

SIP: Overview of Stakeholder Perceptions Assessment

Executive Summary:

The Oregon Department of Administrative Services State Procurement Office (DAS SPO) has embarked on a Strategic Improvement Project (SIP) to ensure that it provides Stakeholders and suppliers the best service possible while ensuring good value and integrity to taxpayers. Procurement shops around the world are feeling the effects of technology, limited resources, changing employment demographics and increasingly complex procurement needs. Those on the leading edge take proactive steps to address these issues and adapt to the new realities facing the public sector today. The goal of the SIP is to build an efficient, effective and innovative procurement system that supports government agencies subject to Oregon's Public Contracting Code, ORS 279, to meet their business needs in a legal and timely manner that ensures thoughtful stewardship of the State's resources.

This report examines the perceptions of Stakeholders of the State's Procurement System (System). By examining how Stakeholders view the efficiency and effectiveness of the System and what improvements would be helpful, Project Sponsors can advance the goals of the project.

Purpose/Focus of the Deliverable

- Gain general stakeholder impressions about the State Procurement System as it is now.
- Gather specific input about aspects of the System that are working.
- Gather specific input about aspects of the System stakeholders believe need to be improved.

Information Sources

- **System Stakeholders:** all of the agencies and local governments that have a "stake" or interest in the System because they rely upon it to carry out government procurement activities.
- **Vendors:** the private sector businesses that supply goods and services to the State and stakeholders.
- **Owners:** Those entities that have ownership in and responsibility for operating the System – Department of Administrative Services (State Procurement Office, Risk Management, and Enterprise Information Services Procurement Division), Department of Justice, and State agencies.

Deliverable Structure

- Assessment methodology
- Perceptions of how the System is currently working
- Suggested areas of improvement

Assessment Methodology

- **Selection:** Assessment participants were selected based upon their level of involvement and interest in the System.
 - Interviews: those who have leadership responsibility and oversight for procurement.
 - Focus groups: those directly involved in procurement.
- **Focus Groups:** Fourteen focus groups ranging in size from three to 20 participants. A total of 67 stakeholders participated in focus groups.
- **Interviews:** 15 key individuals, including State agency executives, procurement managers and experts in local government and the private sector.
- **Surveys:** Two web-based surveys using a variety of listserves.
 - Stakeholders: 1,180 surveyed; 311 responded; 26% response rate
 - Vendors: 25,000 surveyed; 2,562 responded; 10% response rate

Perceptions of How the System is Currently Working

- 1) Department of Administrative Services State Procurement Office staff are dedicated and hard-working.

- Expert in procurement law and in rule interpretation.
 - Give valuable assistance to agencies on RFPs, vendor non-performance, complex procurements.
 - They are more collaborative and customer/solutions-oriented than in the past.
- 2) **Procurement expertise and “enterprise” services provide the highest value to stakeholders.**
- Agencies and local governments value price agreements, multi-state purchasing, and ORPIN.
 - Agencies want the training and certification program sustained and enhanced/expanded.
- 3) **There is an overall lack of transparency in the procurement process.**
- There is no method for reporting the status of procurements through the “lifecycle” of transactions.
 - Each procurement is unique – lack of standard processes, documents, and language.
- 4) **Delegation of procurement authority is working and should be expanded.**
- Agencies with capacity and expertise want to take on more authority for their own procurements.
 - Some stakeholders perceive the delegation threshold (\$150,000) to be too low.
 - The process to request a delegation is not well-understood by “first timers” or those that rarely request.
- 5) **Roles and responsibilities between System “owners” are not clear.**
- Lack of shared understanding of how the System works (relates to lack of transparency).
 - Role confusion creates inconsistent application of rules and procedures, unnecessary rewrites/edits.
 - Tendency to “overstep” into each others areas of responsibility.
- 6) **The culture of the procurement System is risk adverse and inflexible and service delivery from DAS SPO is inconsistent and reactive.**
- Risk assessment and management of procurement is “ad hoc” – no systemic approach or framework.
 - Lack of good “base documents,” absence of standard processes and procedures, and inadequate evaluation criteria leads to risk adversity and inconsistency in the quality of procurement activities.
 - Varying degrees of subject matter expertise/knowledge among DAS SPO analysts leads to inconsistent responses and interpretations.
 - There is lack of understanding of unique business needs of agencies and anticipation of how changes in business needs might affect procurement.
- 7) **Procurement rules and statutes are confusing.**
- Rules could benefit from a “plain language” approach.
 - Implications of the recent overhaul of procurement statutes are not clearly understood; the State is possibly not using all of the flexibility that is allowed.
- 8) **Processing time for procurements is too long.**
- Several perceived underlying causes for delays: 1) too many steps in the process that create opportunity for rework, 2) most procurements are done “from scratch” – every solicitation and contract is customized, 3) decisions often must be escalated to higher levels within DAS SPO.
 - Agencies cannot always get timely responses to their questions from DAS SPO.
- 9) **The process is too complex, time-consuming and expensive for vendors.**
- Majority of vendors who do not respond to contracting opportunities do not do so because they perceive the process to be too complex; others say they are not aware of or do not receive notification.
 - Onerous insurance requirements and terms and conditions in contracts are problematic.
 - ORPIN is difficult for vendors to navigate, and they don’t perceive that training is available.
 - No single point of contact is available to ask questions, learn about how to do business with the State.
 - Solicitations are too complicated and prescriptive.
- 10) **Communication and collaboration among System stakeholders is inadequate.**
- Procurements that have high collaboration among the stakeholders on the front-end are successful; this level of collaboration is perceived to be the exception, not the norm.
 - Turf and trust issues exist between owners and stakeholders.
 - Expectations about the timelines and status of procurements are not well-managed or communicated.

11) The tools needed to support procurement are lacking.

- Forms, templates, and standard language (base documents) are inadequate, out-of-date, and incomplete.
- While highly valued, ORPIN is difficult to use and lacking in needed functionality.
- Availability of training courses is inadequate and more advanced training is needed.
- There are no System-wide performance measures that inform stakeholders how the procurement process is working.

Suggested Areas of Improvement

1) DAS SPO's role in procurement as an "enterprise" focus.

- Focus on price agreements and strategic sourcing; develop master contracts.
- Provide consultation on large, high risk, complex procurements; delegate as much as possible.
- Emphasize compliance through training in procurement standards, processes, rules, and best practices and then conduct reviews.
- Create standardized base documents with options to modify (not "one size fits all").
- Provide advanced levels of training and certification for long-term procurement professionals.

2) Roles and responsibilities between DAS, DOJ and agencies.

- Develop framework for risk assessment/management and delegation.
- Establish standard tools and processes.

3) Complexity of rules and statutes, and the accuracy and consistency of rule interpretation.

- Rewrite rules into "plain language."
- Clarify rules and process for sole source contracts, delegation requests, and special procurements.
- Clarify rule interpretation inside DAS SPO and make sure all staff are thoroughly trained.

4) Flexibility and delegation of authority.

- Develop framework for risk assessment/management and expanded delegation.
- Establish standard tools and processes.
- Partner/collaborate on procurements at the very beginning.

5) Model of service delivery.

- Explore "tiered" services approach and assigning DAS SPO analysts by agency.
- Define expectations for service delivery and track performance.
- Create more "self service" capability.

6) Timeliness and transparency of the procurement process.

- Develop "help desk" or call center triage process to respond quickly to questions and requests.
- Create standard approaches, checklists, and additional training to ensure agencies have proper guidance to do quality procurements that comply with rules and procedures.

7) Communication, outreach and information to agencies.

- Enhance information and outreach to agencies on contract administration, price agreements, development of solicitation documents, and ORPIN.
- Communicate proactively when new rules, templates are available.

8) Vendor participation.

- Simplify solicitation documents and contract language.
- Create a single point of contact for vendors to access.
- Improve outreach on how to do business with the State.
- Simplify ORPIN and provide more education about how to use it.

9) Procurement tools.

- Enhance the DAS SPO website.
- Create a standard library of forms, templates, checklists, and provisional language.

- Increase ORPIN functionality, enhance the “help desk” and provide end-user training.

10) Overall management of the procurement System.

- Develop/track performance measures that inform stakeholders about the effectiveness of the System.
- Build a data collection system that provides management information for better decision making.
- Enhance the training certification program.
- Capture usage/history and spend data in ORPIN.
- Conduct aggregation and analysis of procurement data, including key indicators regarding State spend and terms and conditions.

What's next?

- Development of Future Business Model and Strategic Improvement Plan