

# 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

Today: Update on status as BCG engagement ends

# Changing our trajectory

- ✓ Delivering on Century Agenda goals
- ✓ Making it easier to work with the Port
- ✓ Improving CPO and broader Port capabilities
- ✓ Breaking down silos to drive collaboration
- ✓ Tracking to deliver \$5M+ in savings within 12 months

See appendix for detailed list of specific accomplishments

# New way of working: Small, Women & Minority Business

## FROM

- No clear, single owner
- Uncoordinated efforts
- Inconsistent focus on individual procurements
- Unclear analytics process or owner

## TO

- Defined ownership
- CPO collaboration w/ Economic Development (EDD)
- Acquisition planning forces the conversation
- Well-defined analytics

These changes will help achieve utilization goals

# Results of partnership

<b>Targets</b>	<b>Process to set "smart" targets in 2017 and beyond</b>
<b>Outreach</b>	<b>Comprehensive Port Gen strategy</b>
<b>Bid Levers</b>	<b>Guidance document, process to apply consistently</b>
<b>WMBE</b>	<b>Defined utilization strategy, incl. federal funding</b>
<b>KPIs &amp; Tools</b>	<b>Refined approach to track and report</b>
<b>Org</b>	<b>Clarified responsibilities between CPO, EDD</b>

More to be done, but great momentum underway

# New way of working: Total-Cost-of-Ownership (TCO)

**Objective:** Incorporate lifetime costs into purchasing (ex. maintenance, downtime, energy, etc.)

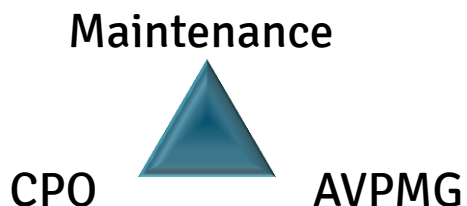
- 1 Specific procurements**  
(ex. baggage system, gate seating, PLBs)
- 2 Training**
- 3 Port-wide roll-out**

New analytical tools in place to facilitate decisions

# TCO benefits

## Cross functional

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## Environmental

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~11% energy savings  
\*VFDs for baggage system

## Smart risk taking

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"This is the first real sign of the smart risk taking leadership is always talking about." –Senior PM

## While saving money

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5-10% lifetime cost savings

TCO helping achieve Century Agenda goals

# New way of working: Environmental purchasing

Port has strong program...

## Environmental focus areas

- Air Quality
- Energy
- Land stewardship
- Materials management
- Wildlife protection
- Water quality

...but gaps in purchasing policy

## Policy gaps

- Disbanded working group
- Process for environmental purchasing lacks clarity
- Not tied to specs used in design & construction

CPO and Environmental teams partnering to address



# What we are doing differently

More purposeful use of **environmental bid levers**

Environmental **product guidelines** and specs to aid purchasing

**Clear** environmental purchasing **process** and **ownership**

Process already being tested on procurements

# New way of working: Breaking down silos

Procurement  
Excellence

Cross-functional, not just CPO

Procurement  
Council

Leadership commitment

Strategy  
Execution Team

Clarifying roles, process

Calendar,  
Acq. Planning

Daily application

Better collaboration and planning → Better results

# Transition to Port-led effort

## Port staff now...

- ...trained on and applying new tools, templates, processes
- ...owning current initiatives and program management
- ...developing new initiatives

## All resources on SharePoint



- Tools
- Templates
- Training materials
- Guidance documents

Now need to sustain commitment

# Actions to maintain momentum

## **Leadership commitment**

- CEO, COO, Procurement Council

## **Continue with governance, process**

- Procurement Council, Program Management Office

## **Celebrate wins, collaboration publicly**

- ELT meetings, Commission briefings, staff emails

## **Commissioners can help ensure success**

Change takes time...but we have the pieces in place

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 for '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?**

# Backup: Long list of deliverables and accomplishments (1/2)

## Strategy & Leadership

- Procurement Council made up of key ELT-level stakeholders as ongoing guidance body
- New procurement strategy for the Port approved by ELT
- Cross-functional team of Port leaders to "operationalize" the strategy and re-define key roles and responsibilities

## Century Agenda

- Methodology to set future SBE/WMBE targets
- De-averaged targets across project categories
- Port Gen strategy and 2017 calendar (including plan for WMBE certification drives)
- WMBE strategy
- *Partnership with WA OMWBE to support certification drives*
- Put in place bidding levers to encourage SBE/WMBE participation
- *Identified contracting levers that can ease doing business with the Port*
- *SBE data audit, clean-up, and process improvement*
- Define SBE/WMBE KPIs and leading performance indicators
- SBE/WMBE reporting dashboard design
- SBE/WMBE organization recommendation

## Planning & Collaboration

- v1 of Procurement Calendar and process to update
- Acquisition planning cover sheet to drive alignment on key decisions earlier in process
- Improved operating model between CPO, EDD on SBE/WMBE
- Established monthly CPO newsletters to engage Port
- Improved investment committee requirements process recommendation
- Procurement Excellence SharePoint for key trainings and resources

## Org & Capabilities

- *CPO hires for existing open positions (including reducing span breakers in construction)*
- *New Planning & Analytics function within CPO*
- *Creation of CPO SMEs for key capabilities*
- Trainings on:
  - Strategic procurement levers
  - Total cost of ownership
  - Process improvement
  - PMO & Initiative mgmt
  - A&E tool & negotiation
  - Investment Cmte analysis

Complete

In progress, will complete by 9/30

*In progress, will be completed by Port after 9/30*

# Backup: Long list of deliverables and accomplishments (2/2)

## Specific Procurements

- Negotiated savings on snow removal equipment
- Consolidated maritime security contract driving savings, SBE/WMBE utilization
- Optimized queue mgmt staffing in Q4
- *Procurement plan for potential Q2 2017 Airport customer facing services*
- Credit card rates reduction negotiation
- *Innovative airport janitorial contract driving savings and SBE utilization*
- *Airport gate seating master agreement driving significant savings*
- *PLB master agreement driving significant savings*
- *Consolidated roofing contracts*
- *Baggage major construction contract incorporating TCO of key components*

## Process Improvements

- *Small works terms & conditions*
- Small works insurance matrix
- Work authorization date setting process
- Assessment of superfluous forms and signature in CPO process
- Continuous improvement process introduced for all four CPO groups
- Clear roles, responsibilities and decision rights for cross-function collaboration points in procurement process
  - Planning, intake, selection, execution
  - Clarified purchasing rules of engagement
- Formal procurement planning process reduces procurement delays
- Recommendations to alter CPO involvement in change orders

## New Tools

- PMO tool to facilitate tracking and reporting of Procurement Excellence initiatives
- Financial impact tool to track financial impact of Procurement Excellence
- A&E rate tool to replace MINT and support more effective negotiations with consultants
- Procurement calendar to support forward-planning
- *Supplier database to support better supplier management, outreach and development (esp. for SBE/WMBE)*
- Guidelines for RDs and CAs to complete high quality and efficient selections
- SOW/RFP templates and exemplars

Complete

In progress, will complete by 9/30

*In progress, will be completed by Port after 9/30*

# Backup: Environmental product guidelines

	Develop Port guidelines	Peer guidelines
<b>Office</b>		
• Computers		✓
• Electronics Recycling	✓	✓
• Fluorescent Lamp Recycling	✓	✓
• Lighting	✓	✓
• Paper	✓	✓
• Printers, toner Cartridges	✓	✓
• Furniture		✓
<b>Vehicles</b>		
• Antifreeze		✓
• Biodiesel	✓	✓
• Vehicles	✓	✓
• Lubricants		✓
• Tire Retreading		✓
• Fuel	✓	✓
• Wheel-weights		✓

	Develop Port guidelines	Peer guidelines
<b>Operations &amp; Maintenance</b>		
• Asphalt, concrete		✓
• Cleaners		✓
• Compost	✓	✓
• Carpet	✓	✓
• Vegetation Management	✓	✓
• Paint	✓	✓
• Janitorial		✓
• Pest Management	✓	✓
• Plastic "Lumber"		✓
• Marine Lumber	✓	✓
• Solar-powered Devices		✓
• Snow and Ice Products	✓	✓
• Fertilizers, Organic and Landscaping	✓	✓