

Procurement Excellence

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Why Procurement Excellence?

- Procurement is a key driver of financial stewardship and achieving Century Agenda Goals:
 - Creating jobs
 - Increasing small business participation
 - Improving environmental purchasing practices
- Current Situation
 - Annual spend >\$280M spend (2015 est.)
 - Large Capital Program
- Complicating Factors
 - Proprietary System and Incumbency Limits Competition
 - Lack of Spend Data and Analytics

Procurement excellence will better support the organization and region.

Develop new approach & change culture

Key Questions

- Best approach
- Value potential
- Which capabilities have sustainable value

Outside assessment will identify opportunities for improving performance and capability resulting in a comprehensive improvement roadmap.

Improved procurement effectiveness & efficiency is good for business.

Procurement Excellence = A New Way of Working

A New Way of Working

Streamlined Processes

Faster end-to-end deliveries

Optimized Structure

Cross functional team lead by CPO to drive strategy and spend

Spend Analytics

Improved negotiations

Highly Trained Personnel

Building in house competency in key areas

Category Management

Granular approach to where we spend the \$s and opportunities for savings

Financial Stewardship

Cost Savings and Avoidance

- \$20M - \$30M annual savings
- 2% YOY reduction on ongoing spend

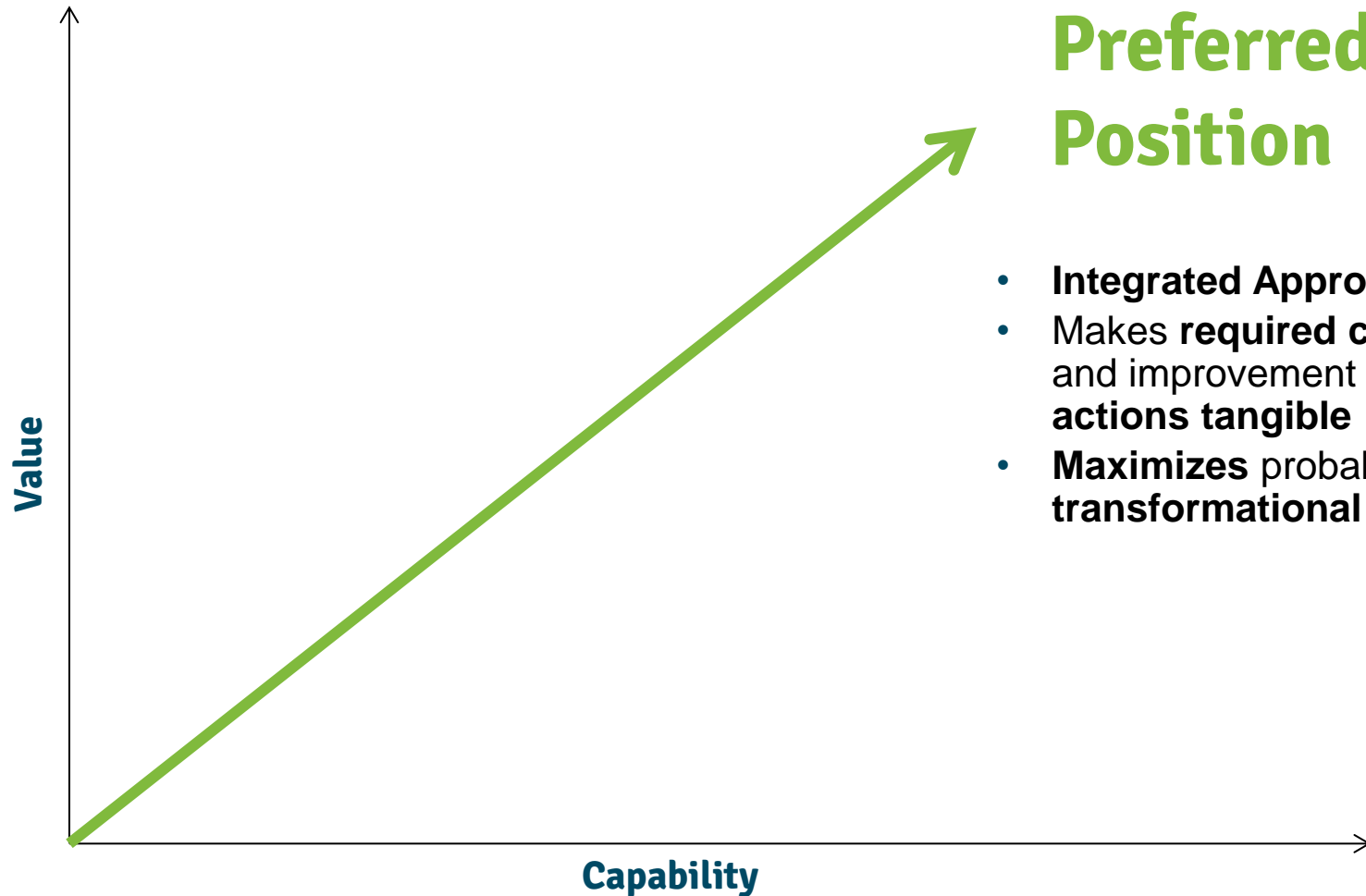
Century Agenda Goals

- **Small Business** Goals (incl. WMBE)
- **Environmental** Goals

This represents the future impact of procurement by the Port.

Port needs an approach that builds capability AND value delivery

Future State



- **Integrated Approach**
- Makes **required changes** and improvement **actions tangible**
- **Maximizes** probability of **transformational success**

A combined value-capability approach maximizes benefits to the Port.

Phased Approach

1. Diagnostic Assessment

2. Implementation Phase

- Seek Commission authorization to move into implementation phase.

Decision to invest in implementation phase ensures alignment of Port Goals.

Results

- ✓ Improve our partnerships
- ✓ Increase contracting opportunities for small businesses
- ✓ Improve environmental purchasing
- ✓ Improved contractor performance
- ✓ Speed up procurement time
- ✓ Anticipate 5 times return

Procurement Excellence will lead to improved delivery (speed) and results.

A large cruise ship is docked at a pier. In the foreground, a luggage cart is filled with several suitcases and bags. A person wearing a high-visibility vest with the "CRUISE SEATTLE" logo is pushing the cart. The scene is set outdoors with a clear sky and other people visible in the background.

Thank you!
Questions?