email 60 days)	email electronically
Communication	Top down approach Director Blair Mandelberg Agency Director to Staff (Notification training Available)		email Jobside, able to print documentation (Communications, who should we talk to)
Documentation	developer-writer (Communications, who should we talk to)		
Role	all procurement staff (A) + job spec		

<u>Engagement</u>	
<u>Delivery</u>	<u>TOPICS</u>
official rollout Plan • meetings • handouts/manuals • Q.A. Video Series/ Webinar Chat Line via internet Hot Line	The Budget 101 • creation of Process • Revenue • Expense Breakdown How the money is spent. • Allotted Procurement 101 • ORC • Procedures • Adm Code • Roles + responsibilities
Q&A sessions w/ IT re system module	Regular articles about system PA's

FORM REVIEW

RTP, Release and Permit CB (Common to All)

1. Gov Entity/Agency

Business contact person?
 email address 3
 # 4

Justification/Explanation 5
 of item you are buying

Estimated/Actual cost 6
 FY 7

Vendor Name 8
 COARS OAKS ID 9
 address 10

Attachments

Common	RTP	R&P	CB
1 Bus Unit	<input checked="" type="checkbox"/>		
2 Contract # info	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3 Quotes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
4 Act code COARS	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
5 Fund	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
6 Vendor Address/city/state	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

Deadline
1x or Ongoing
M&E
Vendor mfg, dealer?
Fixed Contact email phone

CB #
Link to IT plan
Type (Work order)
Signature Auth.
Addit Contacts

Vendor County
Summary
R&P #, FY (2)
R&P Amt
R&P Issued By
= Comments
Contact title
All / All Name
Attachment Type & Descript
Act Category
Prev Awards
Hist. of Proj/proj
Deliverables/Scope
Rates, Hrs
email, % woman
paid (ratio)

10% reb. on direct

APR 2013
denied = 22
of RFP's sent to
of RFP's received
of RFP's awarded
of RFP's awarded
of RFP's awarded

10%

COLLABORATION

Collaboration

What	Who	When	How/Goals
Steering Committee	State agency function rep: finance, payroll, adm, computer users programmer	Quarterly	<ul style="list-style-type: none"> 1. Review of cost savings 2. To make recommendations to DAS for potential contracts 3. Cost study/surveys 4. Save time 5. Process evaluation 6. Engagement Surveys

How/Goals notes:
 1. Review of cost savings
 2. To make recommendations to DAS for potential contracts
 3. Cost study/surveys
 4. Save time
 5. Process evaluation
 6. Engagement Surveys

- ## Vendors in Mkt. PI. 8/2
1. Staples (available after 8/9)
 2. Thainger
 3. Superior Industrial Supply (M&E)
 4. M&E Express (M&E)
 5. Direct Resources (M&E)
 6. MSC Industrial Supply Co
 7. Yaro Supply (M&E)
 8. Quality Bldg. Supplies & Industry (M&E)
 9. Reico Supply (M&E)
 10. Fisher Scientific - ready to go
 11. Perkin Elmer - RTG
 12. Bode Technology (Data to be recd. 8/2)
 13. VWR International Inc. RTG
 14. Eastenal RTG
 15. D Johnson Enterprises (data recd 8/9)
 16. Snap On RTG
 17. Direct Resources (Sexauer) sf
 18. Sherwin WMS (8/9)

MBE AND THINK OHIO FIRST

What	Who	When	How
<p><u>MBE:</u></p> <p>1. Is this purchase identified on your FY14 MBE agency procurement plan?</p> <p>2. Can the MBE flag be captured on the requisition rather than being captured manually on the voucher?</p>	<p>^{MBE coordinator} Agency/EOD/ DAS procurement/ DSA & CDiversity Services Agency/gov office</p> <p>OAKS/EOD/ OBM/DAS/ gov's office</p>	<p>Upon implementation</p> <p>ASAP</p>	<p>Communication. E the Requisition Purchasing SME/ Agency MBE coordinator</p> <p>via OAKS B enhancement Business Requirement</p>
<p><u>Think Ohio First:</u></p> <p>1. Is the agency considering Ohio-based vendors including manufacture + location of the supplier?</p> <p>2. Is the agency applying the appropriate Think Ohio preferences (5%) when evaluating Bids/quotes? (State Procurement Handbook)</p>	<p>Requisitioner/ Agency SME/ DAS</p> <p>Requisitioner/ Agency SME/ DAS.</p>	<p>upon implementation</p> <p>upon implementation</p>	<p>Communication market research</p> <p>Include a is the a check/i or other mechanism included in the sol to capture vendor manufacture/local data.</p>



OAKS

OAKS

1. P.O.'s Auto Dispatch - system is capable
(Config. Δ - requires consensus)

Revisit @ Jan 1 (when all in Ohio Mkt)

1A. Can we set restricted account codes for requisitioner? Not today
Can it be tied to default acct code like travel? Probably - needs research

2. Why do we batch? - Answer is volume. If runs something continuously, but orders aren't ready immediately.

3. Why must P.O.'s be manually closed when it has zero balance?
System will close it in 180 days from last time it was "touched"
Best practice is to close as part of month end cleanup.

4. Can we get an automatic email to purchaser or fiscal when the P.O. is dispatched to the vendor?
- you can set this up right now (in Run Control) (consider group email box?)
- If your email address changes, update it in Run Control

5. Why don't account codes print on PO?
POs with split coding, this results in a lot of (like tens to hundreds)

6. MBE flag? why can't set aside be purchasing side? This would be a customization or process A.

Configuration change
Auto-Dispatch
18-24 mos
Account # on PO
Balance 92
Batch → constantly something
P.O. Auto closed - Final check for 180 of inactivity

ROLES AND RESPONSIBILITIES

Role Name	Responsibilities/Tasks	Training / Skills
1. Initiator (Shopper)	<ul style="list-style-type: none"> - <u>Select items</u> for order - Provide support docs. and justification (may include quotes) - Search Mkt Pl. / contracts if available or select special request if not available in Mkt. Pl. or contracts - Any comments? - Assign to supervisor (incommt.) - or create requisition and ad hoc to supervisor 	<ul style="list-style-type: none"> - 1/2 hr w. B. T. - Instructor led available * - if completely new, must take CRK basic purchasing * - E Pro 200 - Ohio Mkt w. B. T.
2. Initiator's Supervisor / manager	<ul style="list-style-type: none"> - <u>Validate business need / expense for purchase</u> (# is a mid expense) - Approve or deny requisition - or assign cart to #3 	<ul style="list-style-type: none"> - State Procurement - Ohio Mkt WBT - How to approve req. training (Ans)
3. Purchase S.M.E	<ul style="list-style-type: none"> - Follow / apply appropriate <u>State Purchasing Sourcing</u> (incl. msc) - Apply SME knowledge to ensure standardization / best selection value for Agency - Perform quote gathering / verify justification or attached quotes - May provide / validate chartfield - Route to RTE/ES - Create requisition or approve -> next level 	<ul style="list-style-type: none"> - State Procurement training (or refresher) - Ohio Mkt. - E Pro 200 - P.O. 200 Ans Re commented: A.P., AN

Set default Acct. code to item profile like travel

Superv. req. Assigns to Purch. Purch approves to Obds req.

Monitor for clearing budget check

Role Name	Responsibilities/Tasks	Training / Skills
DAS	(NEEDS DEFINITION)	
Financial Approver	<ul style="list-style-type: none"> - <u>Validate Chartfield</u>, update if needed. - Validate availability of funds - Approve (to move to budget check) - If changes trigger return to level 3, add rate / email on what change was. 	<ul style="list-style-type: none"> Ohio Mkt Pt. E Pro 200 P.O. 200 State Procurement Fiscal training suite?

could check CRKs Not trigger approval for B in fund code? optional?

Notifications on failing budget check & clearing errors - these would be very helpful.

For those who can't let go.... View only roles (So we aren't approving the approvers...)

DASHBOARD

DASHBOARD

Ohio Market-Place Usage
Steering Comm. # Tracking Methods
Error Rates - Forms
Controlling Bid Forms

MBE # Vendors
Products
Joint Contracts
\$ amt on Joint contracts

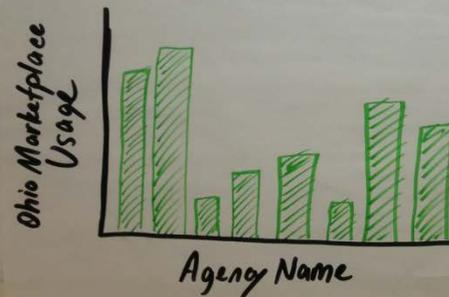
Pilot → Agency adaption of Process

Trained Staff - New Process

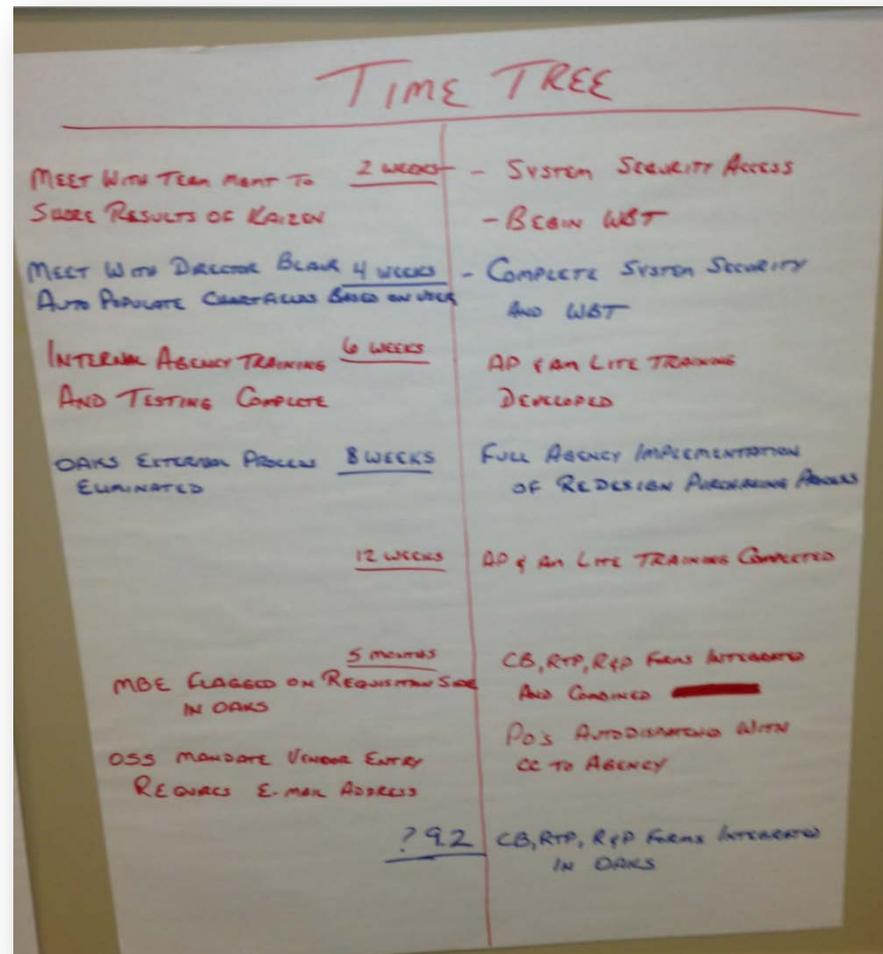
Time to Procure Commodity
Now ↔ Future

Cost to Process P.

Form
Error Rates



TIME TREE



LIFE AS A MEMBER OF A KAIZEN EVENT TEAM...



SPECIAL *THANKS* TO...

Senior Leadership & Sponsor:

Director Robert Blair, Department of Administrative Services

Director Timothy Keen, Office of Budget and Management

Co-Sponsors:

Theodore E. Wymyslo, M.D., Director, Department of Health

Tracy J. Plouck, Director, Department of Mental Health and Addiction Services

James Zehringer, Director, Department of Natural Resources

John Born, Director, Department of Public Safety

Gary C. Mohr, Director, Department of Rehabilitation and Correction

Team Leader:

Betsy Bashore, Office of Budget and Management

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