



Severe Budget Crunch Forces Significant Changes to State Procurement Transformation Plans

Governor Perdue launched the Procurement Transformation Initiative in 2005 and with it, the Department of Administrative Services (DOAS) - State Purchasing Division crafted an ambitious 5-year plan to be self-funded by 2011. In support of this plan, the Governor recommended our business unit receive \$3.3 million in state funding in FY 2010 – recommendations that have gone unfulfilled due to current economic conditions and the FY 2010 budget passed in the recently ended Legislative Session. More than two-thirds of the State Purchasing Division's (SPD) budget has recently been cut, leaving a \$2.2 million shortfall that will directly impact Procurement Transformation efforts. As a result, DOAS will require greater responsibility and partnership from agency purchasers to ensure that we continue to have high-quality procurement for the State.

Transformation Successes

Much of the Procurement Transformation is already in motion and well underway. A nationwide recruitment effort resulted in well-skilled Purchasing professionals being hired to join with existing experienced SPD staff to significantly raise the professionalism and skill set of SPD. A new organizational structure focused on commodity teams was put into place. New policies and procedures have been implemented to streamline the state's procurement process, and a 7-Step Strategic Sourcing Methodology has been implemented significantly raising the quality of state procurement solicitations.

Most recently, the implementation of best-in-class statewide purchasing training and the release of high-quality procurement tools to support updated DOAS policies and procedures will serve to move the state's transformation efforts further along. DOAS has greatly improved the quality and access to professional purchasing training for Georgia purchasing officers that incorporates industry standards and best practices. To date, more than 669 students statewide have been trained on various purchasing topics, which are covered in a curriculum that has expanded from just 2 courses into more than 20 courses in just 2 short years. These courses will encompass a [State Certification Program](#) that will not only formalize and validate purchasing knowledge, but help to create and quantify the skill sets that support increased quality and volume of agency and statewide contracts.

To complement top-notch training, SPD has released a host of process improvement procurement tools designed to help purchasers achieve excellence in procurement. Among them are the RFP Scorecard and Wizard tool, which were created as part of the SPD's "RFP Process Improvement Initiative," to alleviate the difficulty in creating quality, standardized RFPs. The RFP Scorecard examines the written performance of RFPs according to formalized



criteria, which over time is useful for identifying knowledge gaps or determining if an agency should receive a higher delegated purchasing authority (DPA). Meanwhile, the Wizard tool automates creation of RFPs by walking sourcing personnel through a series of questions. The Wizard tool easily decreases agency workloads and thereby reduces RFP evaluation times for sourcing personnel. SPD believes that supplying quality purchasing tools has an important role in bringing Georgia purchasers to the professional level needed to conduct high-quality procurements.

Delays to the Transformation Process

Most affected by the recent budget cuts is the implementation of Team Georgia Marketplace, the statewide electronic procurement system that promises to revolutionize purchasing for the State. This technology solution will bridge the gap in the state's Purchasing function and serves as the final piece to the state's Procurement Transformation. All of DOAS, as well as parts of the Department of Corrections and the Department of Human Resources, have been piloting the program since January 2009. However, secondary waves of implementation will be impacted, causing major delays to original plans to have the top state agencies (which comprise 80% of the State's spend) utilizing the program by May 2010. Such delays will mean that certain top-spend agencies will have to wait for Team Georgia Marketplace to be implemented within their respective agency, with final system implementation now planned for FY 2012 versus FY 2010. Thus, the State Purchasing Division will be delayed in being able to fully capture and analyze the majority of state spend, and the overall progression of the Procurement Transformation will be slowed.

The Challenge

Despite the temporary financial challenges that threaten the progress of the Team Georgia Marketplace, concurrent transformative measures offer opportunities to successfully continue the Procurement Transformation Initiative. Recall that running parallel to the Team Georgia Marketplace effort is an endeavor to develop the professional procurement skills of Georgia agency purchasing officers (APOs) and college/university purchasing officers (CUPOs). This training effort offers a unique opportunity to prime APOs and CUPOs to procure at the same level as State Purchasing personnel—a measure that is central to achieving high quality State contracts.

In the past, State Purchasing has been reluctant to provide delegated purchasing authorities (DPAs) greater than \$100,000 to state entities without being assured of proper training and certification. However, in a recent workload assessment prompted by economic conditions, 75% of SPD's work deals with agency procurements, while the remainder deals with statewide contracts. The 3-to-1 agency/statewide contracts workload ratio is important because statewide contracts are where the state creates the most leverage in the marketplace to produce the most benefits for all state and local governments, agencies and



universities. Current economic conditions require that State Purchasing consider other alternatives to flip the workload ratio and get transformation efforts back on track with SPD more focused on statewide procurements while state agencies and universities become more self-sufficient in handling more of their own procurements. This is precisely the type of autonomy that purchasing staffs across the state have been clamoring for, and the training and certification programs now available will now enable this to happen.

Our Plan

Consequently, all state agencies will be required to handle more of their own procurements, a measure that will help State Purchasing focus on its primary objective: saving taxpayer money through statewide contracts. While this measure will be an adjustment for state entities, we have every confidence in the State's ability to take on this task because of the continual preparation and support of State Purchasing. We believe that with the proper training, and the consistent use of cutting edge process improvement and procurement tools, that state entities will be able to rise to the task of handling more of their own purchases as set forth by SPD.

SPD is granting new upper limits of DPA to state agencies: \$250,000 for RFPs and unlimited for RFQs, with a requirement that all APOs and CUPOs attend training within a 6-month period. Moreover, this DPA will be raised to \$500,000 when purchasing officers become certified through the SPD State Certifications Program. These changes are in response to economic conditions, but are also a response to the large outcry from agencies and universities for greater autonomy in purchasing. State Purchasing is open to granting higher DPA, with the accountability that additional authority warrants. This is the rationale for issuing a training requirement for the first increase, followed by certification for the second DPA increase to ensure there is proper retention of purchasing knowledge. We believe that when this new effort is completed by state entities, then we can be certain that the Procurement Transformation in Georgia is enterprise-wide, sustainable and that together we are delivering high class, quality procurements across our state.