

Commonwealth of Virginia Card Summit

From Concept to Contract:

A Project Management Approach to Procurement

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Purpose

Communicate proven approaches to support the delivery of successful outcomes for your complex procurements by focusing on the following themes:

- **Approach the Procurement as a Project**
- **Learning to Speak the Right Language(s)**
- **Foundational Takeaways for your Procurements**
 - Providing consultative advice to business
 - Leveraging P-Card spend

Project Management Primer

Systematically build solutions

Guide your stakeholders to success by using the following principles:

- ▶ Understand the business **Vision** for the project and procurement
- ▶ Ensure concrete **Goals** are in place that define implementation of the vision
- ▶ Assign **Objectives** to individual team members to achieve the project's goals
 - Be **SMART**: Specific, Measureable, Attainable, Relevant, Time-bound
- ▶ Measure **Outcomes** for each objective to ensure successful achievement

Phase One – Setting the Stage

Consider your procurement as...



...directing a play where you harmonize the actors, script, stage



...a long conversation where you find common ground



...pyramid building where you set a solid foundation to reach the apex

Phase One – Setting the Stage

Identify Stakeholders

Before you can begin the conversation identify your key stakeholders, who represents them, and if/how to engage them:

- ▶ Easily identifiable stakeholders include:
 - Business Owner, Vendors, Legal and Risk Management
- ▶ Also Consider:
 - Business Partners of Vendors
 - End Users
 - Cross-functional business units such as IT
 - Citizens
- ▶ Furthermore, engage business process owners such as Finance
 - For example, will project create additional workload for Accounts Payables. If so, engage the Finance team.

Phase One – Setting the Stage

Learn the Language

Conduct research to learn the language of the stakeholders you will be engaging.

- Where to search depends on the stakeholder:
 - Procurement  Previous solicitation for similar needs
 - Business Owners  Published policy and procedures
 - Vendors  Proposals, Contracts, Sales Literature
- A basic grasp and use of the right language will build rapport and buy good will.
- Begin grouping stakeholders by shared language.

Phase One – Setting the Stage

Shared language for P-Card Usage

For example, terms and conditions for payment methods may bridge multiple stakeholder groups:

MANDATORY ACCEPTANCE OF SMALL PURCHASE CHARGE CARD (SPCC): Purchasing charge cards offer Commonwealth of Virginia agencies and public entities the opportunity to streamline their procedures for procuring and paying for **small dollar goods and/or services**. Offerors responding to this solicitation should note that **acceptance of payment by purchase card is mandatory for all purchases under \$5,000**.

Charge Card Levels: The amount of data passed for each charge card payment depends on the level at which the charge card is established. Payment for orders issued against the contract(s) resulting from this solicitation **must allow for the Purchase Order Number to be passed at the time of charge** so that the Purchase Order Number is received by the card platform and passed to the Card provider. The levels are delineated below and vendors must establish their card account at **Level 2, which is mandatory, or Level 3, which is optional**. Information on the various levels for the Visa Purchase Card is indicated below.

Phase One – Setting the Stage

Begin the Conversation

Engage key stakeholders, both internal and external, to gather information so that you can:

- ▶ Succinctly summarize in writing the goals for each stakeholder.
 - Create a purpose statement with desired outcomes for each key stakeholder

- ▶ Examples include:
 - Citizens seek demonstrable value
 - IT seeks interoperability and data security
 - Business owners seek expediency and value
 - End users seek access to information, ease of use, training

Phase One – Setting the Stage

Consult with Key Internal Stakeholders

- Provide consultative advice to internal stakeholders based on your research and the needs of other stakeholders.
- If speaking the right language, the upside of building rapport should outweigh the risk of consulting on business processes.



When consulting, bring data to build your case and be sure to validate stakeholders' responses.

Phase One – Setting the Stage

Formalize Timelines and Goals

Document in writing the timeline and goals for the procurement and obtain written agreement from key stakeholders.

- Summarize and share a high level overview of the purpose statements.
- Develop a detailed timeline for the procurement with measurable outcomes
- Assign responsibilities to individuals
- Include a communications plan for regularly reporting progress to executives

Doing so focuses internal stakeholders on project goals and outcomes, which is part of teambuilding.



Phase One – Setting the Stage

For Your Consideration

1. Give your meetings a purpose statement and share it with attendees
2. But learn how to go productively off track.



For example, linger after a meeting. Stakeholders who are busy will leave; others with additional input will stay. Carefully consider value of the input and submit back to needed stakeholders.

Phase Two – Preparing the Solicitation

Control the Request for Proposals Draft:

Use version control and scheduled review periods to keep the procurement on track and reduce stakeholder frustration:

- ▶ Executives/Sponsors should determine “who has the pen.”
 - Best candidate is the person that has developed the individual and summary purpose statements and speaks the language(s)
 - Who has the pen may change during the course of the drafting process. Sponsors should communicate transition
- ▶ The person with the pen should manage objectives and responsibilities of teams providing input on the draft.
 - Teams should include Business, Technical, Procurement, and Legal

Phase Two – Preparing the Solicitation

Drafting the Request for Proposals:

- ▶ Complex procurement needs and wants are:
 1. Developed by the teams
 2. Synthesized by the person with the pen
 3. Submitted to Executive/Sponsors for review, input and final approval

- ▶ Use your purpose statements to:
 1. Stoke conversation, creativity, collaboration between the teams
 2. Validate that the RFP is requiring the vendor to meet the project goals as well as requesting vendors to describe how they will meet the requirements

Phase Two – Preparing the Solicitation

Drafting the Request for Proposals (cont.):

Remember that the Request for Proposals document is part of the longer conversation.

- ▶ Ask open ended questions, expect detailed responses
 - Allows for innovation, increased profitability for vendors and therefore increased savings for the agency.
- ▶ Include and request measurable outcomes. Examples include:
 - Number and types of training sessions
 - Number of technology application users
 - Service Levels for technology (uptime, deactivations, etc.)
 - Spend data, including average transaction size
 - Breadth of vendors you do business with
 - Aspirational goals for your P-Card Program
 - Payment turn around time for specific payment methods
 - ePayables, Charge Card, Voucher

Phase Three – Going to Market

Publicly Post the Solicitation

Let the document speak externally, keep talking internally.

- ▶ With new voices engaged in the conversation, your project will be best served by retaining control of the flow of information.
 - Designate a Single Point of Contact (SPOC) for external feedback coming into the organization
- ▶ Upon receipt, the SPOC should distribute questions to the teams
 - Keep the sense that the teams are still mulling the objectives to meet the project goals.
 - Consider publishing a schedule for posting responses to questions

Phase Three – Going to Market

Conference with Vendors

Host a pre-proposal conference where the goal is to learn as much as it is to educate.

- ▶ Gauge the interest of the marketplace in your procurement.
 - Vendor questions will tell you if they have confusion or concern.
- ▶ Listen and adapt to feedback that may affect the goals of your project.
 - Consider business processes, procurement ‘requirements,’ getting to signature and other risks
- ▶ You will not have all the answers.
 - Table as needed and issue an addendum.

Important Note: Remember, you are already beginning to form the relationship with your contractor.

Phase Four – Contract Formation

Review the Proposals

A detailed and methodical review of the proposals is the foundational work that ensures successful negotiations.

- ▶ Leverage your stakeholders' goals to ensure a thorough review
 - The review panel and procurement officer should read the entirety of each proposal.
 - Use Subject Matter Experts from IT, Risk, Legal, Finance, Contract Admins and others to focus in on specific sections.
- ▶ Obtain written feedback that references specific page numbers and sections
- ▶ Validate the vendor's claims through demonstrations, references, third party audits or otherwise
- ▶ Consider best value, which is the combination of the solution that best meets the project goals with a competitive price for the goods and services provided.

Phase Four – Contract Formation

Negotiate with Highest Ranked Vendors

Have confidence that achieving the goals in the stakeholder purpose statements will lead to a successful negotiation.

- ▶ Overlay the goals onto the most appropriate sections of the proposal and use specific references to describe the differences
 - Request that the vendor provide a revised solution to meet the project's goals.
- ▶ Review additional services and alternate processes that will add value for either party by either inclusion or deletion
- ▶ Keep all parties on timelines for submitting written responses to the SPOC
 - Negotiation is one of the toughest phases to keep on track
 - Have vendor propose suspense dates for turn around of information.

Phase Four – Contract Formation

Negotiate with Highest Ranked Vendors (cont.)

Demonstrate your innate curiosity by asking more questions than you answer.

- ▶ To work through a negative response to any of your negotiation points, use the power of “Why.”
 - Doing so will enable you to understand the vendor’s perspective and create a solution
- ▶ Negotiations can be a collaborative session.
 - Be comfortable with ‘thinking out loud’ as long as it’s reciprocated.
- ▶ Understand vendors are most likely trained to be problem solvers for their organizations.
 - Solving your problems increases their opportunity for success

Phase Four – Contract Formation

For Your Consideration

1. Tell the vendor one of your goals is for them to make more money...
2. ...and then share the additional revenue with you.



You will empower vendors to propose solutions to make your program more efficient and effective which may result in not only a lower cost for the goods or services, but also greater administrative savings.

Phase Four – Contract Formation

Partnership Building

Require Supplier Relationship Management activities to be performed by both parties during the contract period.

- ▶ Define what success looks like through:
 - Service Level Agreements
 - End User satisfaction surveys
 - Program monitoring related to the goals that support the project vision.
- ▶ Tie metrics to outcomes, both positive and negative.
 - If a goal is to increase P-Card spend, the vendor should report when percentages fall below expected rates.
 - Specific actions are triggered by the reporting
- ▶ Continue the conversation by scheduling formal feedback

Closing – Earning Applause

The day of contract signature has come...

...suddenly all eyes are on you...

...you begin to sweat, what did you forget...

...then...



Closing – Earning Applause

You've earned it through hard work and applying the following principles and information to your procurement:

- ▶ **Approaching the Procurement as a Project**
 - Leveraging stakeholder goals to deliver a successful contract
 - Engaging stakeholders with specific timelines and outcomes to keep the procurement on track
- ▶ **Learning to Speak the Right Language(s)**
 - Understanding that the procurement is like a long conversation
 - Speaking the right language(s) with each stakeholder to earn their trust and good will
- ▶ **Takeaways for your Procurement**
 - Gaining key takeaways to embed in your procurement project.

Questions?

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