Practical Ways to Improve the Efficiency and Effectiveness of your Procurement Activities

Carolyn Montague

Craig Szelestowski

2023 PPX Symposium

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Canadian Institute for Procurement and Materiel Management
Institut canadien d'approvisionnement et de gestion du materiel

LEAN AGILITY

Who we are

- **Carolyn Montague**
  - President of the Canadian Institute for Procurement and Materiel Management (CIPMM).
  - Partner, Performance Management Network Inc. with 40+ years in procurement.
- **Craig Szelestowski**
  - Founder, Lean Agility Inc. Lean/Agile/Scrum Service Design for Government. Thinking.
  - Director, Lean Programs, Telfer Centre for Executive Leadership (University of Ottawa).

- Transforming work to create sustained, measurable results is about 10% technical challenge, and 90% human challenge.

A few quick questions for the Participants

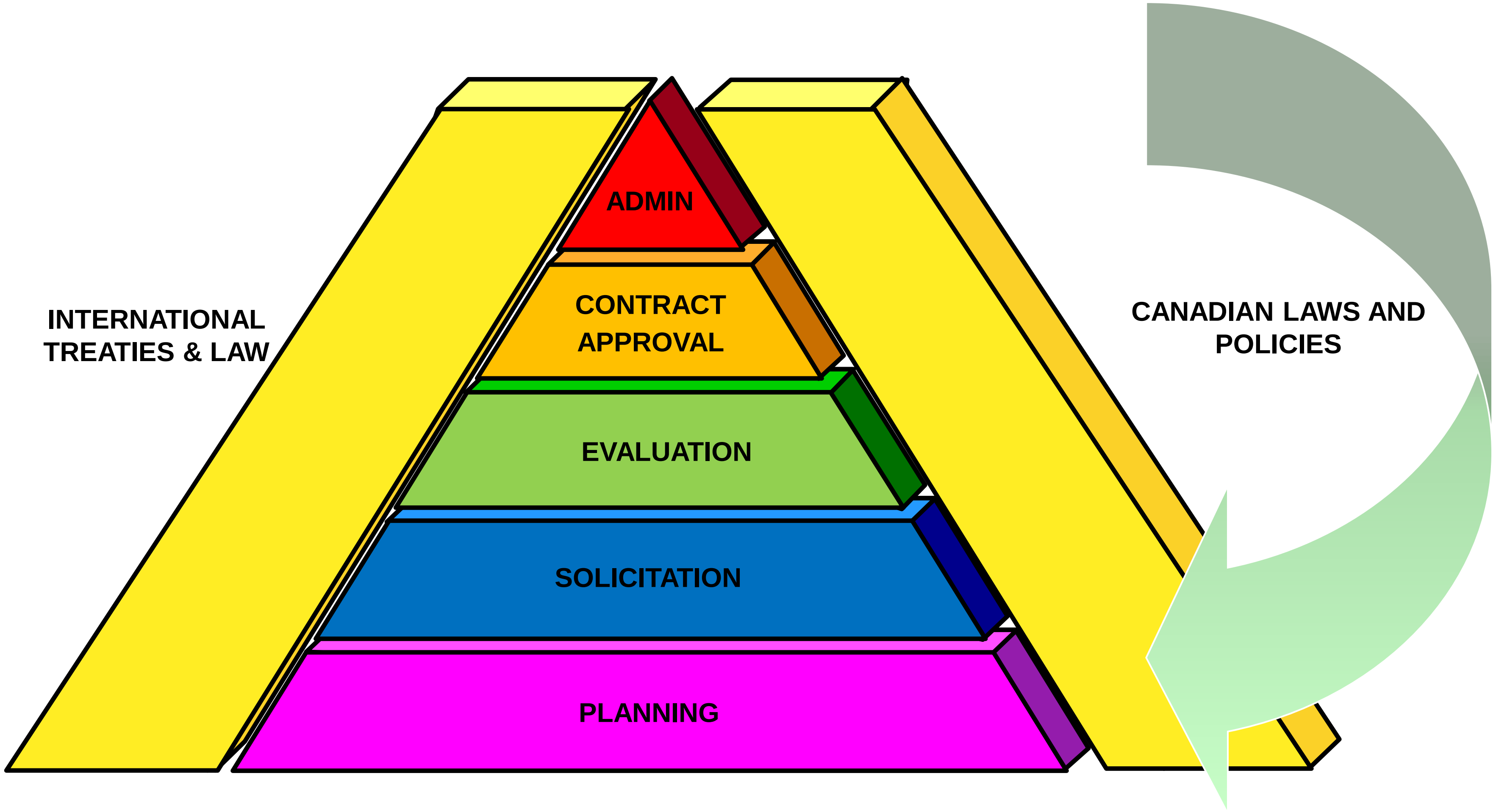
By a show of hands:

- How many of you have been involved in the contracting for professional services?
- How many of you felt the process took too long or too much effort on your part?
- Remember some of your experiences for the Q & A at the end.

Objectives:

- Carolyn to provide you with some practical tips to improve the efficiency and effectiveness of your procurement activities and
- Craig to show you how to apply lean principles to your procurement process via a case study.

Procurement Process



Who Does What to Whom?

- Who's on first?
- Depends on what phase you are going through in the procurement process as to who has primary control.
- Process works better when you understand your part in the process, work together with Procurement as much as you can and anticipate the information and decisions that will be required to proceed to the next phase of the process.
- In most cases you will start and end the overall process.

Planning Phase

Project / Technical Authority	Contracting Officer
• Define requirement (SOW). • Develop Evaluation Criteria. • Price the requirement and obtain Pre-approvals. • Complete sole source documents, SRCL and internal request forms. • Work with Contracting Officer to finalize documents. • Translate Technical Documentation.	• Review/ comment on documents. • Identify procurement schedule. • Apply Commodity Rules and Trade Agreements. • Set Method of Supply and Solicitation. • Prepare RFP document. • Work with Client to finalize documents. • Translate RFP.

Common problems with SOWs

- No sense of order in which the work needs to occur.
- Includes non-quantifiable or non-binding words.
- Lists or describes things more than once and with slight variations in the language.
- Deliverables are identified but not related to any tasks.
- Inconsistencies on whether something is required.
- No consideration is given to what “good’ work will look like and how the Project/Technical Authority will know.
- Missing contract administration/ logistics information.
- Project/ Technical Authority used the Supplier’s proposal to write the SOW.
- Bilingual resources or translated documents assumed but not clarified.

Tips for preparing the SOW

- Do not copy and paste from last time you did a SOW.
- Combine all of the Tasks, Deliverables and Timelines into single Table.
- Include assumptions to provide context.
- Provide more “sizing” information.
- Identify change management processes into SOW.
- Define/ Spell out all acronyms.
- Include measures of how you will determine if the work is acceptable.
- Adjust the timelines for reviewing the deliverables to your reality.
- Provide templates for Final Reports etc. and relevant background as appendices.
- Required level of detail depends on the complexity and practice but in a sole source situation the SOW may serve as an important tool in resolving conflicts and may require more detail than in a competitive requirement.
- Keep in mind that a SOW helps a Bidder to determine Who to bid; What methodology to bid; How much to bid; How they will be measured during the life of the Contract; What is in scope and what is not; and if they should even bid.

Relationship between SOW and Criteria

- The SOW defines the work that the Client wants.
- All Criteria are really a “proxies” that make us believe that the Bidder will be able to fulfill the requirements of the Contract.
- Each of the Criteria need to be able to cross reference back to the tasks, activities, environments etc. identified in the SOW.
- The critical tasks in the SOW may be the best source for selecting the Criteria, in particular the Mandatory Criteria.
- Criteria should focus on determining that the Contractor has the necessary skills and experience in terms of what is **most important**, **unique**, and **critical** to completing the work.
- Criteria are not used to measure subjective aspects of work outside the control of the Contractor. E.g. Completing work on time.

What is the Difference between Mandatory and Rated Criteria

- Very little!!!! All Criteria must be objective, clear, reasonable & measurable.
- The Bidder must meet all of the Mandatory Criteria but only score the identified minimum # of Rated to be compliant.
- Relationship of the Mandatory to the Rated:
  - Mandatory sets the base amount of experience and Rated recognizes the benefit of more of the same experience.
  - Mandatory sets the overall experience with similar requirements and Rated measures unique aspects of the requirement.
  - Mandatory focuses on Corporate experience and Rated focuses on Resource experience?
  - Or some combination of all of the above.

Tips for writing Evaluation Criteria

- Good criteria is **measurable; objective; reasonable; specific to the Tasks**; specific to the resource category; easy to clearly demonstrate if the Bidder met it; fair and does not favour one Bidder, in particular the incumbent; not too complicated; and timely.
- Avoid:
  - Having too many = less bids; more time to evaluate; and ultimately slows Contract award! **(1 hour per criteria per bid**).
  - Not clear how the Criteria will be measured.
  - Not specific to the actual work required in the SOW.
  - Uses adjectives and loose language.
  - Includes Public Sector measures e.g. language ability.
  - Requires the application of a judgement on the “quality” of prior experience.
  - Not clear if it applies to the Bidder as a corporate entity or the proposed resource.

How to determine the Cost of the Requirement

- Break work into chewable chunks and take level of effort and price it.
- Review previous Contract for same or similar services from same or equivalent supplier.
- Review Standing Offers for comparable items and prices.
- Review past invoices.
- Look at Catalogue or published price lists.
- CPSS Database – published median rates across # of resource categories and different regions.
- Internet searches.
- PSPC Cost and Price Analysis Services – required for TBS submissions.

Solicitation Phase

Contracting Officer	Project/ Technical Authority
• Seeks approvals to post. • Issue RFP and any additional electronic notices e.g. ACAN. • Point of contact for Bidder Questions/ Clarifications. • Issues any changes to RFP. • Prepares Client for Technical Evaluation.	• Responds to Bidder's Technical questions. • Translates questions & answers. • Sends answers to Contracting Officer. • Prepares documents and Team for Technical Evaluation.

Answering Bidder Questions

- Answering questions provide important clarifications to Bidders to help them understand the requirement and prepare their bid.
- Responses need to be carefully thought out.
- Responses form part of the tender, can be used during Contract Administration to clarify intent (or against you in the case of dispute).
- The question and the answer must be provided to all potential Bidders.
- Be precise and clear. Try to avoid the request for one more extension.
- Do not add unnecessary information.
- Can often lead to more questions.

Tips for making the Solicitation Phase more Efficient

Before the closing date:

- Schedule the time period for the Technical Evaluation - Know when the bids will come in and allow for a one week extension.
- Select 3 members for the Technical Evaluation Team before the Solicitation Phase and include them in answering Bidder Q & A’s.
- Consider having a “Spare” in case one of the Team cannot do it.
- Ask Procurement to train the Team on conducting the Technical Evaluation.
- Pre-establish times for consensus meeting for the Mandatory Criteria review and then second consensus meeting once all done.
- Set up a process with Contracting Officer in case of issues/ problems.

Evaluation Phase

Contracting Officer	Project / Technical Authority
• Reviews bids & sends bids to Client. • Work with Evaluation Committee to ensure fairness, transparency and compliance with RFP. • Seeks clarifications from Bidders. • Reviews results. • Applies Financial Evaluation and Selection Method. • If required, negotiate with the Supplier.	• Conducts Technical Evaluation. • Identifies to Contracting Officer if any clarifications or issues arise. • Establishes a consensus, documents Technical Evaluation results & sends results to Contracting Officer. • Based on Contractor selection, adjust financial commitment if required.

Tips for completing the Technical Evaluation

- Have the full Team go through all of the Criteria & the Q &A’s from the Solicitation before they start.
- They need to be aware of all of the “aspects” of the Criteria.
- Suggest each start with a different bid for consistency in marking.
- Make sure they understand how to measure overlapping experience.
- Remind them to **only** consider the information presented in the Bid. Look first where the Bidder said to look and then elsewhere.
- Complete the review of all Mandatories before they do the Rated.
- Must be consistent and not provide a judgement!
- Document, document, document.

Contract Approval Phase

Contracting Officer	Project/ Technical Authority
• Validate security levels. • Seek Contract Approval and Sign-off. • Prepare and release Notice of Award and Regret Letters. • Up date requirement files. • Lead the Debriefings if any.	• Prepare the organization for any documentation, access, equipment for Contractor. • Confirm Project/ Technical Managers. • Up date schedule for work. • **Participate in debriefings with Contracting Officer if required.**

Contract Administration Phase

Project/ Technical Authority	Contracting Officer
• Confirm any Transition requirements. • Define TA's if applicable. • Review Contractor's progress and track costs, quality and time. • Oversee maintenance/ warranty. • Raise any issues/ changes to Contracting. • Prepare for the end of Contract.	• Establish TA process if applicable. • Oversee any contracting issues re costs, quality and time. • Raise amendments if required. • File close – out. • Disposal/ Surplus.

Do you know your magic numbers?

- Depending upon the value of the requirement and if it is for a good or a service then the length of time to solicit bids, the method of soliciting bids, the # of Bidders who need to be solicited, rationale for sole sourcing etc. may change.
- Key numbers to remember:
  - Current TBS sole source limits: $25k for Goods, $40k for Services.
  - Complete TBS 7 questions to justify which of the 4 reasons for sole source.
  - Trade Agreements also provide other rationale for sole sourcing.
  - ProServices/ SELECT Supply Arrangements limit up to $100K.
  - TSPS/ TBIPS Supply Arrangements Tier 1 - $3.75M for Departments on their own.
  - $30M per Contract need TBS pre and contract approval.
  - Departmental delegations to increase, in particular for goods.

Lean Procurement Case Study

70% faster with no heroics

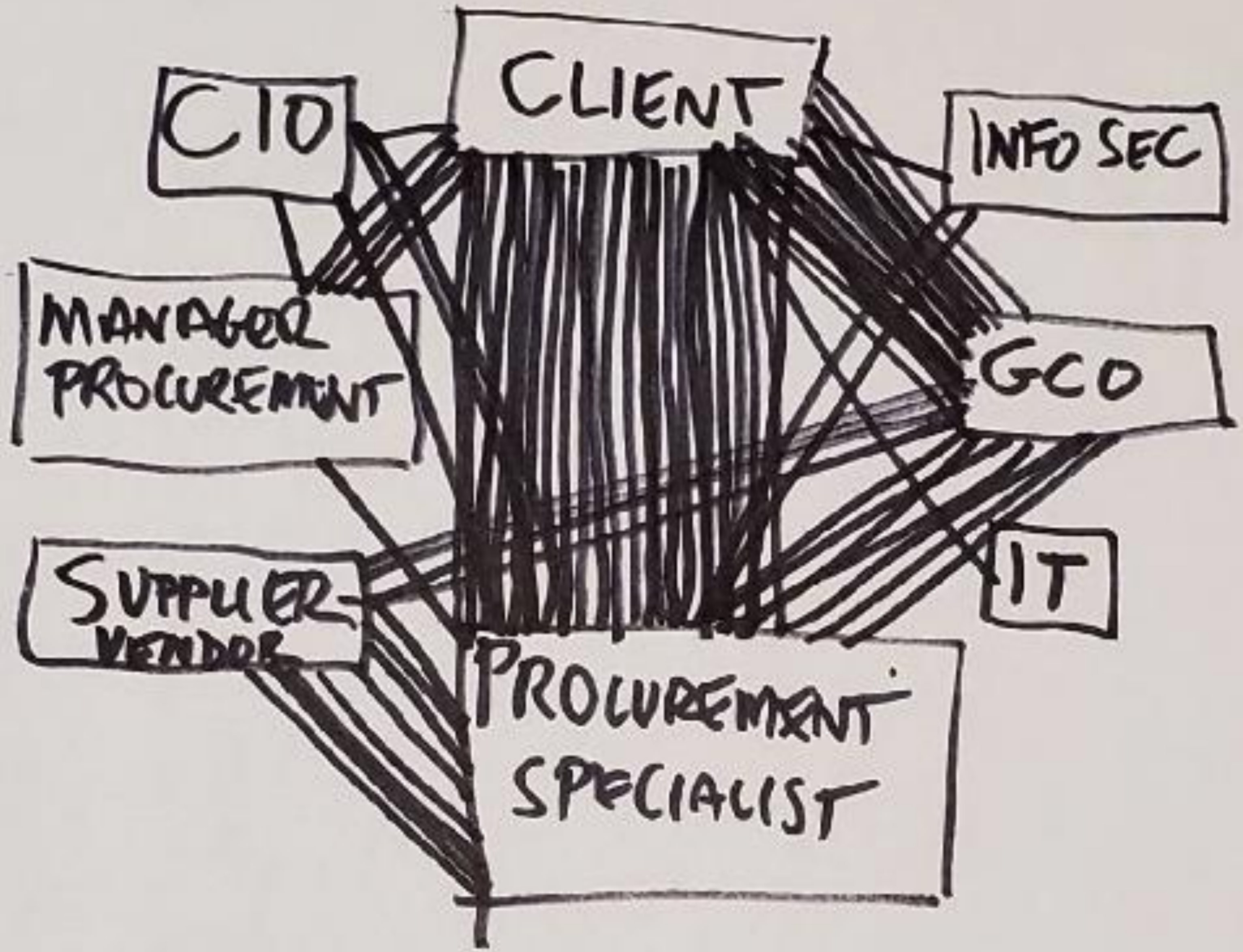
The Problem

Procuring Cloud Software > $ 100k value

- Approximately 100 steps/handoffs
- 3-5 months of elapsed time
- Unhappy clients, procurement staff
- Procurement staff overloaded
- Slow process affecting delivery of core business

NOW:

- **3 weeks elapsed time from start to finish, by default.**
- **No heroics.**
- **Procurement staff happier, less-stressed.**
- **Clients delighted.**



- **Clients often do not know how to express their business requirements and scope, poorly-defined, many back and forths internally**
- No intuitive, at-a-glance, intake form to guide client to do this phase, or other early work, correctly

- **RFP can be drafted with unclear inputs, causing later failure demand**

S
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Prepare for Procurement (Client)

Initial Discussion

Draft RFP

x

x

- **Scope provided by client insufficient to proceed**
- **Lack of clarity on part of all parties, on who will do what, when – no project plan**

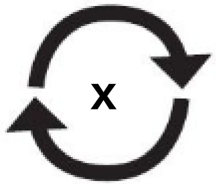
- **Many back and forth between stakeholders, providing input by email – can take 1-2 months**
- **Unclear risk threshold**

- 2-4 weeks elapsed time
- **Evaluators struggle to find the time to evaluate, scheduling challenges**

Review & Finalize RFP

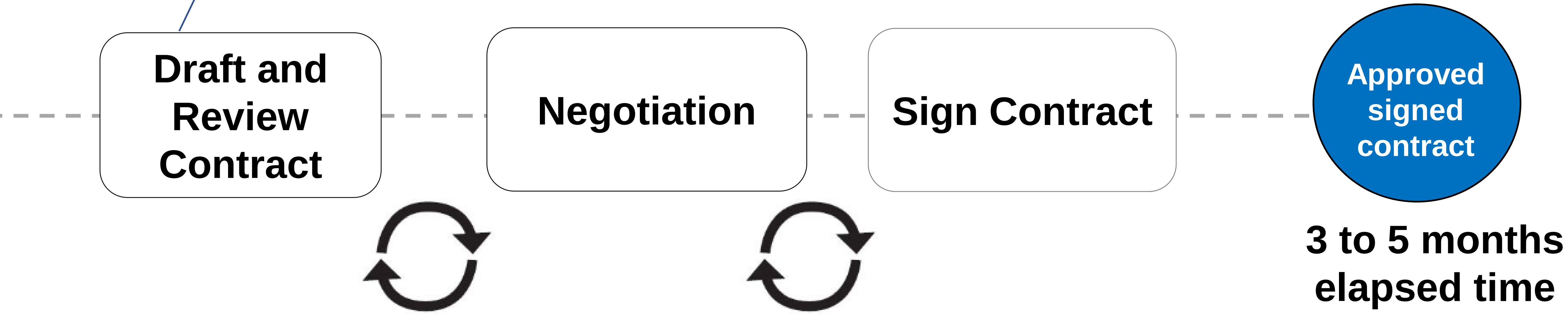
Posting Period (25+ days)

Evaluate Bids



- Longer than necessary
- **Q&A because unclear documents**

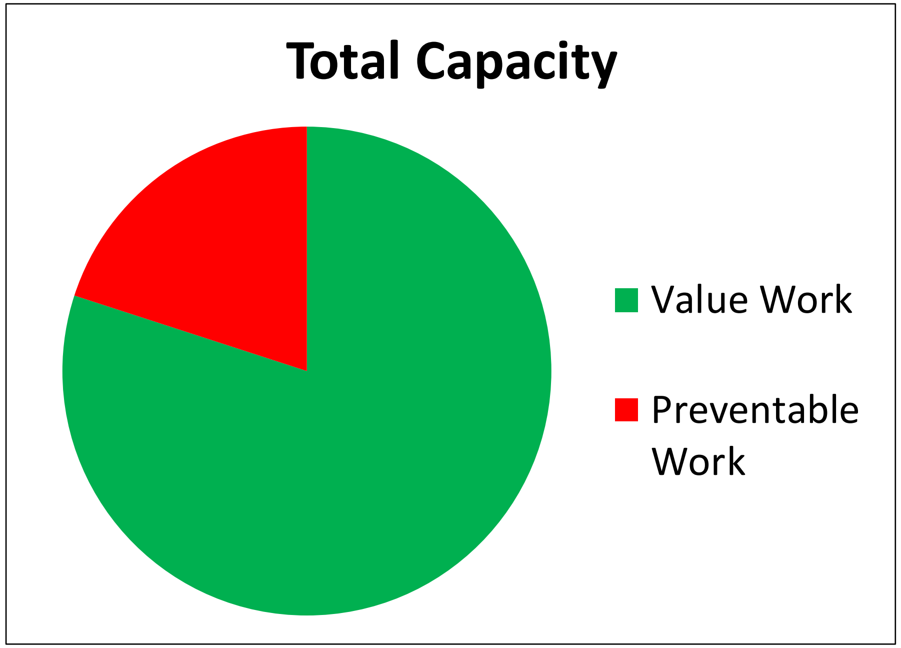
- 3-8 loops back and forth between Legal and Client



Eliminate **Failure Demand**

Work that is required because something failed the first time.

20-50% of our workload is fixing these problems.

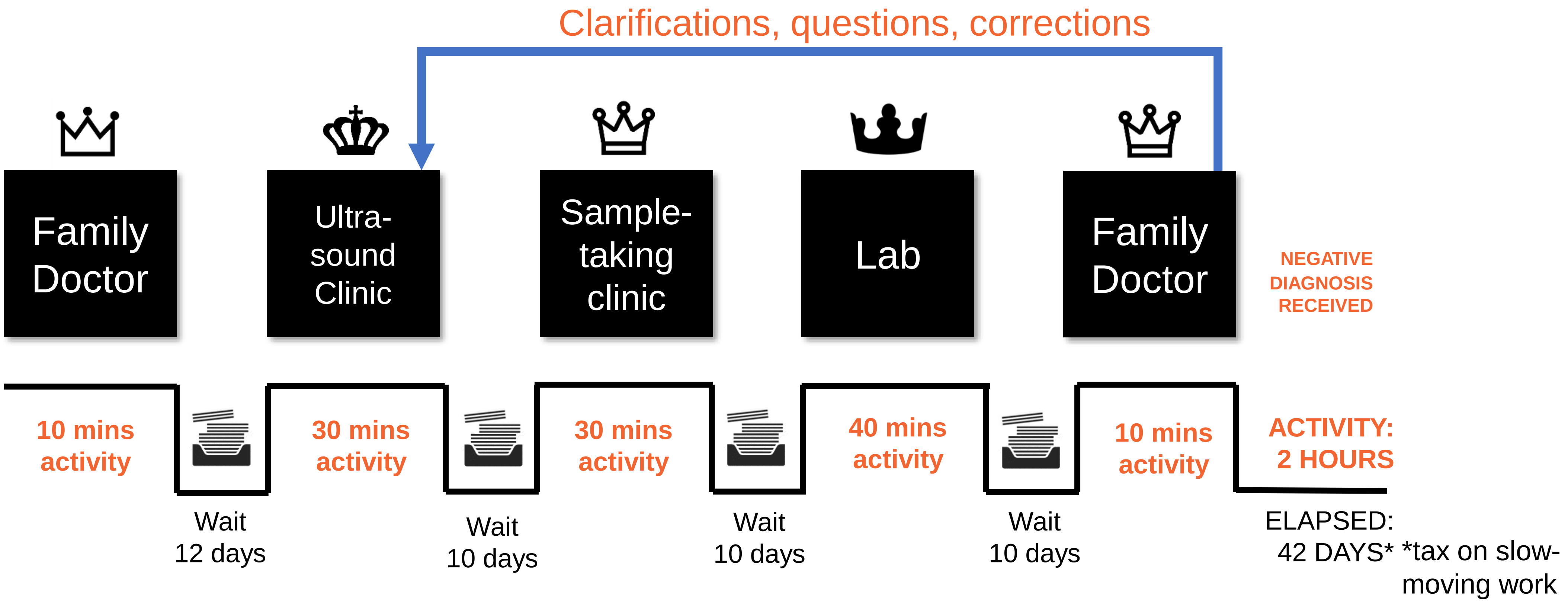


Failure Demand: drains capacity and consumes time but does not add value

Type	Example
1. Something not done	Document, information missing – go find it
2. Something is incorrect	Wrong information, misplaced info – redo it
3. Something is not clear	Unclear instructions, requirements – go get clarification
4. Something takes too long	Chasing progress, answering

A patient observes a lump.

“Resource” Efficiency

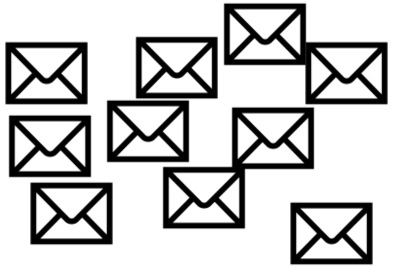


“Flow” Efficiency

The "One and Done" Huddle

Flow Efficiency in Action

Work with client via email



- Effort: 7 hours
- Elapsed Time: 20-40 days

Work with Procurement face-to-face "live"

- Effort: 3 hours
- Elapsed time: 1 day

"One and Done" Huddles

- Kickoff with all stakeholders; create simple project plan with dates in calendar
- Developing/Refining RFS documents
- Bid Evaluation
- Review draft contract

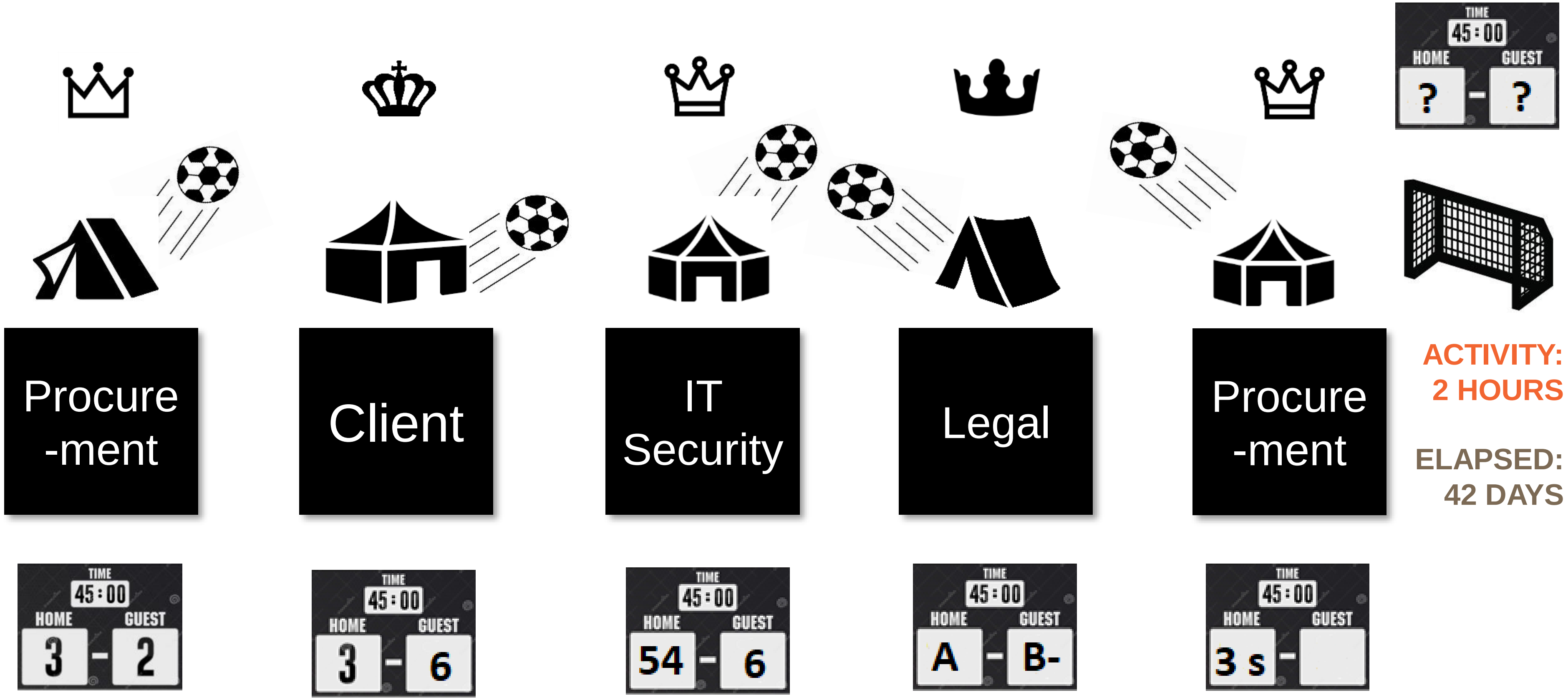
Sustaining and continuing to improve

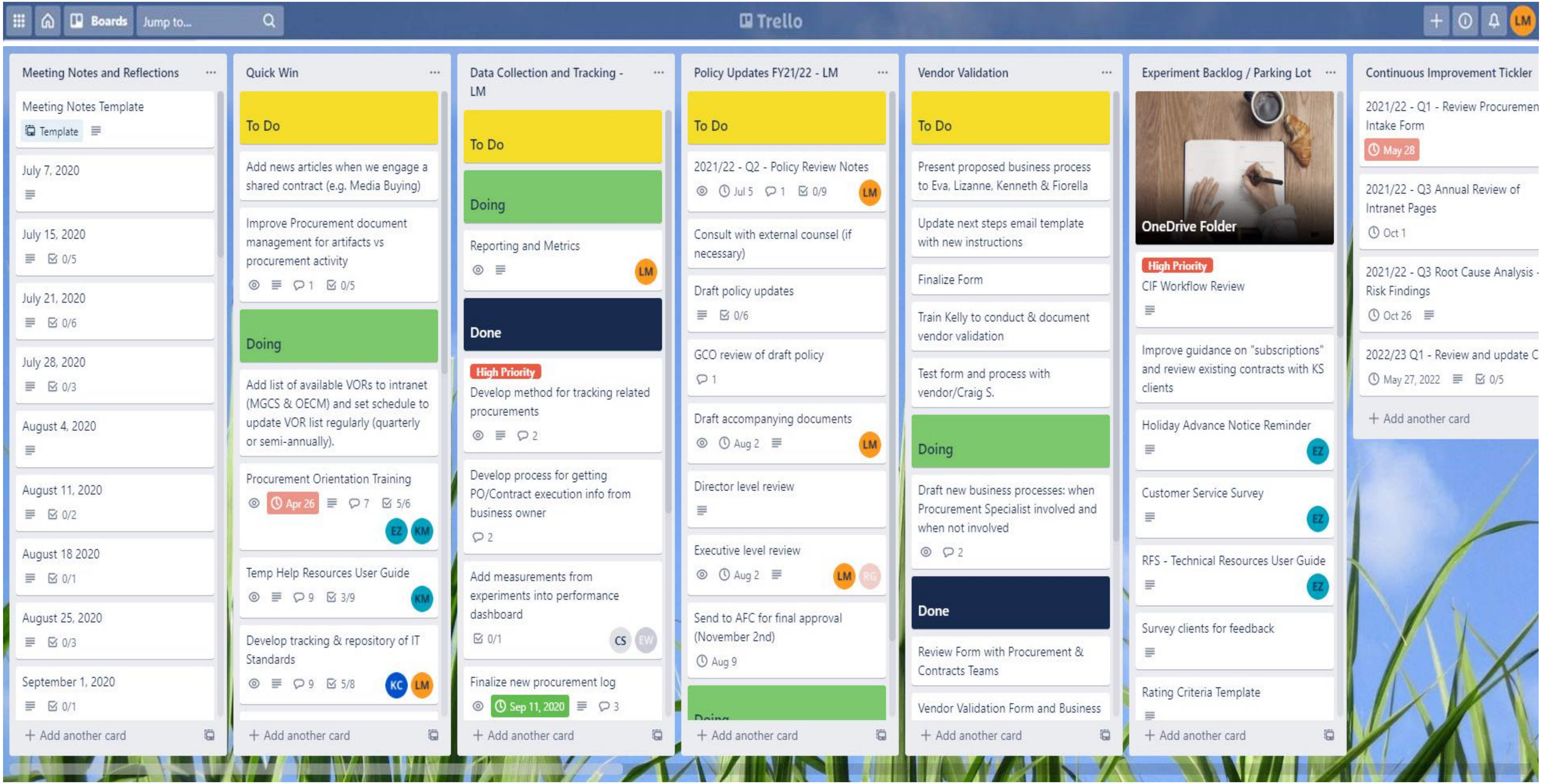
Lean Decision 2

Flow Efficiency > Resource Efficiency	+	Visible Process Perform-ance	+	Proactive Learning / Problem-Solving Routines	=	LEAN
Processes that flow across functional "islands" **vs** making each "island" efficient, but not making the end-to-end process flow		Everyone knows the score – at a glance **vs** working in the dark, unable to see end-to-end process performance across the islands		Routines built into the work to solve problems and experiment proactively **vs** Firefighting only, "all-in" bets, little learning of what works, repeating old mistakes		Faster, better, more capacity, with inspired people who continue to improve as part of the work

From: This is Lean: Modig & Ahlstrom

Invisible end-to-end process performance




Boards
Jump to...
Trello
LM
Meeting Notes and Reflections
Meeting Notes Template
Template
July 7, 2020
July 15, 2020
0/5
July 21, 2020
0/6
July 28, 2020
0/3
August 4, 2020
August 11, 2020
0/2
August 18 2020
0/1
August 25, 2020
0/3
September 1, 2020
0/1
Add another card
Quick Win
To Do
Add news articles when we engage a shared contract (e.g. Media Buying)
Improve Procurement document management for artifacts vs procurement activity
1
0/5
Doing
Add list of available VORs to intranet (MGCS & OECM) and set schedule to update VOR list regularly (quarterly or semi-annually).
Procurement Orientation Training
Apr 26
7
5/6
EZ
KM
Temp Help Resources User Guide
9
3/9
KM
Develop tracking & repository of IT Standards
9
5/8
KC
LM
Add another card
Data Collection and Tracking - LM
To Do
Doing
Reporting and Metrics
LM
Done
High Priority
Develop method for tracking related procurements
2
Develop process for getting PO/Contract execution info from business owner
2
Add measurements from experiments into performance dashboard
0/1
CS
EW
Finalize new procurement log
Sep 11, 2020
3
Add another card
Policy Updates FY21/22 - LM
To Do
2021/22 - Q2 - Policy Review Notes
Jul 5
1
0/9
LM
Consult with external counsel (if necessary)
Draft policy updates
0/6
GCO review of draft policy
1
Draft accompanying documents
Aug 2
LM
Director level review
Executive level review
Aug 2
LM
RG
Send to AFC for final approval (November 2nd)
Aug 9
Doing
Add another card
Vendor Validation
To Do
Present proposed business process to Eva, Lizanne, Kenneth & Fiorella
Update next steps email template with new instructions
Finalize Form
Train Kelly to conduct & document vendor validation
Test form and process with vendor/Craig S.
Doing
Draft new business processes: when Procurement Specialist involved and when not involved
2
Done
Review Form with Procurement & Contracts Teams
Vendor Validation Form and Business
Add another card
Experiment Backlog / Parking Lot
OneDrive Folder
High Priority
CIF Workflow Review
Improve guidance on "subscriptions" and review existing contracts with KS clients
Holiday Advance Notice Reminder
EZ
Customer Service Survey
EZ
RFS - Technical Resources User Guide
EZ
Survey clients for feedback
Rating Criteria Template
Add another card
Continuous Improvement Tickler
2021/22 - Q1 - Review Procuremen
Intake Form
May 28
2021/22 - Q3 Annual Review of Intranet Pages
Oct 1
2021/22 - Q3 Root Cause Analysis - Risk Findings
Oct 26
2022/23 Q1 - Review and update C
May 27, 2022
0/5
Add another card

Lean Decision 3

Flow Efficiency > Resource Efficiency + **Visible Process Perform-ance** + **Proactive Learning / Problem-Solving Routines** = **LEAN**

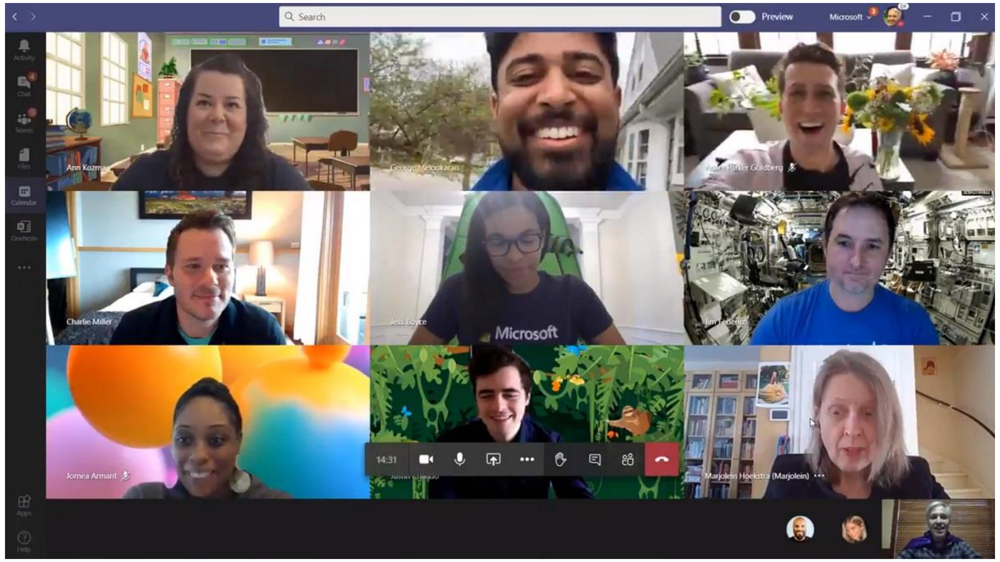
Flow Efficiency > Resource Efficiency	Visible Process Perform-ance	Proactive Learning / Problem-Solving Routines	LEAN
Processes that flow across functional “islands” **vs** making each “island” efficient, but not making the end-to-end process flow	Everyone knows the score – at a glance **vs** working in the dark, unable to see end-to-end process performance across the islands	Routines built into the work to solve problems and experiment proactively **vs** Firefighting only, “all-in” bets, little learning of what works, repeating old mistakes	Faster, better, more capacity, with inspired people who continue to improve as part of the work

From: This is Lean: Modig & Ahlstrom

Huddle Meetings

10 minutes daily/regular tempo – stop the work and address:

- Since our last huddle:
  - What went well?
  - What didn't go well?
  - What should we do differently? Experiments to try.
- Follow up on action items
- Get everyone aligned on same page
- Deal with top topics:
  - Wellness
  - Today's priorities
  - Balance workload
  - Interruptions



Performance Measure:
The 10 minutes spent in the huddle adds more value to each participant than what they would have otherwise been doing with that same time.

April 26, 2021

in list Meeting Notes and Reflections

LABELS

Meeting Notes +

Description Edit

What Worked Well

- UPS RFQ meeting went well - all stakeholder present - quickly identified outstanding issue and decided on course to resolve it and ended meeting early!
- Working meetings going really well, e.g. developing presentation
- Online Polling RFP - hitting the timeline spot on
- ERP for DSB - walked through RFS together, team working on, RFS for consultant to help develop scope for RFP in GCO review now. Meetings going faster now with Team.
- GSAM web development RFP upcoming

What Didn't Work Well

- Case Manager resource for [redacted] lots of delay in evaluating - selected candidate declined, next highest dropped also, then 1st candidate wanted back in. Working with vendor to ensure resource committed.
- [redacted] not responding on RFP for MS Prof Services. Sent to evaluators and [redacted] requested evaluation kick-off meeting but not responding. Send an invite out and ask for other date if not convenient.

What Should We Do Differently?

- Run the whole presentation before debriefing
- If not getting response from client ([redacted]), send invite with friendly note and get item on their calendar, they can propose other time if needed.

Action Items Delete

0%

Add an item

SUGGESTED

Join

ADD TO CARD

Members

Labels

Checklist

Dates

Attachment

Cover

POWER-UPS

+ Add Power-Ups

BUTLER

+ Add button

ACTIONS

Move

Copy

Make template

Watch

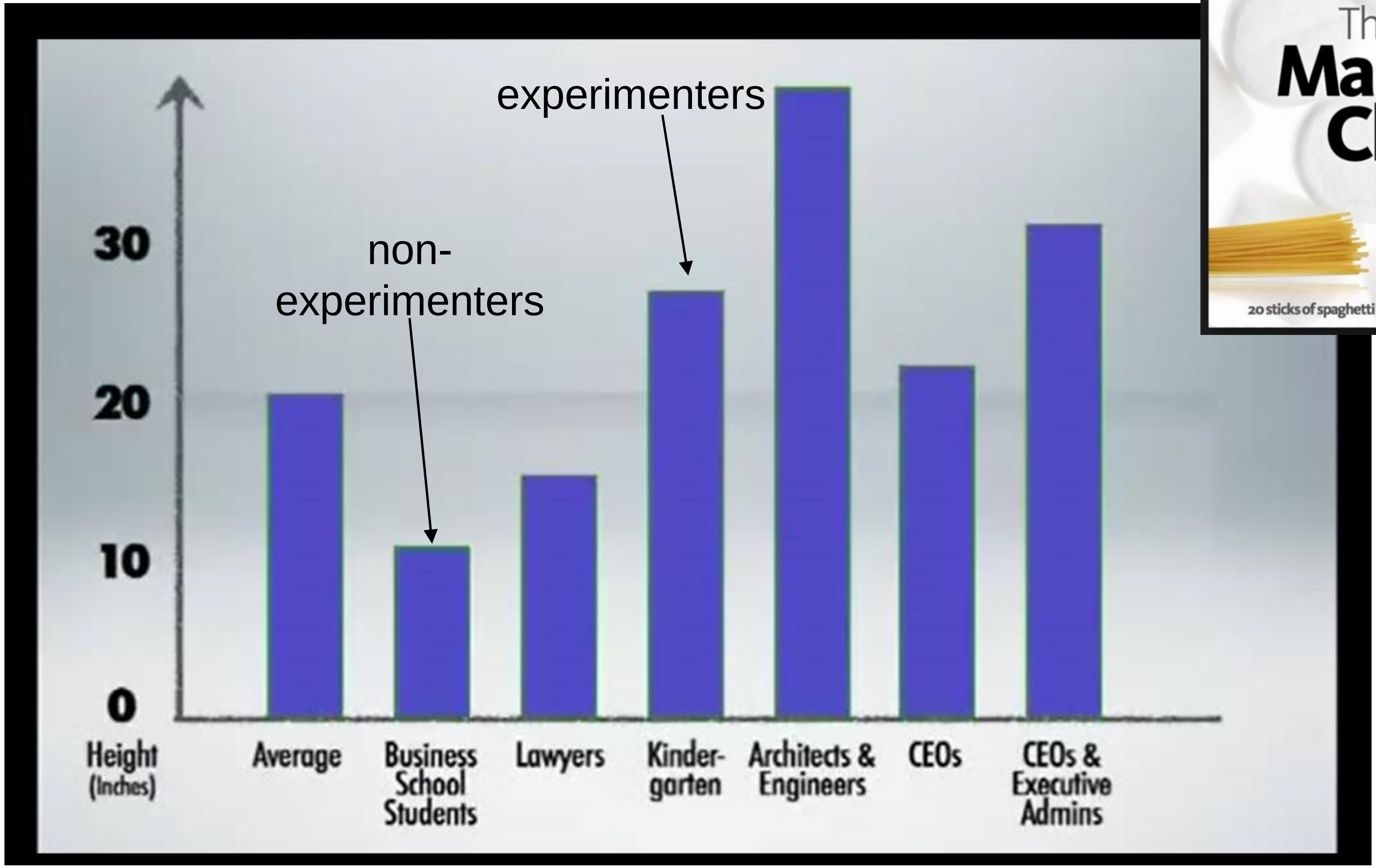
Archive

Share

In the history of the world, nobody has ever washed a rented car.

- Larry Summers

Improvement Approach: Experiments. Why?



Three Lean things you can do next as a Procurement client

1. **Meet with your Procurement Specialist** to clarify what is needed and when
2. **Experiment with a "project management" orientation** to get into calendars early, make roles and responsibilities clear, and progress visible
3. **Experiment with structured "One and Done" huddles** to create flow efficiency – faster, with less effort.

Questions?

Carolyn Montague

Partner, Performance Management Network Inc.

carolyn.montague@sympatico.ca

613-863-9074

Craig Szelestowski

leanagility.com

craig@leanagility.com

https://www.linkedin.com/in/craigszelestowski/

613- 266-4653