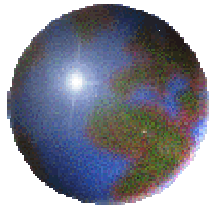




Marketing the Value of Public Procurement



Columbia Chapter February 2010 Workshop

Dave Davis, CPPO

Purchasing and Materials Manager

Washington State Department of Transportation



Marketing the Value of Public Procurement

State and local governments spent \$1,810B (12.7% of GDP) in 2008.
 \$26.5B spent by state and local governments in WA.
 50 state and 87,525 local government entities.
 1,787 local government entities in WA.

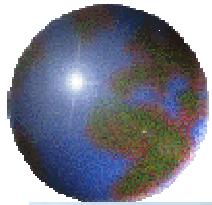
Table 3.

Category			Percent distribution				
	2008	2018	2008	1988	1998	2008	2018
Gross domestic product.....	\$14,264.6	\$21,786.0	100.0	100.0	100.0	100.0	100.0
Personal consumption expenditures.....	10,057.9	15,293.5	65.7	67.2	70.5	70.2	70.2
Gross private domestic investment.....	1,509.1	1,993.5	16.1	17.3	14.0	15.7	15.7
Exports.....	955.9	1,859.4	8.7	10.9	13.0	13.9	13.9
Imports ¹	354.5	1,115.9	10.9	12.8	17.7	19.5	19.5
Federal defense consumption expenditures and gross investment.....	354.9	345.7	7.0	4.0	5.2	4.9	4.9
Federal nondefense consumption expenditures and gross investment.....	107.4	184.7	2.1	2.1	2.4	2.1	2.1
State and local consumption expenditures and gross investment.....	576.7	987.8	11.3	11.3	12.7	12.6	12.6

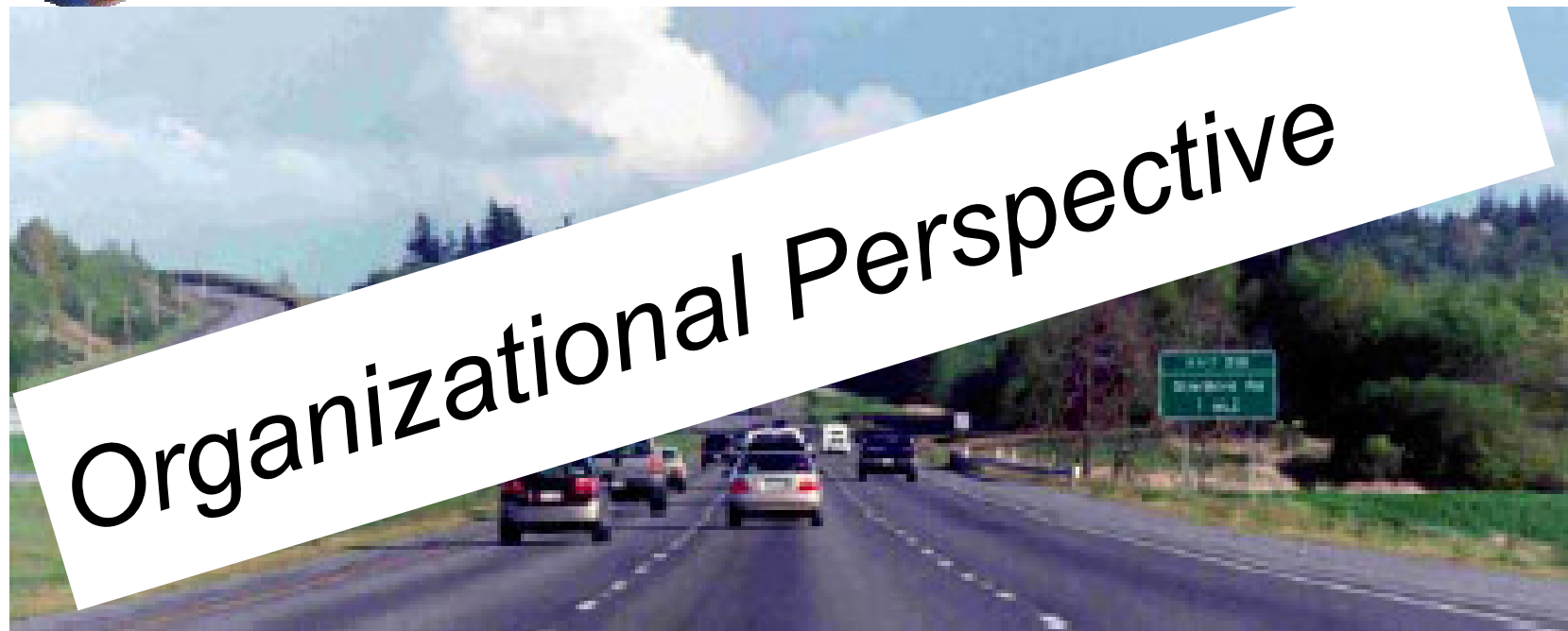
The Facts



Marketing the Value of Public Procurement

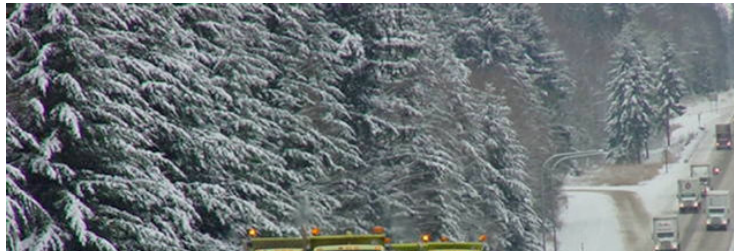
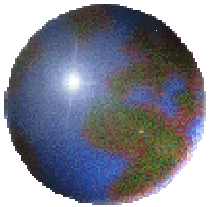


Driving on roads in need of repair costs US motorists \$49B/year in extra vehicle operating costs.





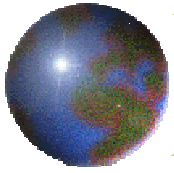
Marketing the Value of Public Procurement



Key Points:

- Helpful Definitions
- Task, Authorizing, and Resource Environments
- Organizational Maturity Model
- SWOT Analysis





Definitions

Value

- 1. . . . A fair . . . return . . . for . . . services.
- 3. Worth in usefulness or importance to the possessor.
- 4. A principle, standard, or quality regarded as worthwhile or desirable.

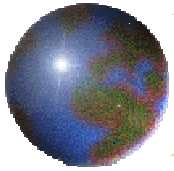
Public

- 4. Connected with or acting on behalf of the people, community, or government.

Purchasing

- 1. To obtain in exchange for money or its equivalent.
- 2. To acquire by effort.
- 7. A means of increasing influence, power, or advantage.

Source: Webster's II, New Riverside University Dictionary, © 1984



Achieve Value by . . .

Delivering on performance expectations

- Assess effectiveness of strategies
- Anticipate emerging trends

Building support in authorizing environment

- Show what you do with the dollars
- Relate resource requirements to results
- Speak their language

Building capacity in the organization

- Orient new staff; motivate staff and managers
- Align all resources with desired results

Task Environment

Mission
(Public Value)

Substantively valuable

Authorizing Environment

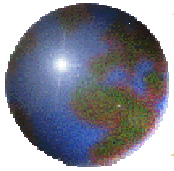
Legitimacy and
Support

Legitimate and politically sustainable

Resource Environment

Operational
Capacity

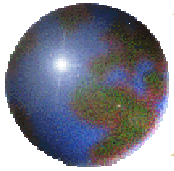
Operationally and administratively feasible



Strategic Organizations Add Highest Value

	Transactional Focus	Strategic Focus
Objective	Process transactions per pre-established contracts.	
Essential Activity	Place orders with contracted suppliers.	
Impact	Price savings	
Skills Required	Few. If you can shop; you can buy.	
Nature	Routine.	

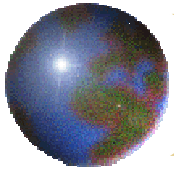
Source: *Government Procurement*, February 2005, Roger T. Ball



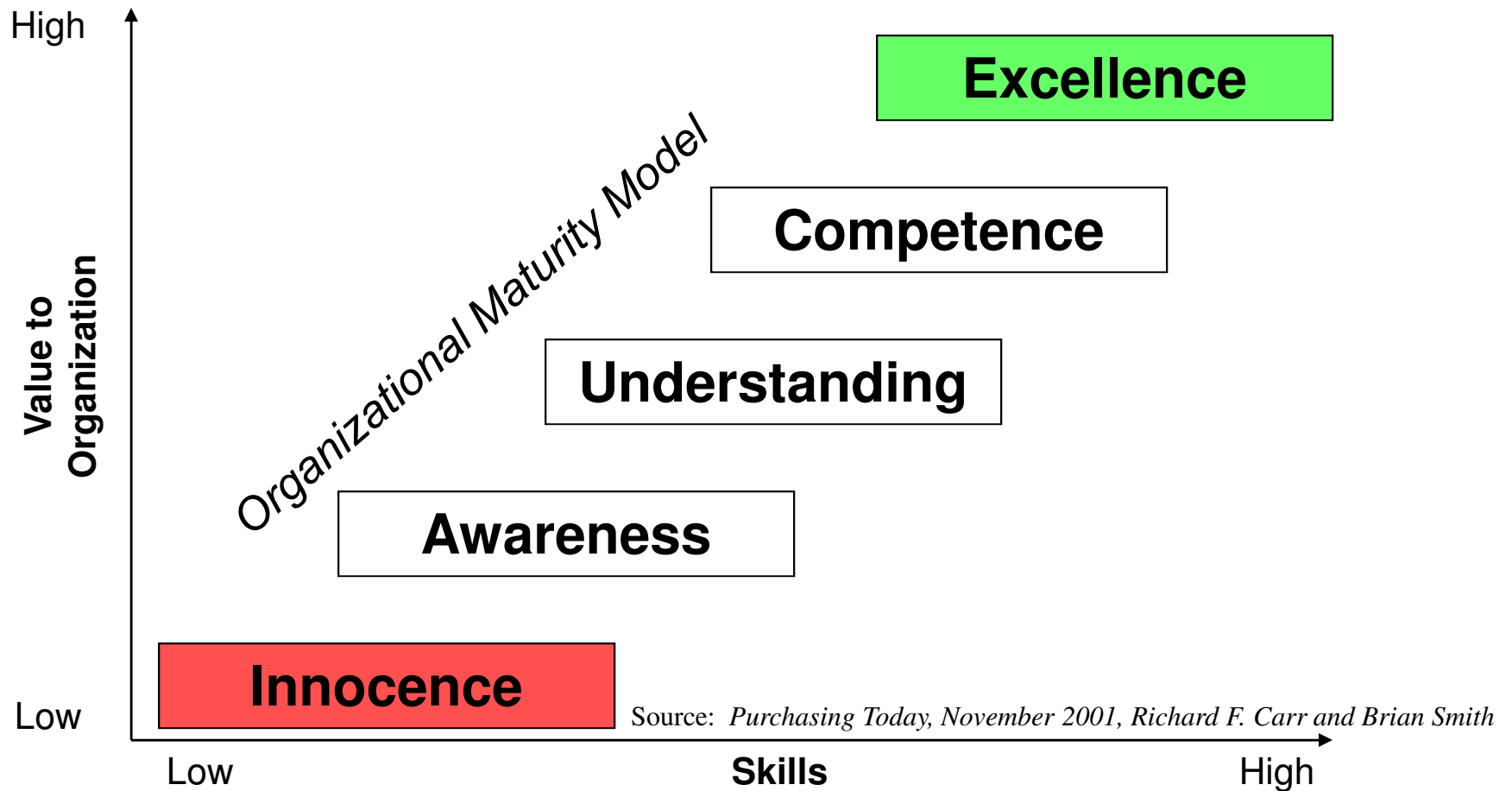
Strategic Organizations Add Highest Value

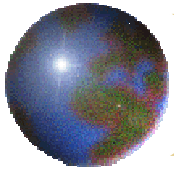
	Transactional Focus	Strategic Focus
Objective	Process transactions per pre-established contracts.	Establish long-term relationships.
Essential Activity	Place orders with contracted suppliers.	Supplier selection and contract negotiation.
Impact	Price savings	Reduce total cost of ownership
Skills Required	Few. If you can shop; you can buy.	Data analysis, negotiation, relationship building, etc.
Nature	Routine.	Non-routine.

Source: *Government Procurement*, February 2005, Roger T. Ball



The Path to Excellence and High Value

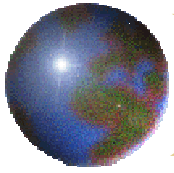




Maturity Level : Skill Progression

Level	Attributes	Skills
Innocence	<ul style="list-style-type: none">• Transaction expediency• Formal strategy absent	<ul style="list-style-type: none">• Workload prioritization• Basic purchasing• Purchase orders

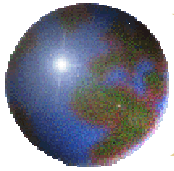
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Level	Attributes	Skills
Innocence	<ul style="list-style-type: none">• Transaction expediency• Formal strategy absent	<ul style="list-style-type: none">• Workload prioritization• Basic purchasing• Purchase orders
Awareness	<ul style="list-style-type: none">• Efficiency is priority• Established goals and objectives• General communication of objectives	<ul style="list-style-type: none">• Goal and objective setting• Organizational efficiency• Basic spend analysis• Sourcing and negotiation

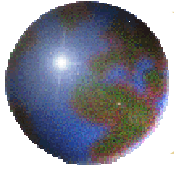
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Understanding	<ul style="list-style-type: none">• Business unit needs are priority• Cost reduction; supplier negotiation• Formal procurement plan	<ul style="list-style-type: none">• Business planning• Market analysis• Process mapping• Bid packaging and process

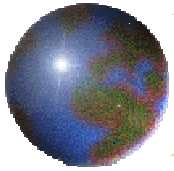
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Competence	<ul style="list-style-type: none">• Documented supply strategies• Cost and customer satisfaction• Optimize business unit objectives	<ul style="list-style-type: none">• TCO analysis, modeling• Strong computer usage• Project/team management

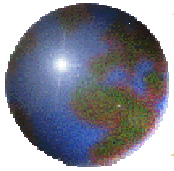
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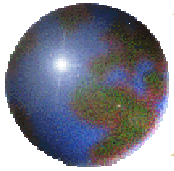
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Excellence	<ul style="list-style-type: none">• Value creation is priority• Procurement strategy integrated into business strategy	<ul style="list-style-type: none">• Value modeling• Integration planning• Portfolio analysis

Source: *Purchasing Today*, November 2001, Richard F. Carr and Brian Smith



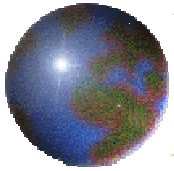
Value Assessment

Internal		External	
Strengths	Weaknesses	Opportunities	Threats



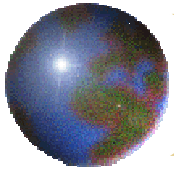
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S trengths <ul style="list-style-type: none">• Knowledge and experience• Established relationships and networks• Standards of ethical conduct• Supplier lists• Proven legal, fair, and ethical procedures	W eaknesses	O pportunities	T hreats



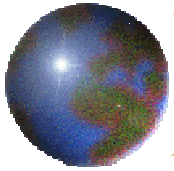
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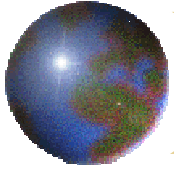
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Value Assessment

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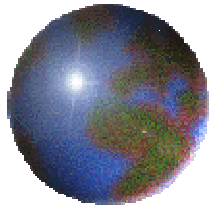


In Summary

- Invest in yourself and your career
- Measure and manage every activity
- Educate and train constantly
- Promote ethics, transparency, fairness, integrity
- Manage relationships – customers and suppliers
- Research and resources
- Professional certification and mentorship
- Sales pitch – tell your story with pride
- Organize for success
- Make the boss a hero



Marketing the Value of Public Procurement



“Money is of no value; it cannot spend itself. All depends on the skill of the spender.”

Ralph Waldo Emerson, 1803-1882

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