

Procurement Excellence

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Procurement Excellence

Transform Central Procurement Office (CPO) & other procurement stakeholders

- Building capabilities
- Changing the way we work

To better support

- Century Agenda goals
- Ease of doing business with the Port
- Business growth and results

Commenced Phase 2 with Boston Consulting Group in April

Purpose of today is to share an update on progress

Where we are today

35

Active initiatives

As of June 30

What they impact

- 7 Century Agenda Goals
- 11 Business Partner / Speed
- 11 Cost Efficiency
- 6 Port Capabilities / Tools

Reflects primary impact only – some initiatives have multiple impacts

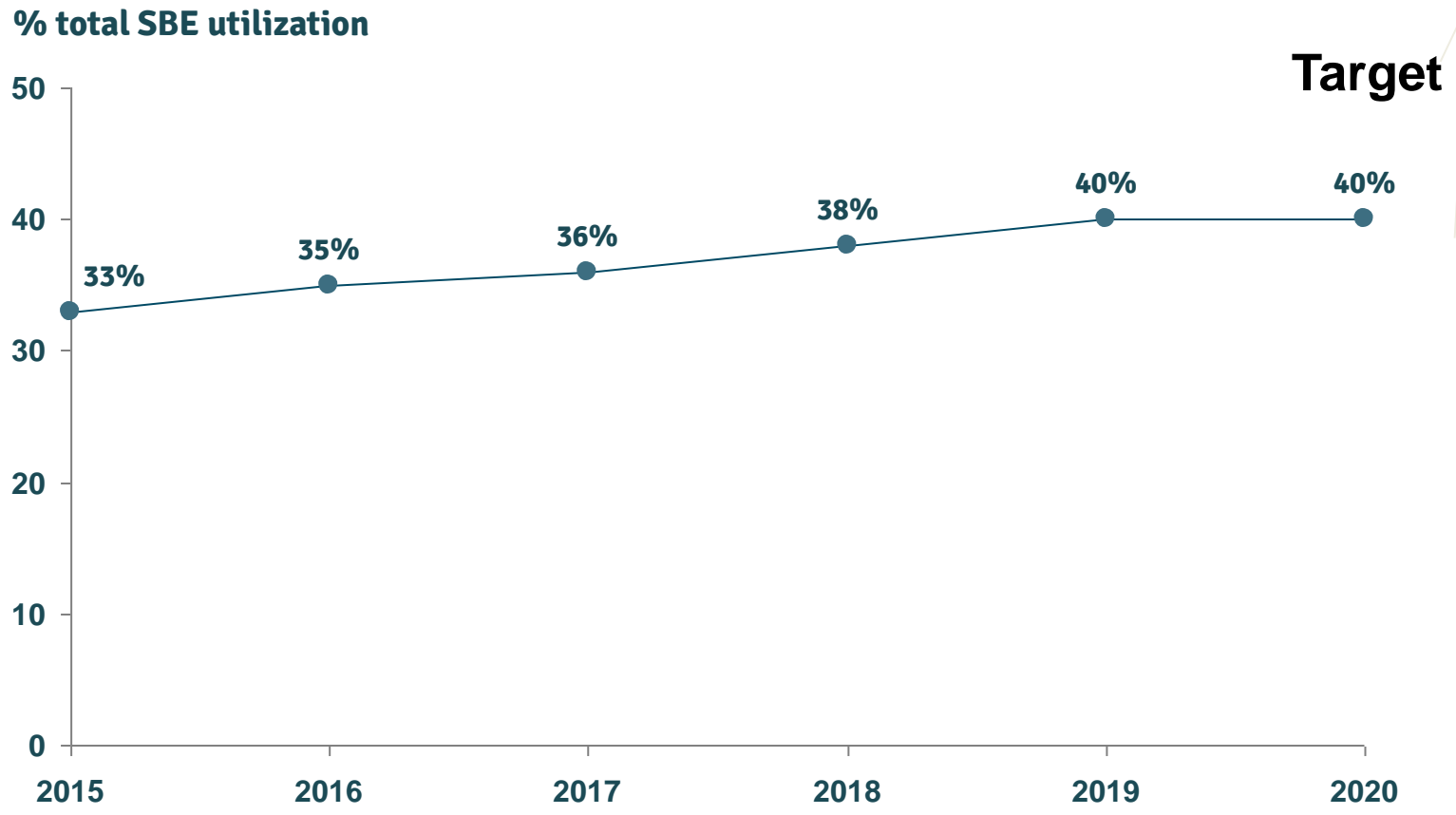
Broad Port-wide engagement in place to deliver

Port-wide procurement strategy

- 1 Support our values and drive Century Agenda goals
- 2 Make the Port a better partner to do business with
- 3 Plan ahead and work collaboratively
- 4 Drive rigorous and transparent decision-making

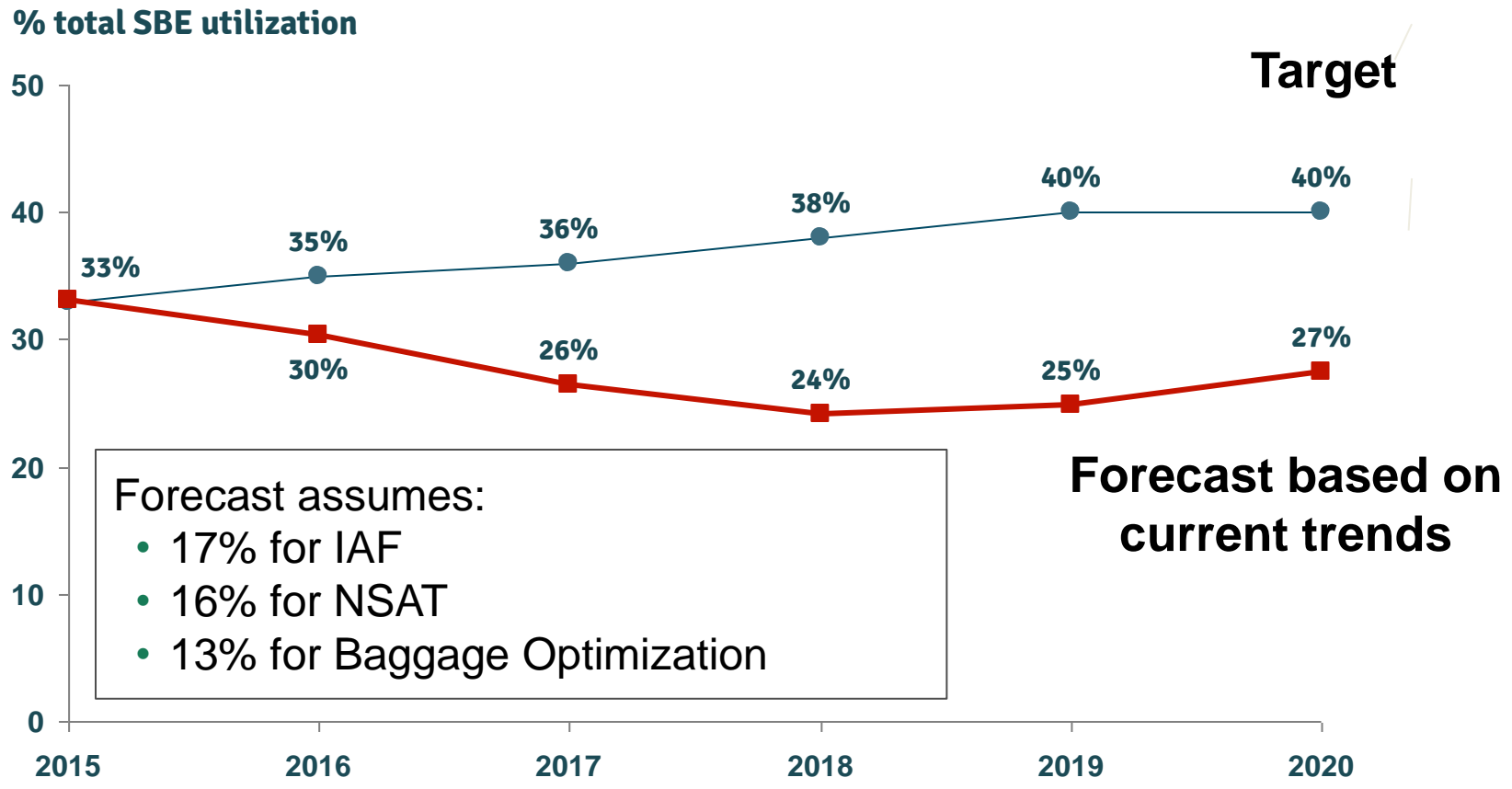
Following pages highlight examples of these in practice

Port-wide small business (SBE) goals



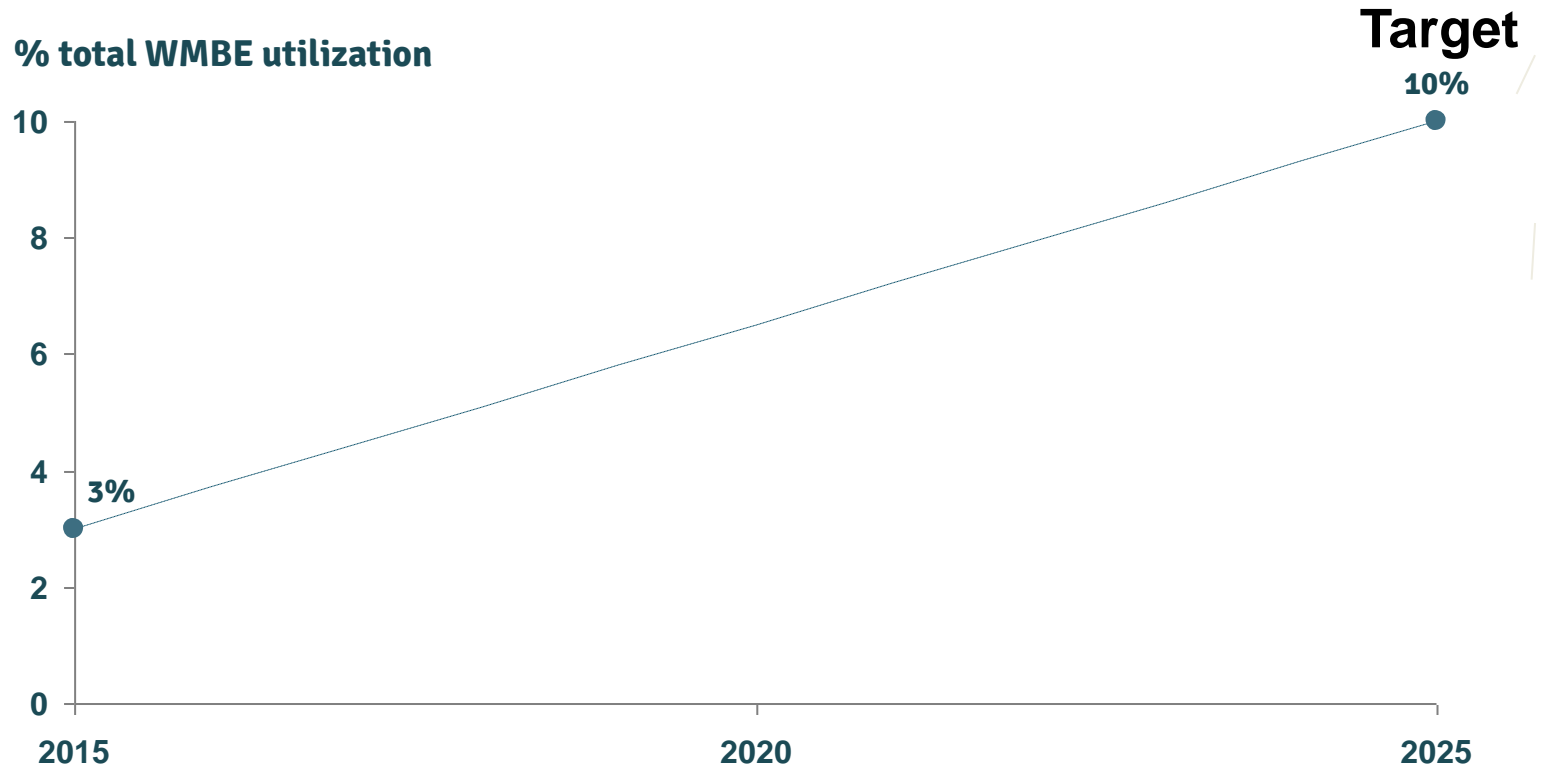
Goal of 40% total SBE utilization by 2020

Port-wide small business (SBE) goals



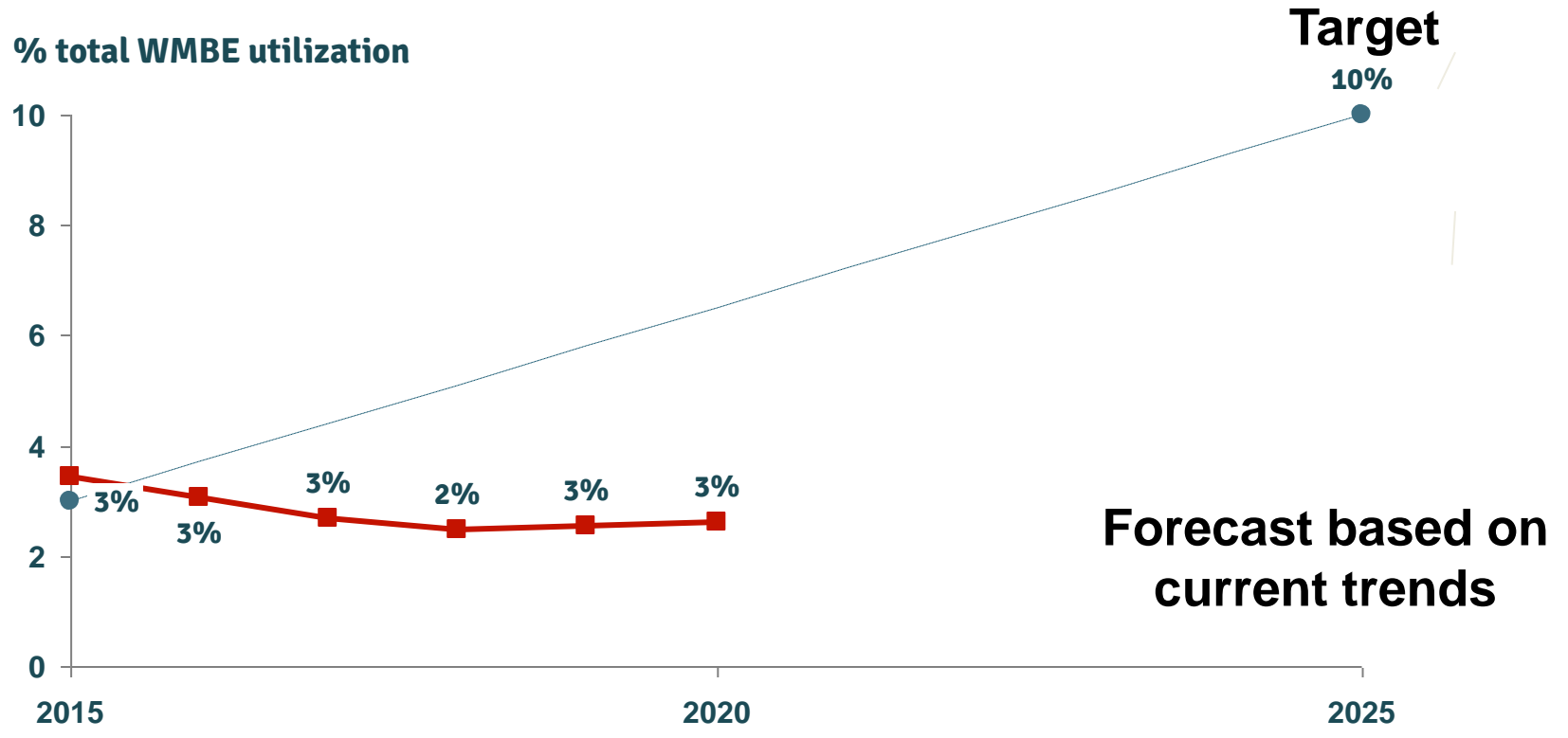
We need to change course to hit our goal

Port-wide women and minority-owned business (WMBE) goal



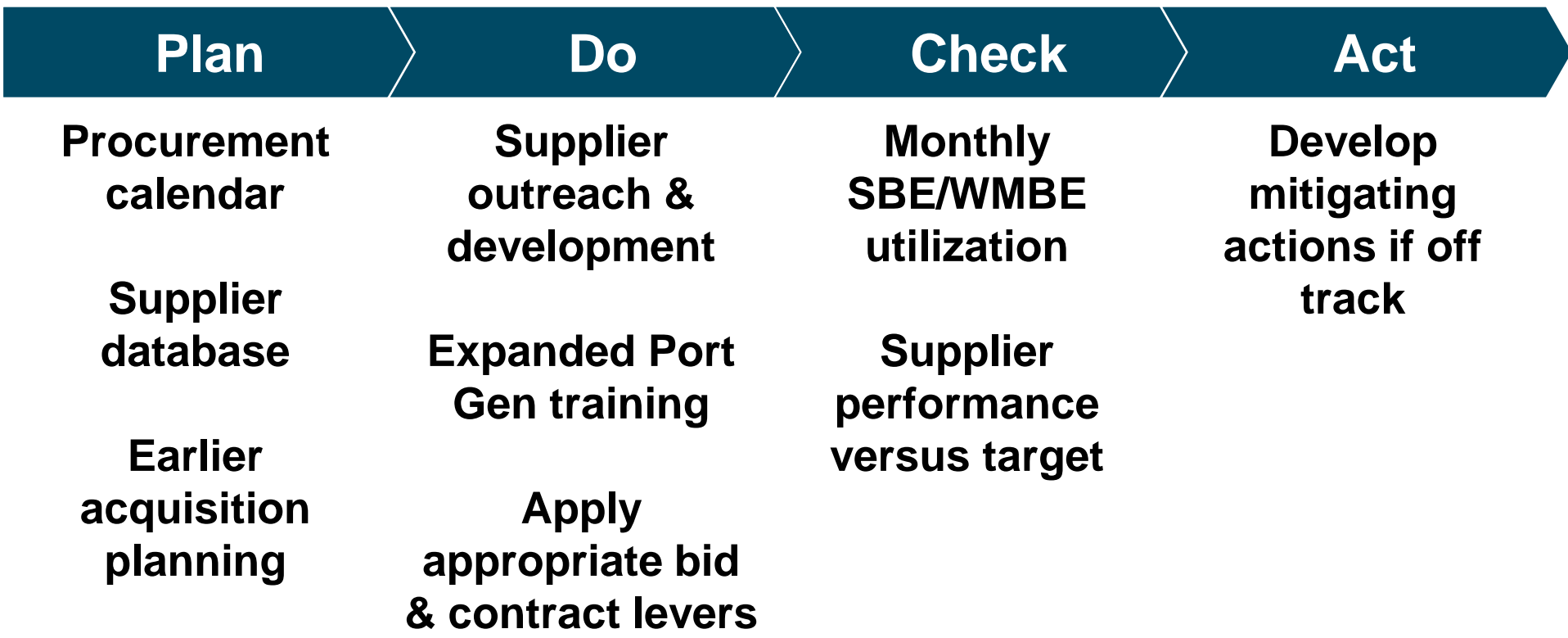
Must increase total WMBE target by 2025

Port-wide women and minority-owned business (WMBE) goal



We need to change course to hit our goal

Improve utilization of SBE/WMBE



Port staff collaborating on these actions

Decision framework will drive focus

PROCUREMENT INFORMATION

Procurement # : _____ Number of contracts

Procurement Name : _____

Project Manager : _____

Total estimated value : \$ _____

Is this project funded in whole or in part from federal agencies? Yes No

What is the project category? (e.g., small works, consulting, etc.) _____

Briefly describe procurement scope of work (50 words max):

GUIDING PRINCIPLE

This Document is intended to provoke and structure strategic thinking that helps achieve our Century Agenda goals and generate financial value for the port. Both of these directly enable the Port's Incentive Pay goals.

CENTURY AGENDA DECISION FRAMEWORK

What is the target % SBE utilization for this work? : _____

Please indicate which bid levers you applied to this procurement and how it was applied

Bid lever	Explanation
<input type="checkbox"/> Preferential scoring	<input type="text"/>
<input type="checkbox"/> Price advantage	<input type="text"/>
<input type="checkbox"/> Target requirements	<input type="text"/>
<input type="checkbox"/> Set-asides	<input type="text"/>
<input type="checkbox"/> Carve outs	<input type="text"/>
<input type="checkbox"/> Coordinated purchasing (to drive SBE participation)	<input type="text"/>

Any identified tradeoffs going down this path?
If you did not apply any levers to preference SBEs, please explain why not.

- Century Agenda goals are considered in each procurement
- Goal is to facilitate discussion
 - SBE Levers
 - Strategic Procurement Levers
 - Contracting Method
 - Supplier Outreach
 - Environmental Strategy

See next page for detail

Decision framework detail

Illustrative questions to address

What is target SBE utilization for this work?

Which bid levers will you apply?

- Preferential Scoring
- Price Advantage
- Target Requirements
- Set-Asides
- Carve Outs
- Coordinated Purchasing

If you did not apply any levers, please explain why not

Framework to be used on each procurement

Potential tradeoffs

Contracting more with small business might lead to:

We are willing to accept this risk if:

Higher Cost

Less competition
More fixed overhead per employee

Cost is within 10% of comparative estimate

Slower Speed

Less resource depth
Learning curve working with Port

Product, service or project is less time-sensitive

Some risk will be required to hit our goals

Improving ease of business

What we want to accomplish

- ✓ Empower Port to address process challenges
- ✓ Instill a continuous improvement mindset
- ✓ Improve business partnerships (internal and external)

Examples

Small Works

- Insurance requirements
- Contract terms

Service Agreements

- Selection process
- Scope of work

Easier to work with the Port – particularly for small business

Planning & rigorous analysis in action

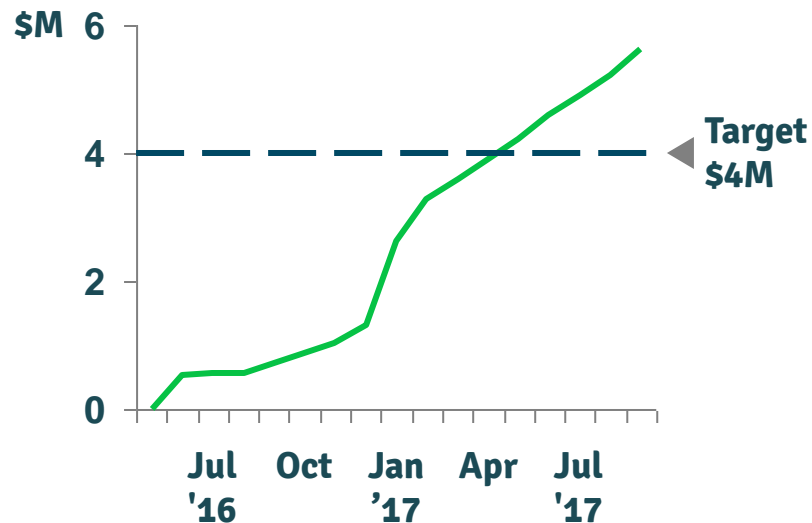
	Collaboration	Planning	Analysis
Airport Janitorial	<ul style="list-style-type: none"> • Aviation • Strategic Initiatives / CPO 	<ul style="list-style-type: none"> • <u>Not</u> reactive • Contract design • Small business plan 	<ul style="list-style-type: none"> • Best practices • Benchmarks
	Impact: Return on Investment, Customer Experience		

Baggage System Parts	<ul style="list-style-type: none"> • Aviation • Strategic Initiatives / CPO • Legal 	<ul style="list-style-type: none"> • <u>Not</u> reactive • Contract design • Data sharing 	<ul style="list-style-type: none"> • Total cost (incl. energy use)
	Impact: Lifetime Cost, Environmental		

All key procurements should have similar rigor

Financial savings on track

Projection exceeds 12 month target



Long-term savings significantly higher

- ✓ Identified \$12M NPV
- ✓ Identified \$4M+ annual
- ✓ Significantly more savings enabled by capability building and culture change

Developing Port capabilities is key to long-term impact

Port building capabilities, owning effort

Trainings and workshops on:

- Procurement strategies
- Process improvement
- Project management
- Century Agenda bid levers
- *Total Cost of Ownership (upcoming)*
- *Negotiation (upcoming)*

Increasingly applied in day-to-day work



Port identifying, driving new opportunities based on trainings

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

Thank you!
Questions?