



# Change Management in Action Georgia's Procurement Transformation

Presented by

Brad Douglas  
Commissioner

Georgia Department of Administrative Services

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# The Governor's Commission for a New Georgia was the driving force behind the Procurement Transformation



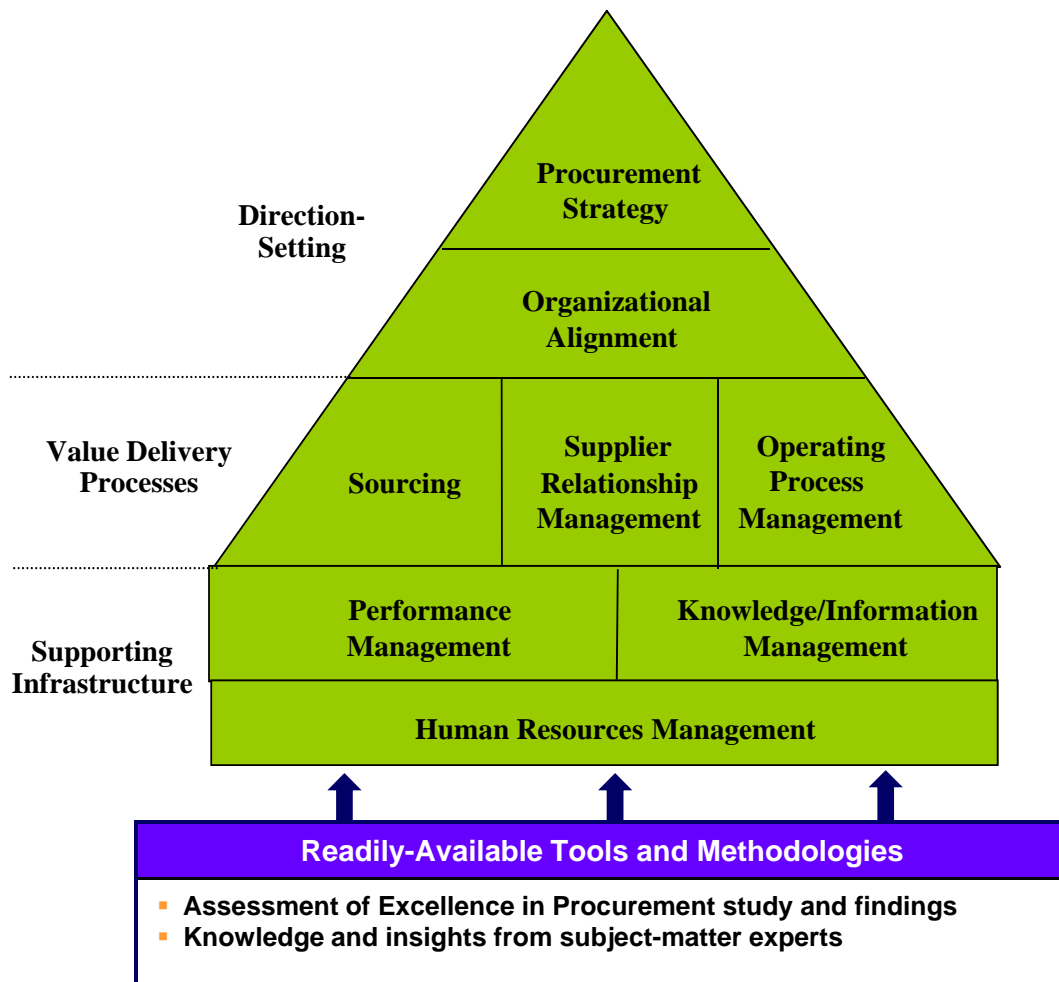
“The primary objective of the Procurement Transformation Initiative is to (1) perform a thorough spend analysis of the State’s purchasing, (2) implement strategic sourcing across the majority of this spend, while (3) simultaneously building the state’s capacity to sustain the benefits of this effort into the future”

- Procurement Transformation Initiative Memo; Tommy Hills, Jim Lientz, Lonice Barrett, November 22, 2005

# The Procurement Transformation Initiative Followed a Comprehensive Approach to Addressing Procurement Improvement



## Procurement Transformation Framework



### Key Issues Considered

#### Direction Setting

##### ▪ **Strategy**

- Is procurement strategy aligned with organizational strategy?
- Does procurement have appropriate internal emphasis?

##### ▪ **Organizational Alignment**

- Is there organization alignment outside of procurement's controls?

#### Value Delivery Processes

##### ▪ **Sourcing**

- Are the appropriate people involved in sourcing?
- Are the proper sourcing process & tools used and deployed?

##### ▪ **Supplier Relationship Management**

- Does a formal supplier evaluation system exist?
- Are supplier relationships proactively or reactively managed?

##### ▪ **Operating Process Management**

- Are day-to-day activities primarily transactional?
- How is compliance managed and enforced?

#### Supporting Infrastructure

##### ▪ **Performance Management**

- Are performance measures linked to strategy?

##### ▪ **Knowledge/Information Management**

- Is data quality and integrity at appropriate levels?
- Does a contract database exist?

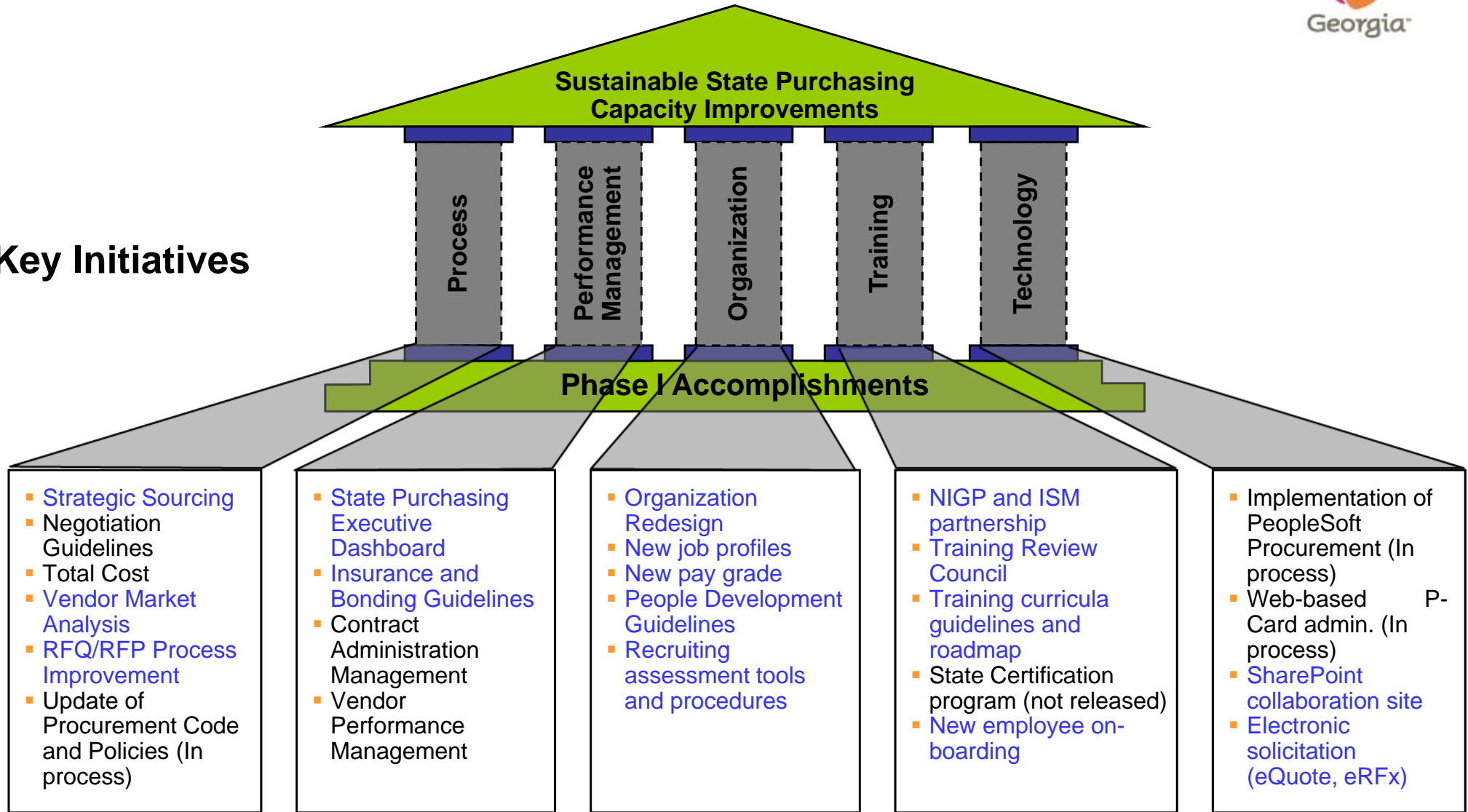
##### ▪ **Human Resource Management**

- Do procurement personnel possess the appropriate skills?
- Is training available to ensure skills are developed?

# What we completed: State Purchasing implemented numerous initiatives based on the Transformation's recommendations



## Key Initiatives



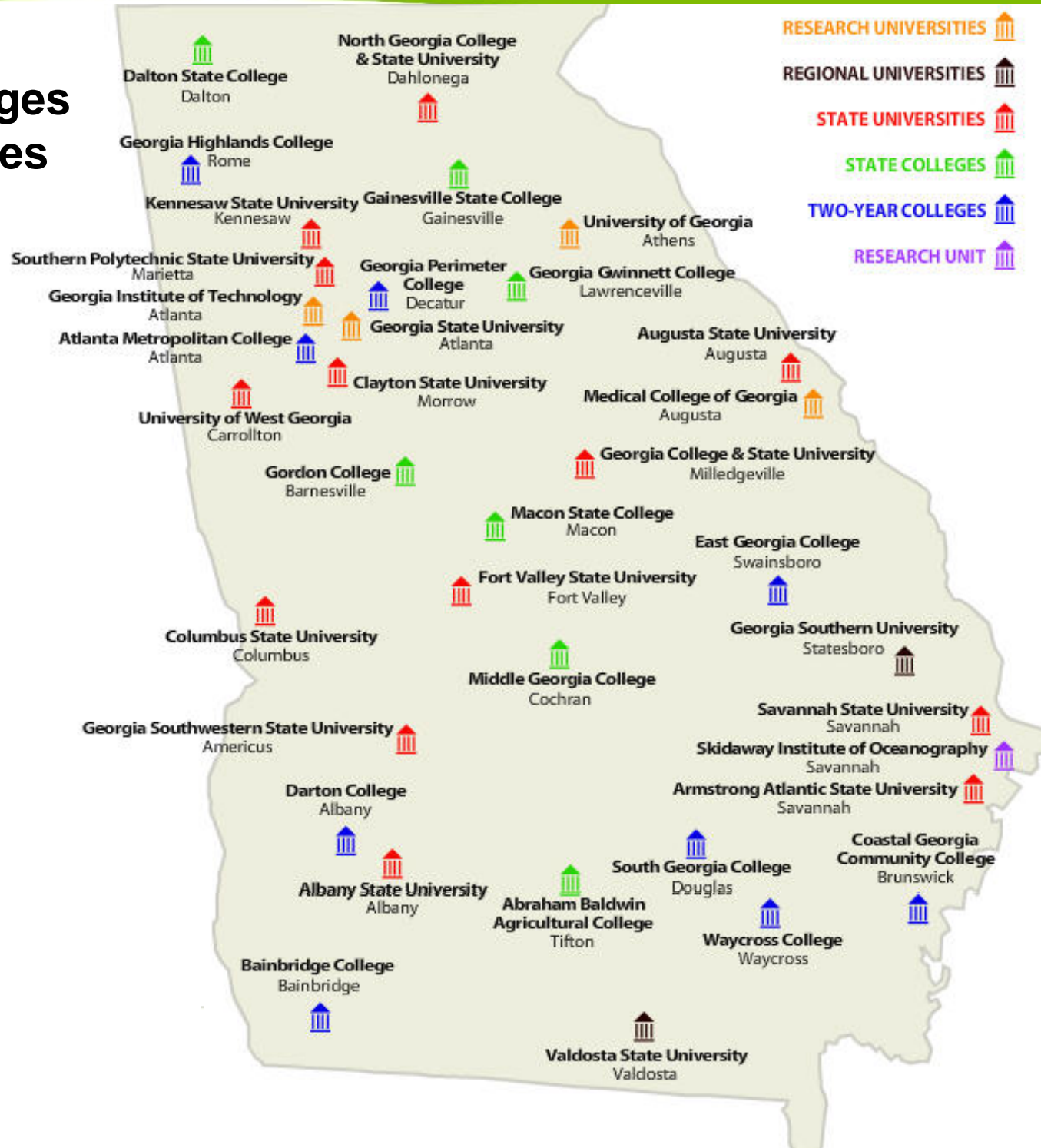
**The team has built the foundation for sustainable improvements**

# An Enterprise-wide Change Management Effort



- **80 state agencies**
- **32 technical colleges**
- **35 state universities**
- **Hundreds of local municipalities located in 159 counties**

# Georgia Colleges and Universities

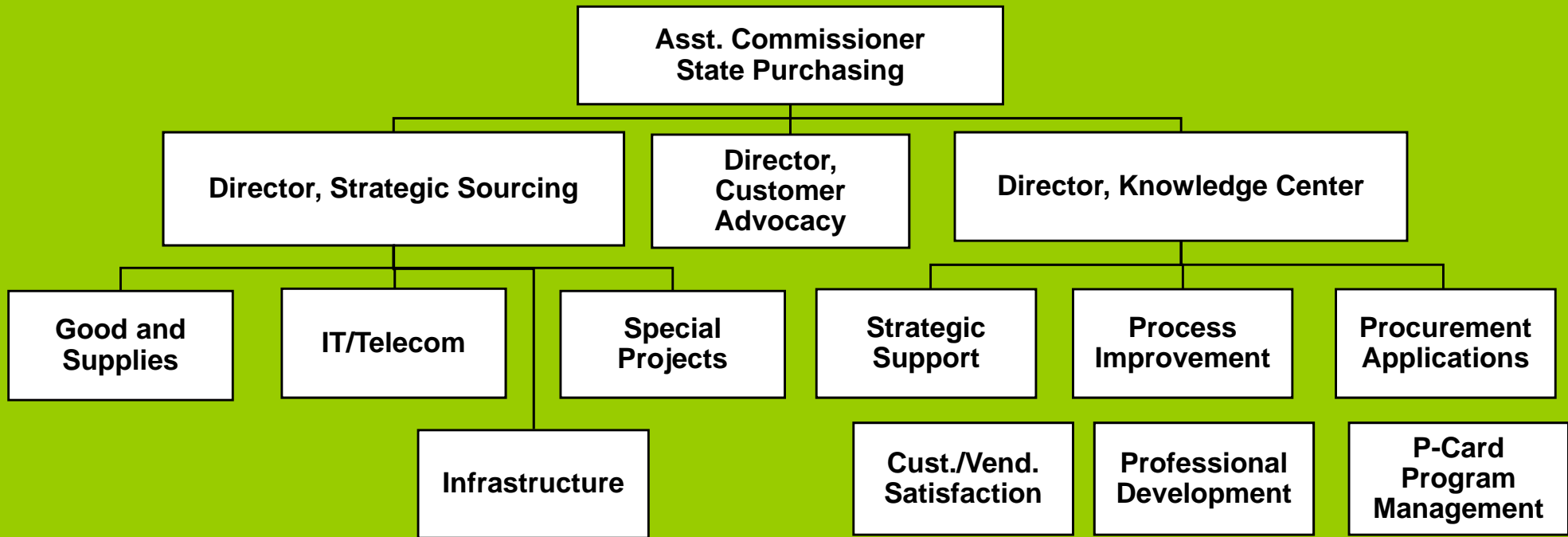


# What was the Order of Change?



- **People**
- **Processes**
- **Technology**
- **Reinforcement of all of the above**

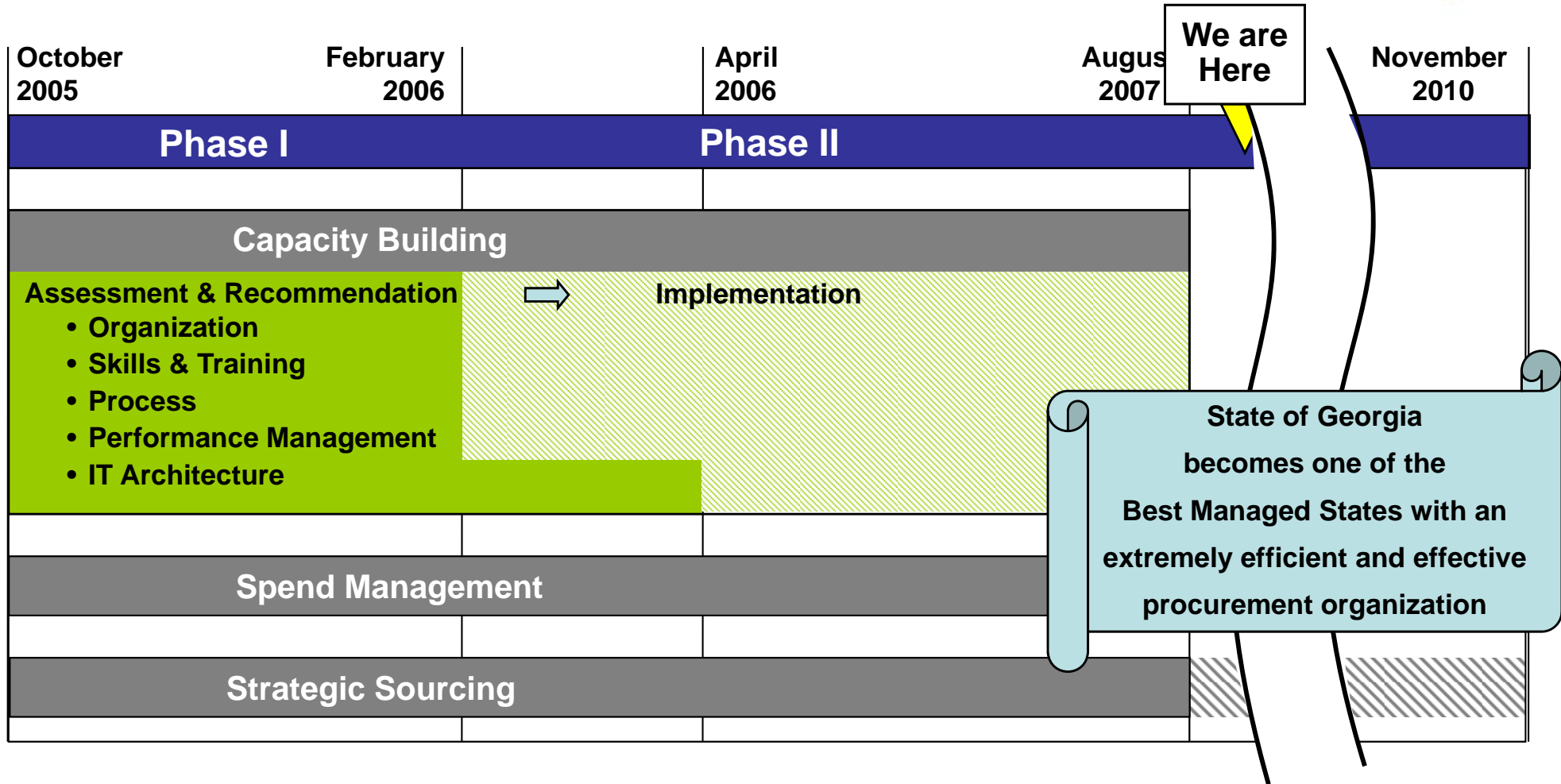
# The State redesigned their purchasing organizational structure to improve service and operational delivery



- Conduct category management, strategic sourcing and supplier development for categories managed by State Purchasing
- Provide guidance to category teams that reside within agencies
- Manage procurement of goods/services that have no established category teams

- Provide support activities to category teams and special projects
- Support procurement applications
- Manage procurement training
- Assist agencies in improving process
- Manage communications to enhance agency/vendor relations

# Procurement Transformation Timeline



## Changes to Policies & Procedures



- **Collaborative effort to streamline workflow**
- **Required re-writing of rules**
- **Required new legislation**
- **Benchmarked world-class processes**
- **Used performance audit results to drive change**
- **Built training program to reinforce the changes**

# Lag and Lead Measures Established



**Lag Measure**

Attain \$135M savings in state spend by  
September 30, 2009

**Lead Measures**

- Increase Total Number of Statewide Contracts by 10% per Year
- Increase Purchasing Card Transaction Volume by 35% (in millions)
- Increase CEU Eligible Certificates Issued to Procurement Staff Statewide to 35 %
- Reduce Cycle Time for Protests (# of days) by 10%
- Reduce Average Cycle Time For RFXs (# of days) by 10%
- Reduce # of Agency Requisitions Managed by SPD by 10%

# Assessing Skills Throughout the State

## Assessment Tool Development: A 4-Step Process...

### Infrastructure Development (Phase I)

Reorganization, Restructure, Position Analysis and Development, Core Competency Definition, Benchmark Definition, Training Needs Assessment

**Design**

**Data  
Collection**

- Assessment Tool Development
- Skills Inventory
- Self Assessment (View of Self)

**Analysis**

- Gap Analysis
- Statistical Analysis

**Implementation**

- Development of Strategies for Performance Development
- Development of Individual Action Planning Customized to Individual Organizational Needs
- Establishing Accountability
- Results = New Beginning

# The Assessment Tool...

**Section A. Position, Name, Agency and Fiscal Year**

<b>Position</b>	<b>Category Manager</b>	<b>FY</b>	<b>2008</b>
<b>Employee Name</b>	<b>Dave White</b>	<b>Agency</b>	<b>DOAS</b>

**Section B. Summary**

Key Skills	Ranking		
	Dave White	Benchmark	Differ.
Strategic Sourcing/Job Specific Skills	2.3	4.0	-1.7
Government Affairs	2.5	3.3	-0.8
Customer Service	2.0	3.3	-1.3
General Professional Skills	3.1	3.5	-0.4
Computer and Technical Skills	3.0	3.5	-0.5

Skill Category	Dave White (Red)	Benchmark (Yellow)
Strategic Sourcing/Job Specific Skills	2.3	4.0
Government Affairs	2.5	3.3
Customer Service	2.0	3.3
General Professional Skills	3.1	3.5
Computer and Technical Skills	3.0	3.5

**Section C. Skills Evaluation**

Category	Skills	Rate	Benchmark	Differ.	
<b>Strategic Sourcing/ Job Specific Skills</b>	General Procurement Skills	1.0	4.0	-3.0	
	RFQs/RFPs	1.0	4.0	-3.0	
	Contract Writing	2.0	4.0	-2.0	
	Contract Administration	2.0	4.0	-2.0	
	Category Knowledge	2.0	4.0	-2.0	
	Spend Analysis	4.0	4.0	0.0	
	P-Card	2.0	4.0	-2.0	
	Negotiations	2.0	4.0	-2.0	
	Vendor Performance Evaluation	3.0	4.0	-1.0	
	PeopleSoft to Perform	1.0	4.0	-3.0	

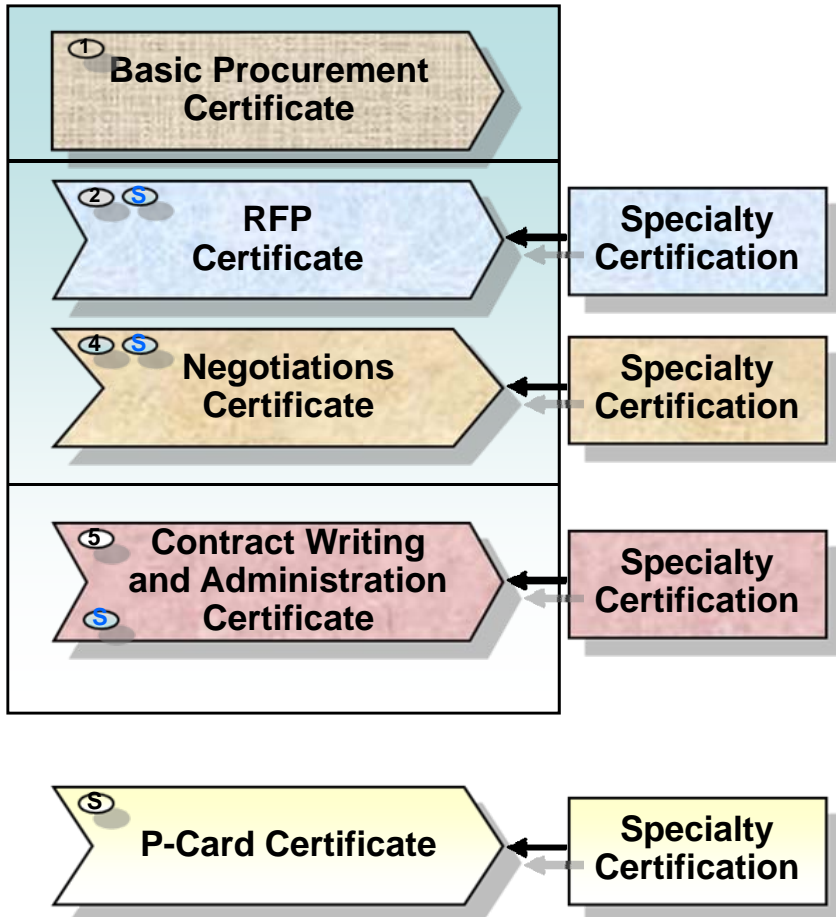
It assesses five major key skills:

- Strategic Sourcing/Job Specific
- Governmental Affairs
- Customer Service
- General Professional Skills
- Computer and Technical Skills

# Certification Program



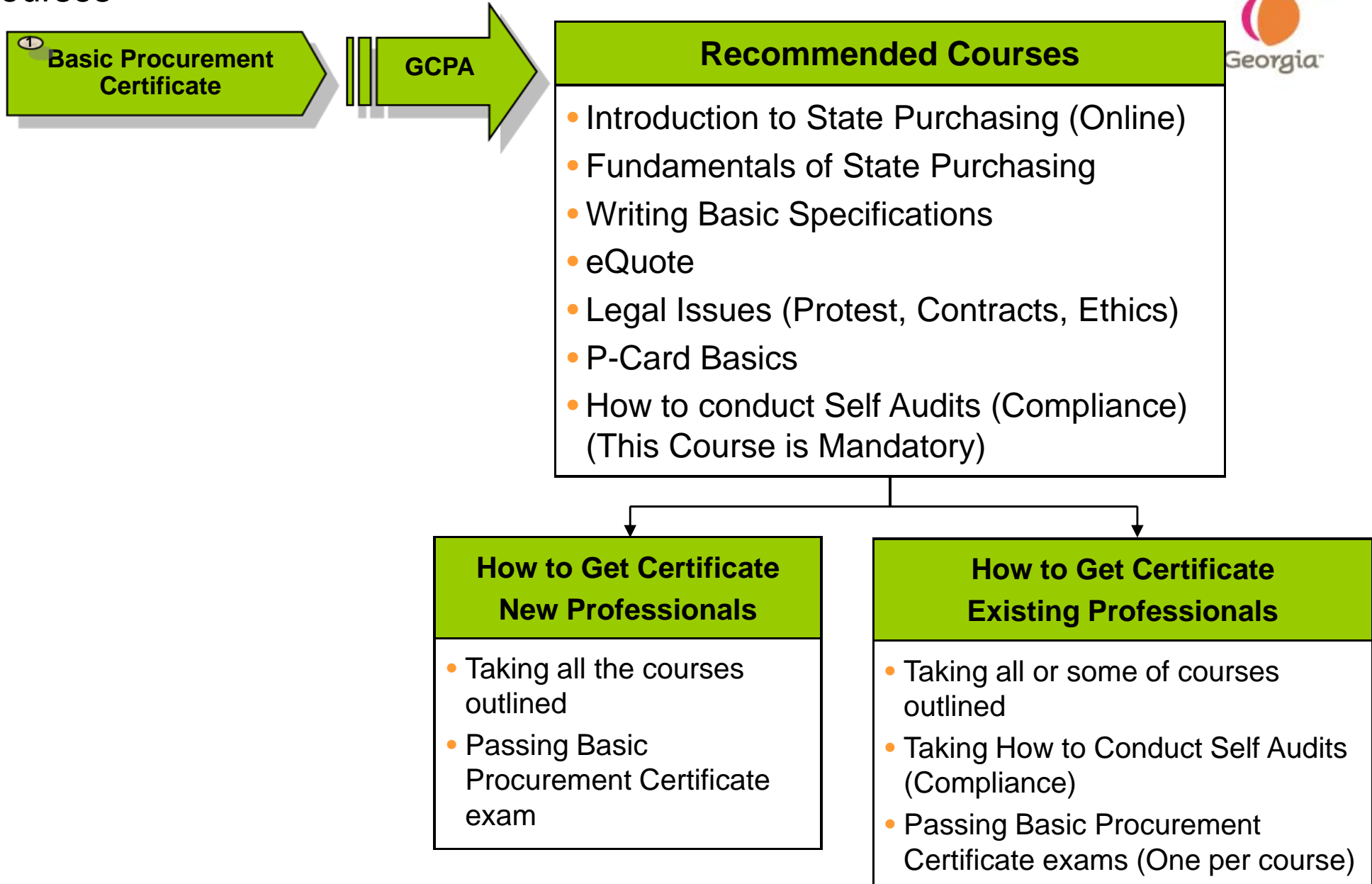
## Core Certification



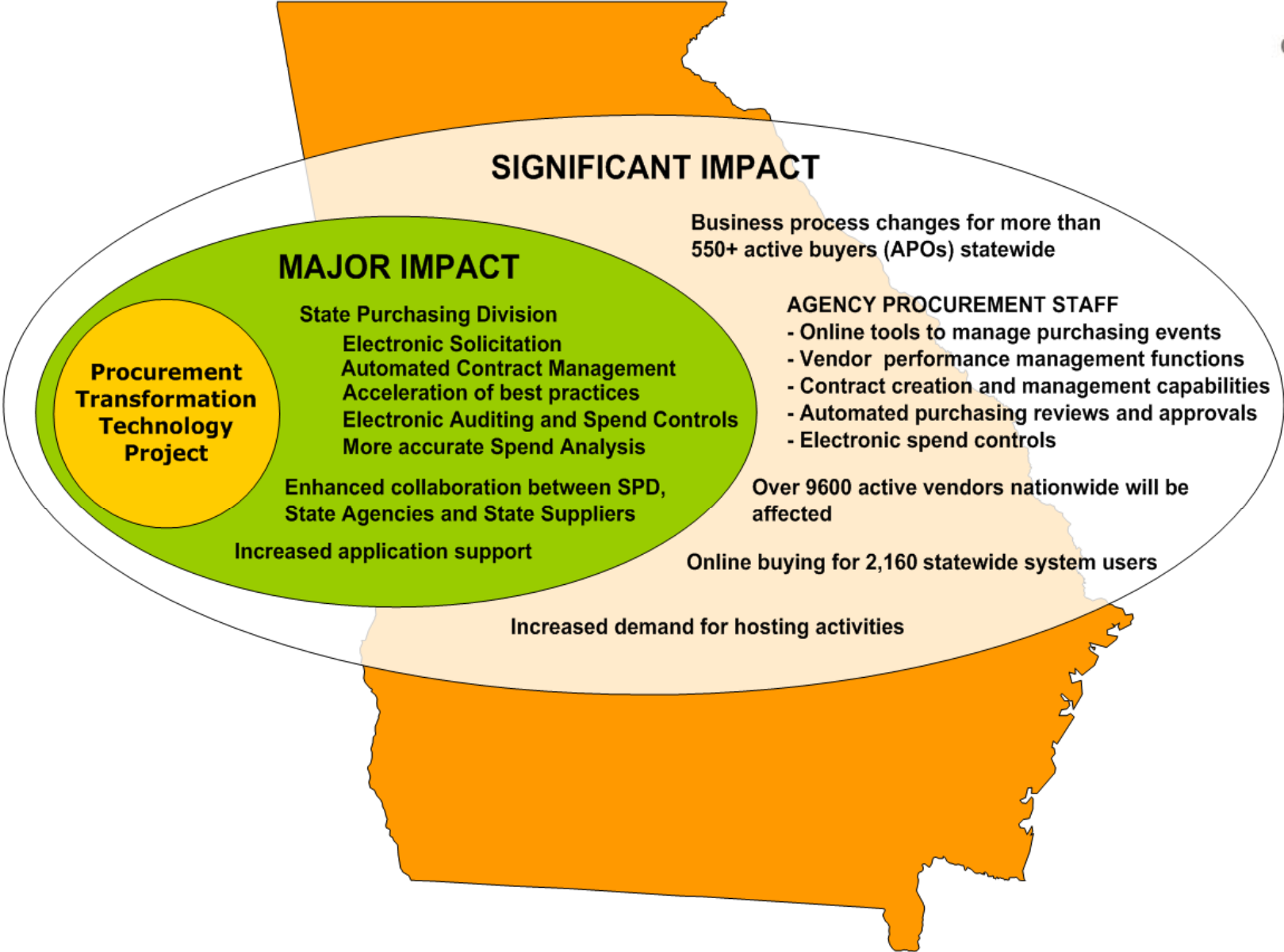
## Certification

- Certification includes a series of certificates that build upon each other – Building Blocks
- Certificates provide Continuing Education Units (CEUs) toward National Certification Programs
- Core Certification: Certificates that address the main educational needs for the *core activities* of a procurement professional
- Specialty Certification: Additional certificates that address specialty needs of specific populations of the procurement professionals

# Core Certification – Basic Procurement Certificate: Recommended Courses



# Procurement Transformation Technology Project Impact



# Procurement Transformation Technology Project (Team Georgia Marketplace) - Core Functionality and Pilot Agencies



Pilot phase began January 2009

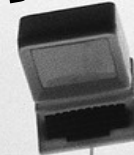
## Electronic Requisitioning

Provides easy self-service web-shopping system via online catalogs of products and services available on statewide contracts, streamlines employee ordering and lowers procurement costs by reducing transaction overhead and controlling maverick spending

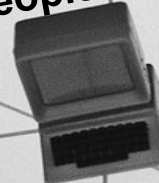
## Supplier Contract Management

Standardizes contract processes, reduces time-to-contract, and drives contract compliance

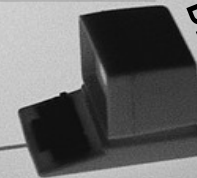
SPD  
DOAS



PeopleSoft



DHR

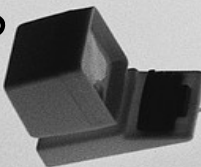


## Catalog Management

Provides a web-based application to access, transform, and integrate catalog content

***Collaboration beginning with University system***

GDC



## Strategic Sourcing

Enables buyers to create buying events, permits suppliers to respond to procurement actions, allows purchasing agents to analyze supplier responses and make awards

## Supplier Self Service

Two-way online communication with suppliers enabling self-service access to register and change their bidder information and access to outstanding POs and payment status

# Change Management in Any Enterprise



- **Change Management**
- *A structured approach to transitioning individuals, teams & organizations from a current state to a desired future state. An organizational process aimed at empowering employees to accept and embrace change in their current business environment.*

# Key Components of Any Change Management Effort



- **Must begin with a well articulated vision**
- **Develop an effective communication strategy**
- **Devise an effective skill upgrading plan for those impacted by the change**
- **A well-defined project plan and charter helps ease concerns and aligns expectations**

# The Change Management Process



- **Phase 1 - Preparing for change (Preparation, assessment and strategy development)**
- **Phase 2 - Managing change (Detailed planning and change management implementation)**
- **Phase 3 - Reinforcing change (Data gathering, corrective action and recognition)**

### Phase 1 - Preparing for change

Define your change management strategy

Prepare your change management team

Develop your sponsorship model



### Phase 2 - Managing change

Develop change management plans

Take action and implement plans



### Phase 3 - Reinforcing change

Collect and analyze feedback

Diagnose gaps and manage resistance

Implement corrective actions and celebrate successes

## Resistance to Change

### Early signs of resistance

- Gossip
- Testing of wills

Individual resistance and collective resistance occurs

Passive and active resistance occurs

Covert and Over resistance occurs

Assess Organizational Readiness for Change

Check back utilizing surveys, etc.



DON'T BE  
**AFRAID OF CHANGE.**

## Lessons Learned Along the Way



- **Change is “journey”, not a “trip”**
- **Change is constant**
- **Transformations do not result in perfection**
- **Not everybody is capable or willing of changing  
(You need to identify these folks ASAP!)**
- **Design breaks and vacations into the team’s  
schedule; the pace is daunting**

***“It takes all the running you can do to stay in the same place. If you want to get somewhere else, you must run at least twice as fast as that.”***

Lewis Carroll

From the movie: Through the Looking Glass



# **Thank you!**

# **Questions?**

**Brad Douglas**

**Commissioner**

**404-656-3002**

**[Brad.douglas@doas.ga.gov](mailto:Brad.douglas@doas.ga.gov)**