

LEANOhio

Procurement & Contracts Process

Supreme Court of Ohio

March 31-April 3, 2015

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How Did We Get Here?

- The current process is difficult to understand, **time-consuming**, inefficient, and impacts every office
- There are a lot of people currently involved in the process and the operational definitions are **unclear**
- It's all about the **Blue Requisition**

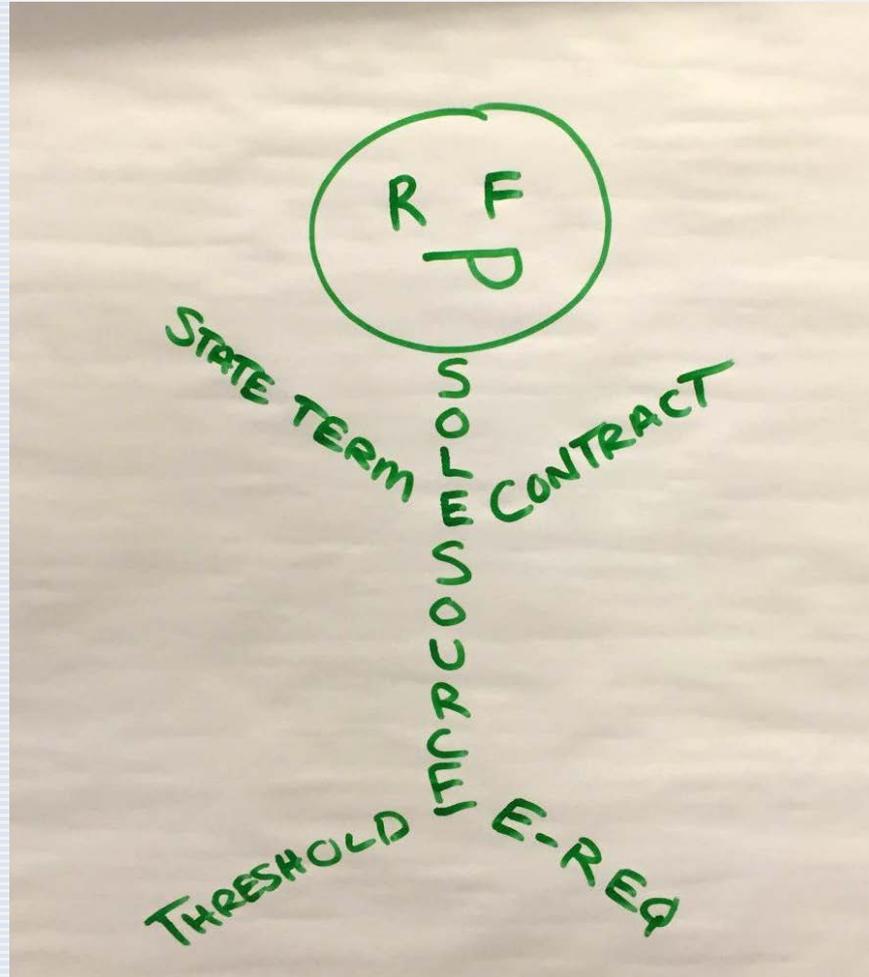
Team George 2.0



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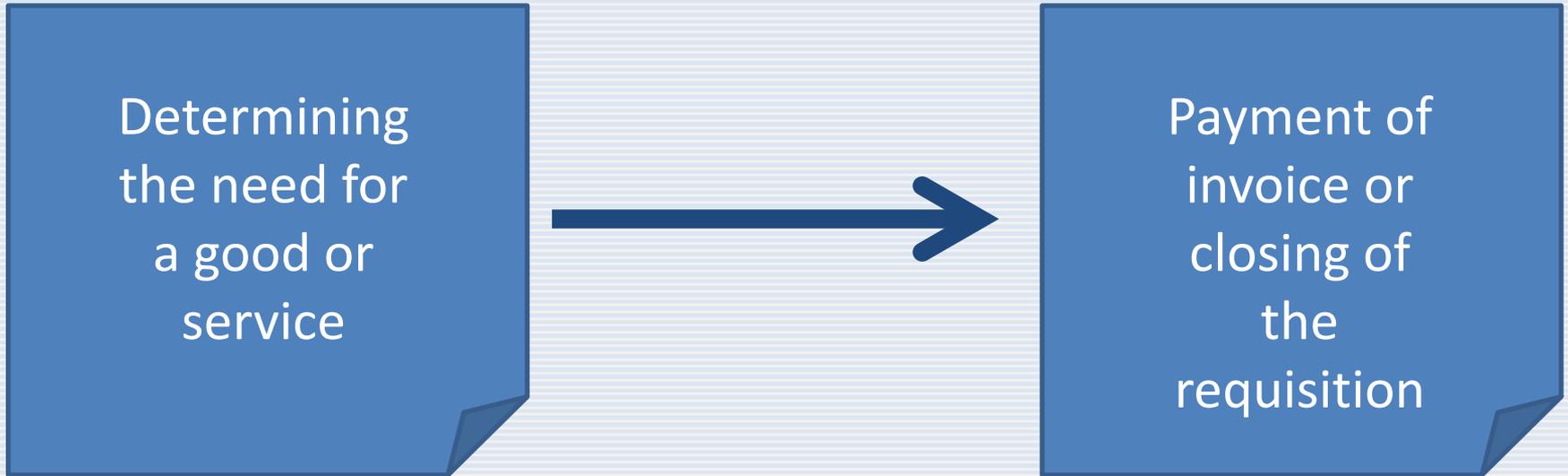
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Scope of the Event



Process Improvement Goals

Reduce
number of
steps in the
process by
35%

Reduce
turnaround
time to an
average of 48
hours

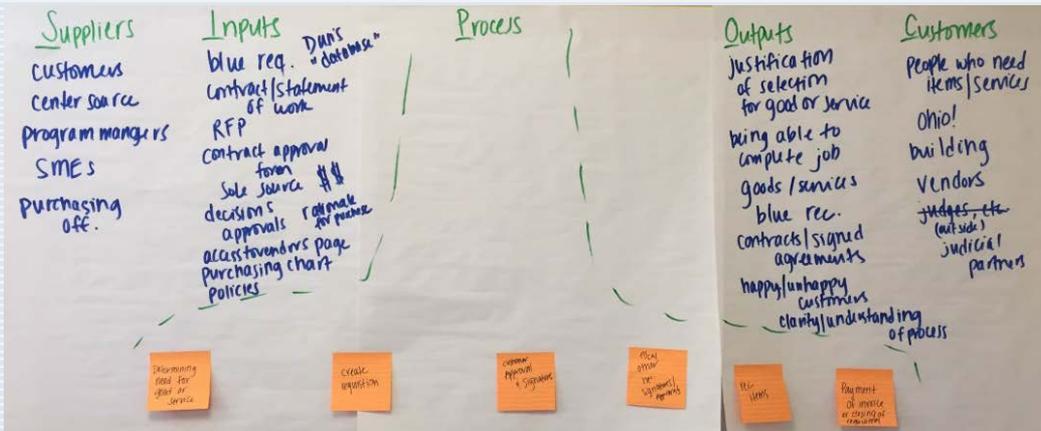
Increase
communication/tracking
mechanism to
inform the purchaser
of progress in the
process

To Break for the Better

- Customer focused
- Right people changing the process
- One week-quick and action oriented
- Necessary resources available immediately
- New process implementation begins next Monday



Day One



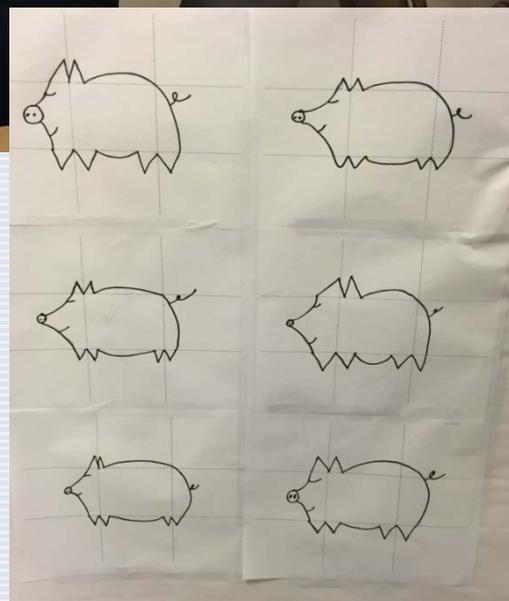
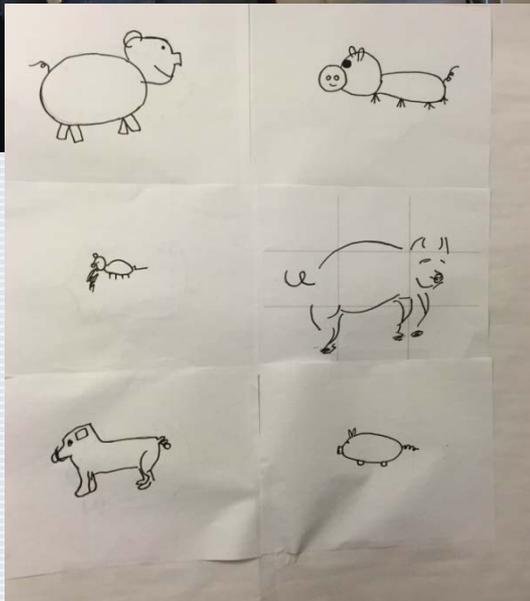
- Level Setting
- Scope of Event
- Stakeholder Identification
- Current State Mapping



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Day Two



- Finish Current State Mapping
- Waste Identification
- Value Added Discussion
- Lean Six Sigma Training
- Brainstorming

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TOP IDEAS

1. Training/Best Practices
2. Resources
3. Overarching Communication
4. On-going/Some page Communications

PAYOFFS

- Consistent knowledge base efficient
- finding "bones" and "meat"
- knowledge cost savings reduced efforts/duplication
- consistency clarity in roles/decision-making confidence/trust efficiency cycle time/reduce delays
- reduce decision making time coordination efficiency

CHALLENGES

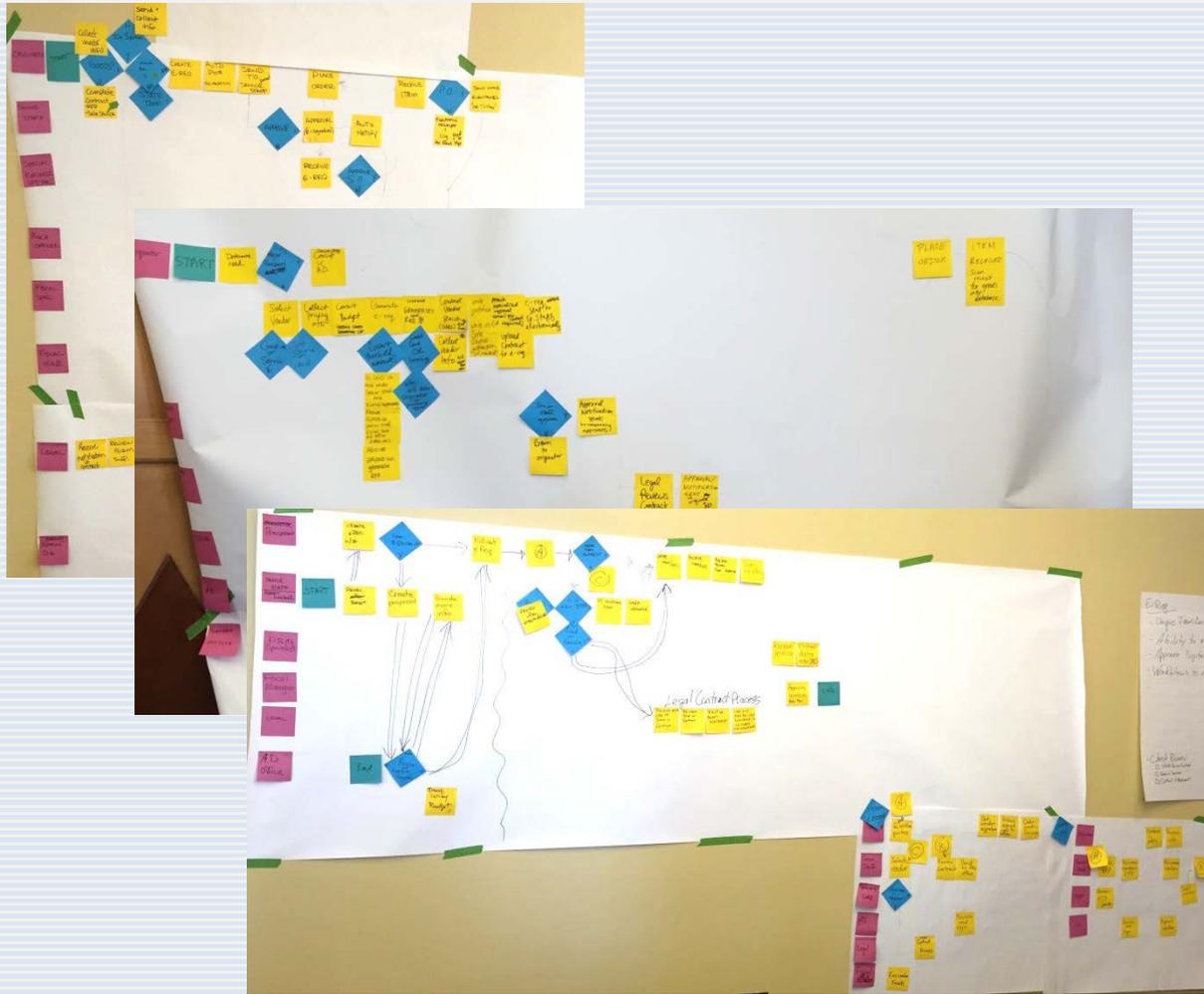
- time consuming processes left costly management support? resolution to change
- confusion throughout organization
- loss of transparency in how to become a vendor updating/keeping current
- different/conflicting goals/priorities unpredictable environment shifting priorities and turnover
- consistency/priorities conflicting avoidance loss of transparency information sharing
- creation development updates training accountability key-in

TOP IDEAS	PAYOFF	CHALLENGES
Auto-Generate	-TIME SAVINGS (EFFICIENT) -STREAMLINE	-ACCOUNTABILITY
Standardization	-TRAINING (IMPROVED) -FEWER MISTAKES -FEWER "RETURNS"	-CREATING A NEW SYSTEM -CREATE TEMPLATE -DETERMINE CONTENT
Streamline	-STREAMLINE -DELEGATION OF AUTHORITY -ACCOUNTABILITY	-TRUST -TRAINING -EVALUATE \$ AMOUNTS FOR SIGNATURES
Reduce Forms (Paperless)	-REDUCE PAPER -SIMPLE -EASE OF USE -SHARED UNDERSTANDING -OPER DEFINITION -SAVES PAPER AND ELECTRONIC	-DEFINITION OF TERMS -DEAR

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Day Three



- Analysis
- Problem Solving
- Process Redesign

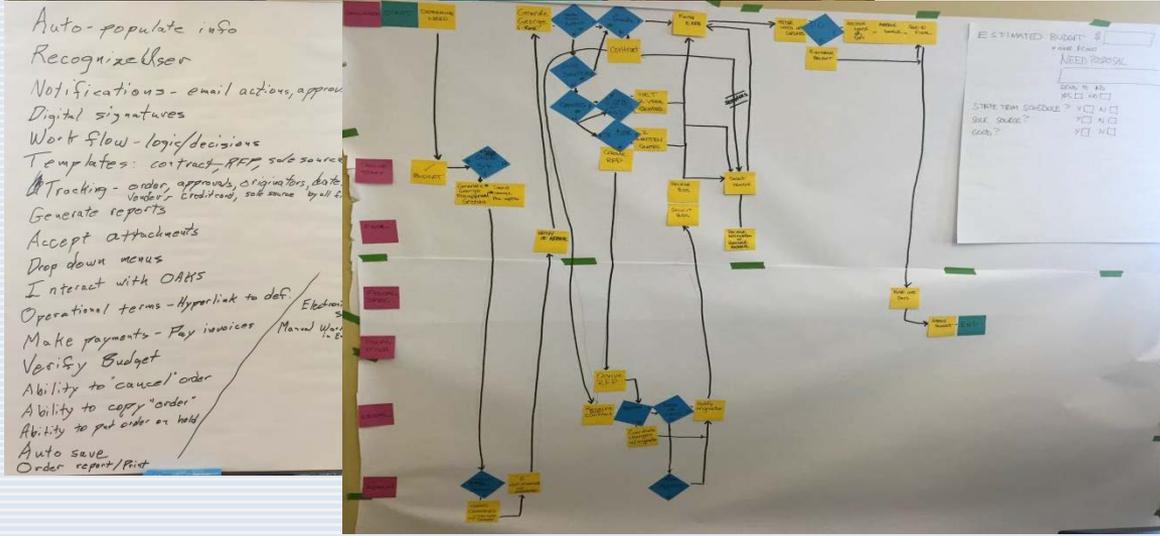
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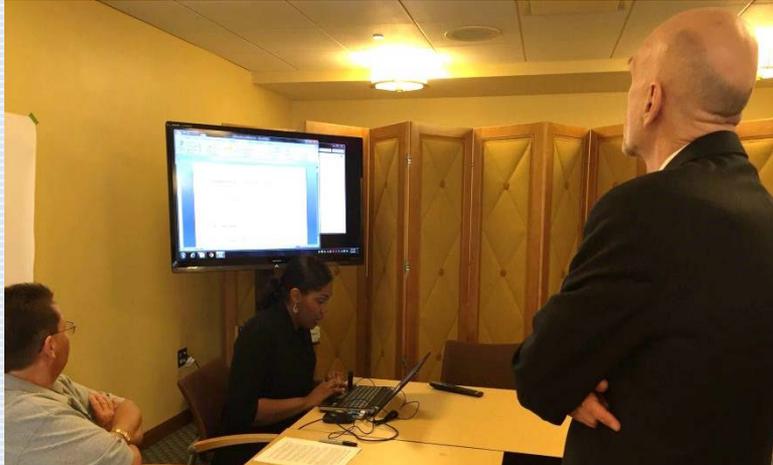
Day Four



- Future State Process Development
- Discussion and Consensus
- Implementation Planning
- Details



Today



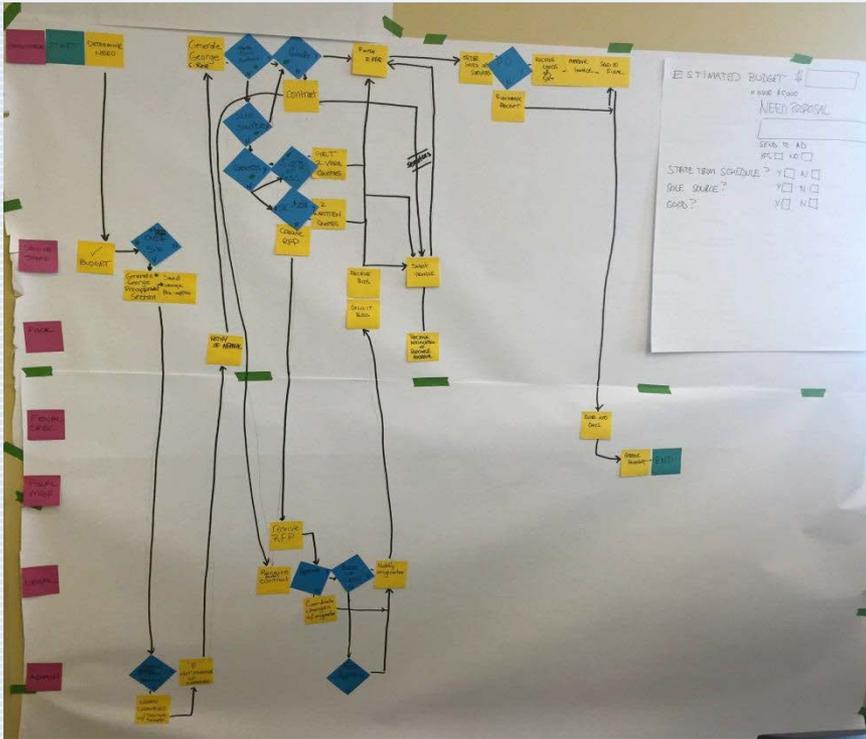
- More Implementation Planning
- Celebration
- Sharing the Results



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Future State



- Quick process for purchases under \$5,000
- Pre-Approval Administrative Director's Office
- Paperless process
- Increased accountability and tracking

Simpler

- Eliminated 103 steps from the current process
- There will be 12 decisions in the new process versus 19 in the current process
- In the current process there were 37 handoffs compared to 15 in the new process

Faster

- Over last three fiscal years there were 5,760 purchasing requests that required a total of 36,569 approvals
- The new process will only require 7,537 approvals (utilizes same purchasing requests as above)
- Average lead time in the current process is 5 days for under \$2,500 purchases and the average lead time in the new process for under \$5,000 will be 1 day

Faster

BEFORE					
Threshold	Transactions	# of Approvals	Total # of Approvals	% Total Transactions	Days
< \$500	3462	6	20772	60%	4
\$500-\$2500	1339	6	8034	23%	6
\$2500-\$10000	622	7	4354	11%	6
\$10000- \$25000	162	7	1134	3%	12
\$25,000 +	175	13	2275	3%	8
Total	5760		36569		7

AFTER					
Threshold	Transactions	# of Approvals	Total # of Approvals	% Total Transactions	Days
< \$5000 Goods	5265	1	5265	91%	1
<\$ 5000 Service		2			4
5000- 25000	393	4	1572	7%	10
25000+	175	4	700	3%	30
Total	5760		7537		5

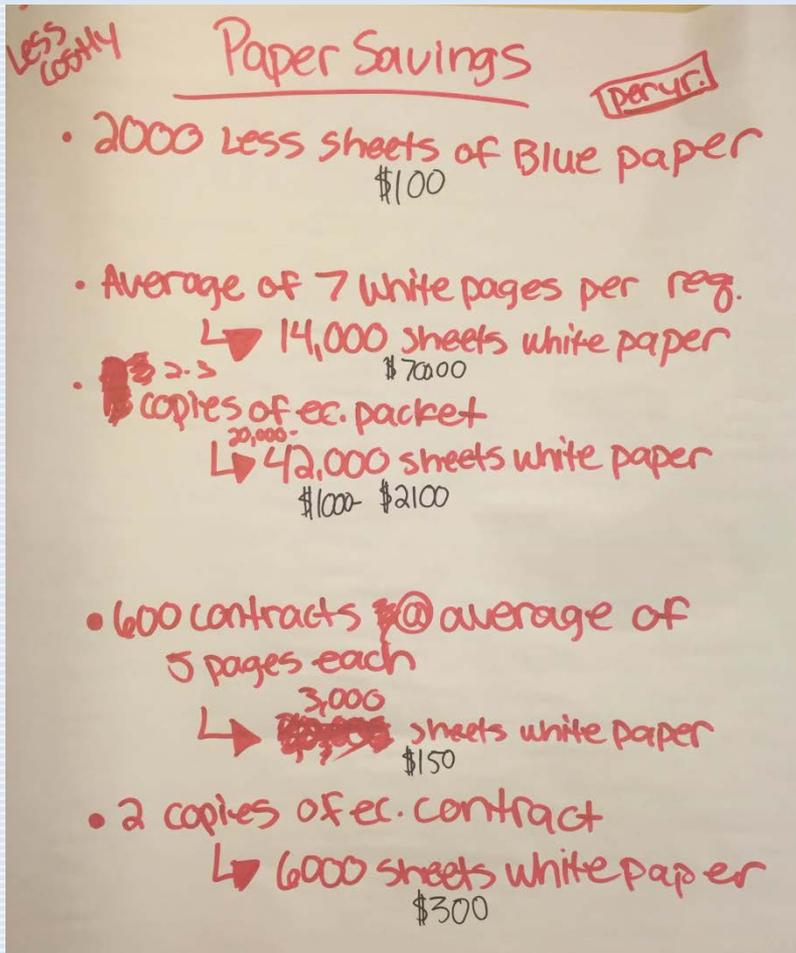
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Better

- No more “black holes” for requisitions
- Less rework-information will only be entered once
- More work upfront before submitting requisitions
- Items will be ordered and received faster
- Thoughtful signatures-only people who need to be involved are involved
- Paperless
- More transparent process
- Better for vendors-cheaper due to legal involvement

Less Costly



- Projected Annual Material Cost Savings: **\$4,250**
- Additional redirected work hours upon implementation

Summary Scorecard

Measure	Current Level	NEW	Change
Process Steps	131	28	79%
Decision Points	19	12	36%
Handoffs	37	15	59%
Identified Process Waste	51	0	100%

Implementation Plans

- Information Technology Plan
- Operational Definitions
- Policy Update Plan
- Roll Out Plan
- Metrics and Tracking Plan

Information Technology Plan

Auto-populate info
Recognize User
Notifications - email actions, approval
Digital signatures
Work flow - logic/decisions
Templates: contract, RFP, sole source
Tracking - order, approvals, originators, dates, Vendor - Credit card, sole source by all fields
Generate reports
Accept attachments
Drop down menus
Interact with OAHs
Operational terms - Hyperlink to def. Electronic Storage
Make payments - Pay invoices Manual Workflow in Enterprise
Verify Budget
Ability to "cancel" order
Ability to copy "order"
Ability to put o
Auto save
Order report/P



- Electronic Notifications-everyone will be updated during the procurement process
- System Integration with Budget-divisions will be able to check and determine funds prior to purchases
- Eliminate Paper-all electronic process
- Ability to Check Progress-anyone can see where they are in the process

Operational Definitions

bid - ^{written} offer made in response to an RFP to provide specific goods or services at a particular price

RFP - request for a proposal to provide goods or services at a particular price ^{and} within particular guidelines according to the scope of work

Single Source - good or service unique to one vendor, or provided in emergency situations

Quote - ^{written} offer made in response to an inquiry to provide goods or services in a specified quantity

Justification - rationale defining specific ~~need~~ good or service needed to fulfill the org's ~~need~~ mission and/or job duties

e-reg - an electronic requisition form that is standardized + used for acquisition of goods + services

description -

SOW - statement of work - deliverables a vendor will provide under contract

MOU - Memorandum of Understanding - less formal agreement that ~~does not~~ necessarily involve consideration

Signature - to include written attestation of approval that includes electronic signature

Originator - initiator of purchasing process

Specialized purchase - IT purchases, furniture purchases, ^{see main policy on purchasing contracts} He temp. services purchased by individuals not associated with the ~~org's~~ specialized departments

Asset - any item over \$1K; computing devices; firearms

Offer - Affirmative proposal to provide a ^{specific} good or service at a particular price ~~according to the scope of work~~

Memorandum - ~~Proposal~~ A written document that lays out intent + contains a justification for purchase or offer for same

Proposal -

George - Electronic system that ~~contains~~ manages procurement requests and ~~processes~~ ^{is} by collecting and organizing data that supports processes requiring information

Communication plan
Re: operational definitions

WHAT	WHO	WHEN
include in definition portion of Policy	Legal	Next week
Once approved. send email to all staff w/ def.	AD	July 1
Post in policies in Center Source	IT/PIO	July 1

Policy Update Plan



- Defined new purchasing tiers
- Reduced number of approvals
- Streamlined small purchases requiring only one signature

Communication Plan: Policy			Training Plan: Policy Update		
WHAT	WHO	WHEN	WHAT	WHO	WHEN
Approval	AD	Next week	Approval		
Approval	Justices	June	Schedule policy update	AD's Office	Late June
Prepare email summary	AD's Office	Late June	Prepare policy update	Chief Legal Counsel	July or early Fall
Send email summary	AD's office	July 1			

Roll Out Plan

- WEEK 1**
- WORKFLOW DOC.
 - *GIVE TO I.T.
 - REVIEW BLUE REQ VS. ELECT. PROCESSES
 - DRAFT POLICY CHANGE!
 - BLUE REQ. COVER SHEET
 - TO CRAIG BY 4-10-15
 - INCLUDE KAIZEN GROUP
 - I.T. RESOURCE ALLOCATED TO DEVELOP OF ELECTRONIC PROCESS
 - Develop workgroup

Phase 2
Training (TBD)

- Phase 1 - Week 2**
- Implement 5K proposal process
 - Under 5K Senior Staff signing authority
 - Send approved threshold
 - Workgroup Meeting (led by Scott and Craig) or designee

DATE: _____ REQ #: _____

ORIGINATOR: _____

DEPT ID: _____ AGENCY ID: _____

SUMMARY DESCRIPTION OF GOODS OR SERVICES: _____

SUMMARY JUSTIFICATION FOR PURCHASE: _____

ESTIMATED COST: \$ _____

PURCHASES UNDER \$5,000=

2 VERBAL QUOTES (1) \$ _____ (2) \$ _____

STATE TERM *called Below*

SOLE SOURCE [*Supplier Award*]

SIGNATURE - SENIOR STAFF _____

PURCHASES \$5,000 - \$25,000

AD - PRE-APPROVAL

2 WRITTEN QUOTES (1) \$ _____ (2) \$ _____

STATE TERM

SOLE SOURCE [*Supplier Award*]

SIGNATURE - SENIOR STAFF _____

SIGNATURE - FINANCIAL _____

SIGNATURE - LEGAL _____

SIGNATURE - AD APPROVAL _____

PURCHASES OVER \$25,000=

AD - PRE-APPROVAL

STATE TERM

SOLE SOURCE [*Supplier Award*]

RFP SENIOR STAFF APPROVAL

RFP LEGAL APPROVAL

RFP FINANCIAL APPROVAL

RFP ISSUED *Requesting Bids* (1) \$ _____ (2) \$ _____ (3) \$ _____ (4) \$ _____

JUSTIFICATION OF RECOMMENDED SUCCESSFUL BIDDER: _____

What Begins Monday?

- DAY 1
- EMAIL FROM A.D. ANNOUNCING NEW PROCUR. WORKFLOW
 - ATTACH REVISED ~~BLUE~~ BLUE REQ. (ALSO ON C.S.)
 - ANNOUNCE ~~BLUE~~ DEVELOP. OF ELECT. PROCURE. PROCESS
 - ADDITION OF SOLE SOURCE JUSTIFICATION SECTION
 - SOLE SOURCE DOC NOT NEEDED
 - ADDITION OF LEGAL SIGNATURE
 - CONTRACT APPROVAL FORM NO LONGER NEEDED
 - OLD "BLUE" NO LONGER ACCEPTED
 - RESULTS OF KAIZEN EVENT

Metrics and Tracking Plan

IMPORTANT METRICS ACCORDING TO GEORGE

1. Approval to payment notifications
2. Time b/t approvals
3. # of reqs. submitted based on threshold
4. # of contracts
5. # of sole sources
6. # of RFP's

Metrics on Paper

1. # of reqs.^{submitted} based on threshold - Dan
2. # of contracts - CLC
3. # of sole sources
- DAN

Your Kaizen Experience



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Special *thanks* to...

Senior Leadership:

- Michael Buenger, Administrative Director

Sponsor:

- Mindi Wells, Deputy Administrative Director

Team Leader:

- Craig Mayton, Chief Legal Counsel
- Scott Schaller, Fiscal Manager for Ronda Carver, Director of Fiscal Resources

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The image shows a screenshot of the LEANOhio website. At the top, there is a navigation bar with links for HOME, RESULTS, and SEARCH. Below the navigation bar is the LEANOhio logo with the tagline "Making state government work better". A large blue overlay with the Facebook logo and the text "Find us on: facebook®" is positioned over the top right section. Below this, there is a search bar and social media icons for Facebook, Pinterest, and LinkedIn. The main content area features a section titled "About LeanOhio" with text describing the mission and the LeanOhio Network. A large red overlay with the Pinterest logo is positioned over the middle section. Below that, there is a section titled "LeanOhio Headlines" with two news items. A large grey overlay with the LinkedIn logo is positioned over the bottom right section. The bottom right corner of the website shows a section for "Ready-to-download resources" with a link to "Want info about LeanOhio? The LeanOhio Information Kit covers all aspects of Lean Kaizen".

HOME RESULTS SEARCH

LEANOhio Making state government work better

Find us on: facebook®

SEARCH... Search

Connect with LeanOhio

Ohio in action

formats: Album • Slideshow

LEANOhio PHOTOS

Ready-to-download resources

Want info about LeanOhio? The LeanOhio Information Kit covers all aspects of Lean Kaizen

About LeanOhio

The mission of LeanOhio is to make government services in Ohio simpler, faster, better, and less costly. Using continuous improvement methods such as Lean and Six Sigma, Ohio's state agencies are cutting red tape, removing inefficiencies, improving customer service, and reducing costs.

The LeanOhio Network includes hundreds of members who have gone on to earn Green Belt or Black Belt certifications. These members who promote Lean, improve processes, and share their knowledge.

Each state agency has a Lean Liaison who works with the government. Liaisons identify improvement opportunities and ensure that changes are implemented.

LeanOhio is coordinated by the LeanOhio Network. Network associates are Lean experts who serve as internal consultants. Services include training, strategic planning, meeting facilitation, data collection and analysis, and Lean event leadership.

LeanOhio Headlines

NEWS From the Springfield News-Journal: **Clark State hosts program**
"Now we do it right the first time."
August 12, 2014 · Read the full article

NEWS From The Athens News: **No mud and drills at two sites**
"We're trying to give them tools so they can create more capacity with the resources they already have."

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