



Department of Veterans Affairs

# VA Supplier Relationship Management

Regional Forum – Atlanta  
April 10, 2012





# Today's Agenda

Time	Event
8:00 am	Registration
8:30 am	Introduction
8:45 am	SRM Update
9:30 am	Participant Survey
9:45 am	<b>Break</b>
10:00 am	Facilitated Breakout Session
11:45 noon	<b>Optional Networking Lunch</b> for Participants
1:00 pm	VA Café
1:45 pm	<b>Break</b>
2:00 pm	Breakout Report Outs
2:30 pm	Ask the VA
3:30 pm	Survey Results Report Out to Participants
3:45 pm	Winding Down
4:00 pm	<b>Adjourn</b>



# Background





## VA's Annual Spend is Large, and Growing

- **FY 2010 Procurement Spend – \$17.4 billion**  
(Source: FPDS)
  - VA spent in excess of \$3.5 billion on Veteran Owned Small Businesses (VOSB) through the Veterans First Contracting Program
  
- **FY 2010 Contract Actions – 1.3 million**  
(Source: eCMS)
  - Total contracts – 174,722 with 27,176 suppliers



# VA Acquisition Workforce Leaders



Chief  
Acquisition  
Officer  
**Glenn Haggstrom**



Senior  
Procurement  
Executive  
**Jan Frye**

Deputy Senior Procurement Executive

**Ford Heard**

## Heads of Contracting Activities

Veterans Health Administration

**Norbert Doyle**

Veterans Benefits Administration

**Bonnie Miranda**

National Cemetery Administration

**David Schettler**

Office of National Healthcare Acquisition

**Craig Robinson**

Construction & Facilities Management

**Bob Neary**

Office of Acquisition Operations

**Iris Cooper**



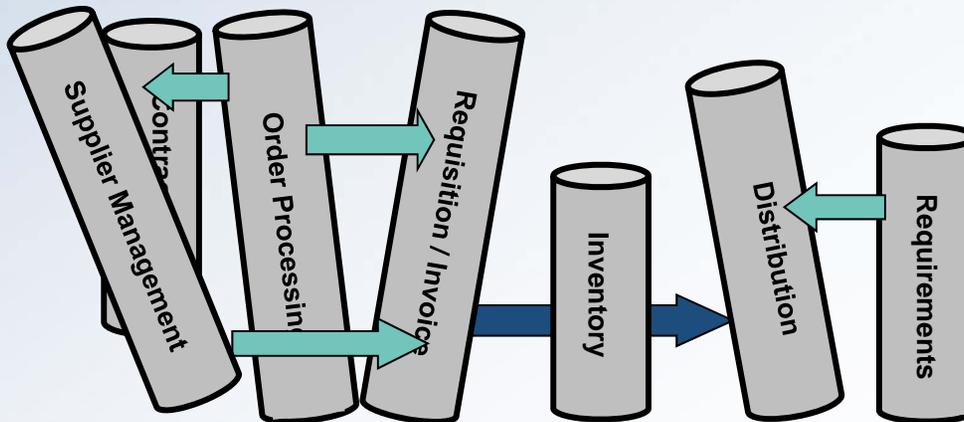
# Supplier Relationship Management Management Objectives

- Clear, Timely Communication
- Accountability for Customer Service
- Teamwork and Collaboration
- Contract Process Improvements
- Professionalism and Excellence



# VA is Transforming its Supply Chain

## Current State

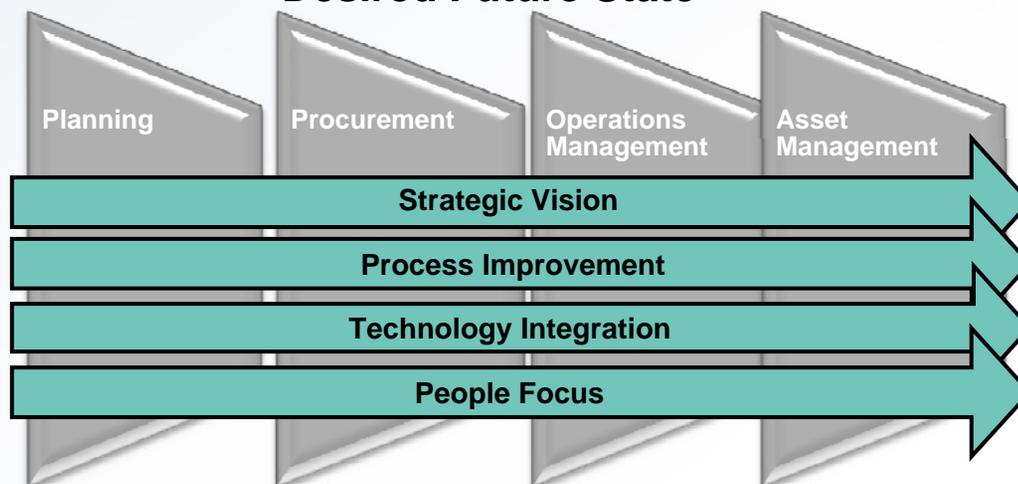


Lack of alignment means . . .

- redundant functions
- out-of-sync processes
- organizational disconnects

. . . among supply chain components

## Desired Future State



Alignment of the supply chain pillars can only be achieved by focusing on key principles that will drive major improvements in overall management and operations.



# Management Drivers

- **Strategic Vision**  
An enterprise approach to managing SCM that integrates planning, procurement, operations management and asset management
- **Process Improvement**  
Streamlining processes to clarify roles, increase productivity and reduce costs
- **Technology Integration**  
Incorporating common data, metrics and software with leading supply chain technologies to improve performance, measure results, and drive efficiencies
- **People Focus**  
Engaging internal and external supply chain stakeholders to extend communications, promote collaboration, enhance capabilities and increase effectiveness



## **VA “Voice of the Customer” Initiatives: Informing the Management Process**

- Regional Supplier Relationship Forums
- Federal Supply Schedule Forums
- Supplier Perception Survey
- VA Industry Advisory Group



# Supplier Relationship Forums





# VA Supplier Forums

New Dialogue between VA and its Suppliers

- Forums to Date
  - 9<sup>1</sup> Regional Forums
  - 3 Federal Supply Schedule Forums
  - 1 Construction & Facilities Management Forum
- 1070 Attendees to date
- Each forum provides qualitative, anecdotal feedback on problems and progress AND facilitates problem solving

## Slide 11

---

1 This will be the 11th, if I count correctly  
Harold Gracey, 4/4/2012



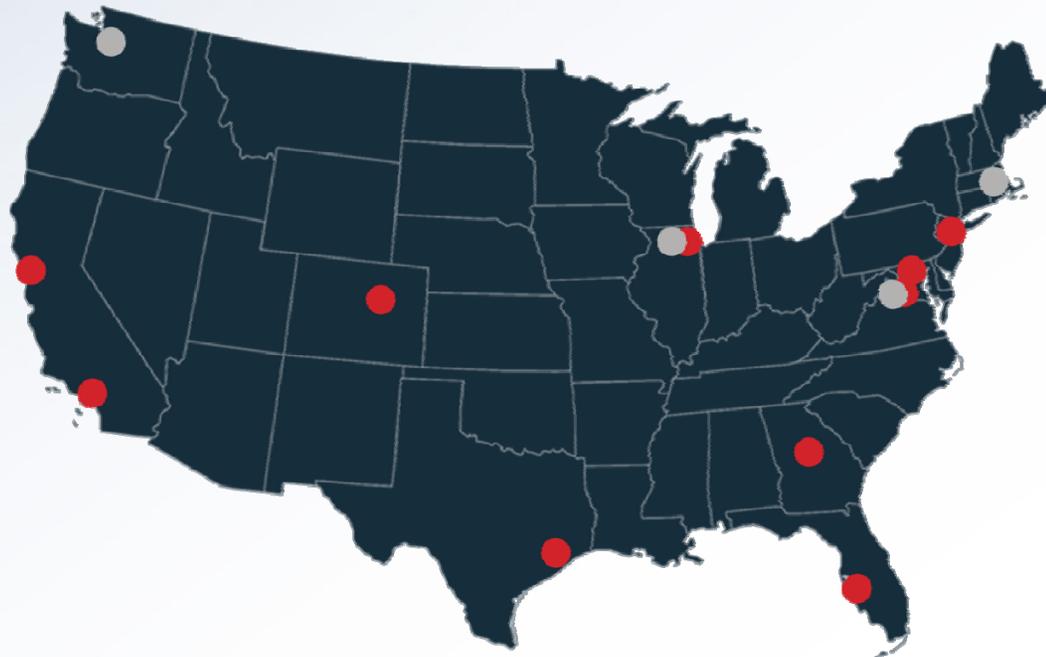
# VA Has Held Forums Across the US

## Upcoming Forums

July 19	Boston
August 3	Seattle
October 17	Chicago (SRM)
October 18	Chicago (FSS)
November 7	Washington, DC

## Previous Forums

August 2009	Arlington, VA
August 2010	New Brunswick, NJ
September 2010	Long Beach, CA
October 2010	Chicago (SRM & FSS)
May 2011	Tampa
June 2011	Washington, DC (CFM)
September 2011	San Francisco
October 2011	Chicago (SRM & FSS)
November 2011	Houston
March 2012	Denver
April 2012	Atlanta





# Supplier Relationship Forums

## What We've Heard

Theme	Key Points
<b>Communications</b>	Communication and transparency surrounding the acquisitions process needs improvement, both internally and externally.
<b>Customer Service</b>	Enhance the level and quality of acquisition support – e.g., calls returned, modifications addressed in a timely manner.
<b>Team Work</b>	Provide clear definitions of the roles and responsibilities of the CO, the COTR, and Program Manager to better differentiate among them.
<b>Contracting Process</b>	Suppliers want earlier engagement with VA before solicitations to ensure VA is using the correct contract type and has clear requirements, which will help VA get the best value and delivery. Suppliers also are concerned with use of FedBid reverse auction.



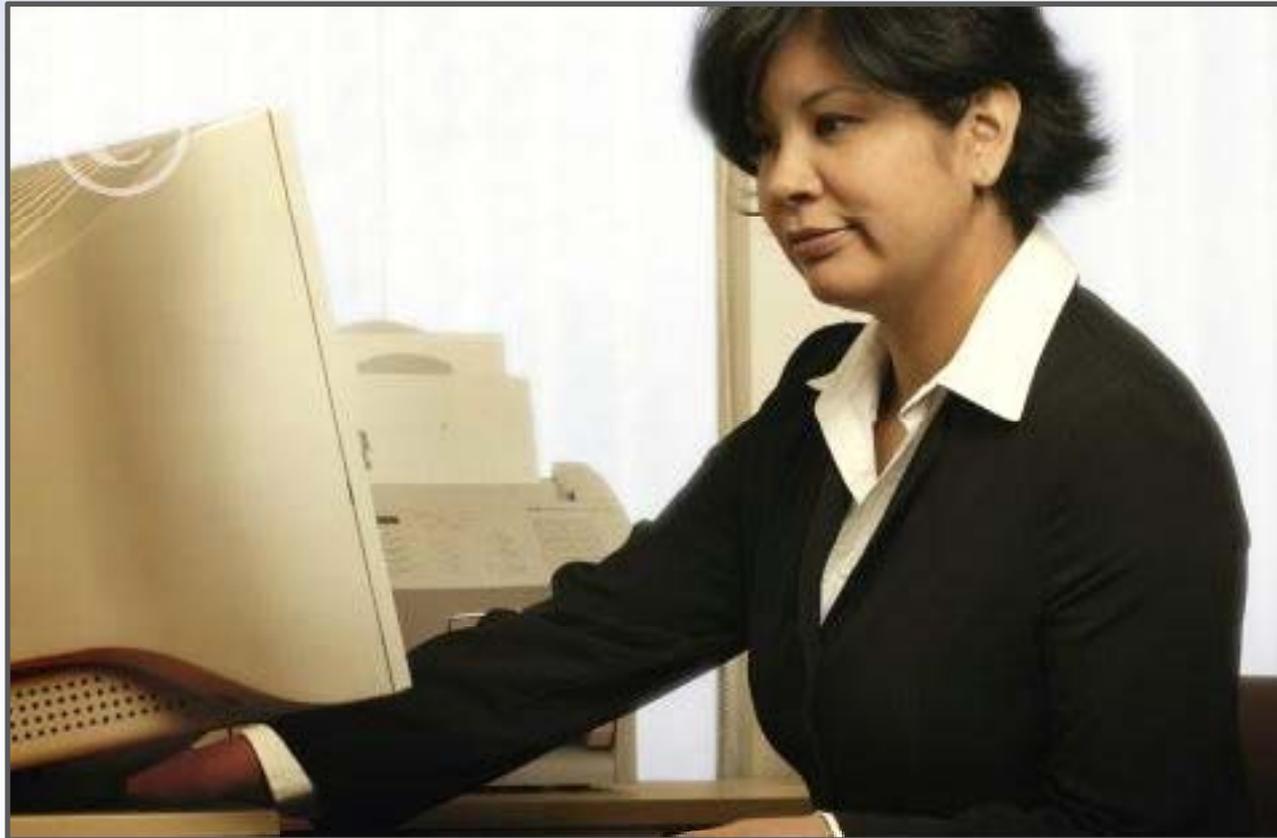
# Supplier Relationship Forums

## What We've Heard

Theme	Key Points
<b>Personnel</b>	VA contracting staff performance is inconsistent. Performance ranges from logical and helpful to hostile and confrontational.
<b>Training</b>	VA contracting staff's knowledge and approach are inconsistent. Some staff know VA policies and work within the Department's regulations to meet VA goals, while others have limited or inconsistent knowledge, which hinders performance.
<b>Timelines</b>	Long solicitation and modification timelines create major issues for suppliers, during which products and prices can shift drastically, prompting further modifications, continuing the cycle.
<b>Performance Feedback</b>	Suppliers want more ways to make their voices heard at all points in the process. They want to be able to report poor performance, work with VA to solve problems, and provide input to improve solicitations.



# Supplier Perception Surveys





# VA Supplier Perception Surveys

A Best Practice to Inform Management Efforts

- VA and General Services Administration are the only two Federal agencies conducting supplier surveys
- Supplier surveys are a Best Practice in private industry
  - Used successfully by Honda, Sara Lee, Caterpillar, Harley-Davidson and others





# VA Supplier Perception Surveys

Using Rigorous and Statistically Valid Methods

- Began in 2010, based on input from first SRM Forum
- 3 rounds of surveys and 3,976 respondents to date
- Respondents selected through random sample; not every respondent gets survey each round
- Questions use Likert Scale from **1** (worst) to **5** (best)
  - 3.0 is private sector industry *average*
  - 3.5 is private sector industry and VA's *goal*
- VA has improved its score from 3.03 to 3.17.
- Participants are divided into Top Suppliers (\$4.5 million or more in sales) and Smaller Suppliers (all others)



# VA Supplier Perception Survey

VA's Achieves its 3.5 Rating Goal on Four Questions

Question	1 <sup>st</sup> & 2 <sup>nd</sup> Survey	3 <sup>rd</sup> Survey
Your commitment to VA for a long term business relationship	Above 3.5	Above 3.5
VA's record in honoring contract payment terms	Above 3.5	Above 3.5
VA's integrity	Below 3.5	Above 3.5
The overall quality of the working relationship between VA and your company	Below 3.5	Above 3.5

- All four successful categories reflect on Suppliers' trust for VA



# VA Supplier Perception Survey

## Lowest Rated Dimensions are Less Numerous

Question	Average Rating
VA's concern for your profitability	Below 3.0
VA's ability to present "one face" in your dealings across multiple functions	Below 3.0
VA's effectiveness in sharing risk, reducing your need to build risk into your pricing	Below 3.0
VA's effectiveness in focusing on Total Cost of Ownership	Below 3.0

- The number of questions rated Below 3.0 has steadily declined
  - Only 4 questions received the lowest ratings, down from 17 (out of 32 questions) in the First Survey
- There are signs of improvement even in these lower-rated questions



# Supplier Perception Survey Analysis

- VA's high ratings from suppliers in core foundational areas (e.g., integrity) provide a sound framework to build upon
- Key areas for VA to work on:
  - Suppliers want the basics - increased collaboration, communication, and better service
  - Performance Measurement Must Drive Improvement
    - VA Contracting Performance Tracking
    - Supplier Performance Tracking
  - Total Cost of Ownership and Strategic Sourcing Are Needed
    - Awards should be "best value" not "low bid".
  - Developing CO Talent and Resources in Procurement
    - Better individuals in contracting and procurement.
    - More individuals in contracting and procurement.



# VA Industry Advisory Group





# VA Industry Advisory Group

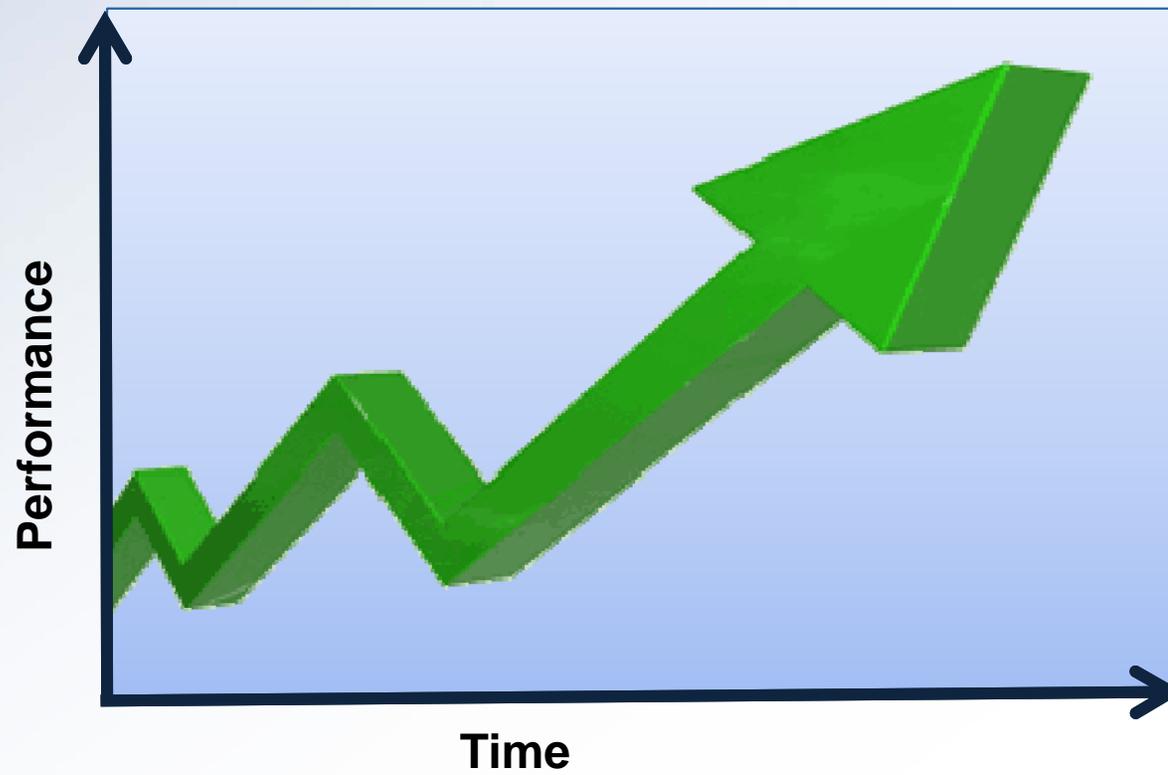
## Continuing Dialogue between VA and Suppliers

Independent group coordinated through the Ambit Group and North Carolina State University's Poole College of Management

- Nineteen companies of a variety of business sizes and types
- IAG Goals
  - Share best practices & success stories
  - Provide structured suggestions to VA Acquisition Leadership
- Focus areas
  - Improve the relationship between VA and its suppliers
  - Review contracting processes
  - Create Issue Papers
- Meetings held July 2011, November 2011, and February 2012
- Next meeting, May 2012



# Management in Action





# We are Responding to Supplier Concerns

- Longer-term initiatives started
  - Help desk being established to resolve contract problems
  - Investigation of impacts of use of FedBid
  - Supplier Perception Surveys
  - Industry Advisory Group
  - Increased use of draft RFPs and Advanced Planning Briefings for Industry
- Vendor communication plan  
<http://www.va.gov/oal/docs/business/oalVendorCommunicationPlan20120307.doc>



## **We are Improving Our Service**

### **Under Federal Supply Schedules**

- **Award Actions**
  - 57% increase in output from FY 2010
- **Pending Offers**
  - 27% decrease in timeline from October 2010 to September 2011
- **Pending Extensions**
  - 22% decrease in timeline from October 2010 to September 2011
- **Modification actions**
  - 47% decrease in timeline from October 2010 to September 2011
- **Improvements resulting from**
  - Standardized Forms
  - Comprehensive Training Program
  - Enhanced communication tools – improved Web pages, instruction guides, newsletters, participation in social media sites



## We Are Promoting Use of SDVOBs

- Initiated Subcontracting Compliance Review Program
  - Respond to small business concerns
  - Ensure contractors' compliance with subcontracting requirements
  - Ensure integrity in VA's SDVOSB program
  - Provide valuable information on contractors' subcontracting compliance for future procurements





## Fiscal Year (FY) 2012 and 2013 VA Small Business Program Goals

	Prime Contractor	Subcontractor
Small Business	34.0%	17.5%
Veteran-Owned Small Business	12.0%	5.0%
Service-Disabled Veteran-Owned Small Business	10.0%	3.0%
Women-Owned Small Business	5.0%	5.0%
Small Disadvantaged Businesses (including Section 8(a))	5.0%	5.0%
Historically Underutilized Business Zone (HUBZone) Small Business	3.0%	3.0%



# Improved Training for Contracting Staff

## Acquisition Academy Boosts Knowledge & Consistency

- Competency-Based program to train and certify Acquisition Team
  - Contracting Professionals including entry-level interns, Program/Project Managers, and COTRs
- Opened September 2008 in Frederick, Maryland
  - Includes 16 classrooms and 150+ employees
- Curricula meet government-wide certification requirements
- Allow VA employees to maintain professional certifications and currency
- Holistic approach to improve acquisition processes includes
  - Acquisition Internship School
  - Contracting Professional School
  - Program Management School
  - VA Facilities Management School
  - Supply Chain Management School (opens in 2012)



# VA Welcomes Your Feedback!

## Email Addresses

<b>Glenn Haggstrom</b>	<a href="mailto:Glenn.Haggstrom@va.gov">Glenn.Haggstrom@va.gov</a>
<b>Jan Frye</b>	<a href="mailto:Jan.Frye@va.gov">Jan.Frye@va.gov</a>
<b>SRM Feedback</b>	<a href="mailto:VASupplierManagementFeedback@va.gov">VASupplierManagementFeedback@va.gov</a>

## VA Supplier Management Website

<http://www.va.gov/oal/business/srm/index.asp>