



Department of Veterans Affairs

# VA Supplier Relationship Management

Regional Forum – Boston  
July 19, 2012





# Today's Agenda

Time	Event
8:00 am	Registration
8:30 am	Introduction
8:35 am	SRM Update
9:10 am	OSDBU Update
9:30 am	Participant Survey
9:45 am	<b>Break</b>
10:00 am	Facilitated Breakout Session
11:45 am	<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 2011 Procurement Spend – \$17.4 billion  
(Source: FPDS)
  - VA spent an excess of \$3.6 billion on Veteran Owned Small Businesses (VOSB) through the Veterans First Contracting Program
  
- FY 2011 Contract Actions – \$1.4 million  
(Source: eCMS)
  - Total contracts – 169,791 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 Relationships

## Management Objectives

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



# VA “Voice of the Customer” Initiatives

## Improving Communications

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



# Supplier Relationship Forums





# VA Supplier Forums

Continuing Dialogue between VA and its Suppliers

- Forums to Date
  - 10 Regional Forums
  - 2 Federal Supply Schedule Forums
  - 1 Construction & Facilities Management Forum
  - 1,152 attendees to date
- Each forum provides qualitative, anecdotal feedback on problems and progress AND facilitates problem solving



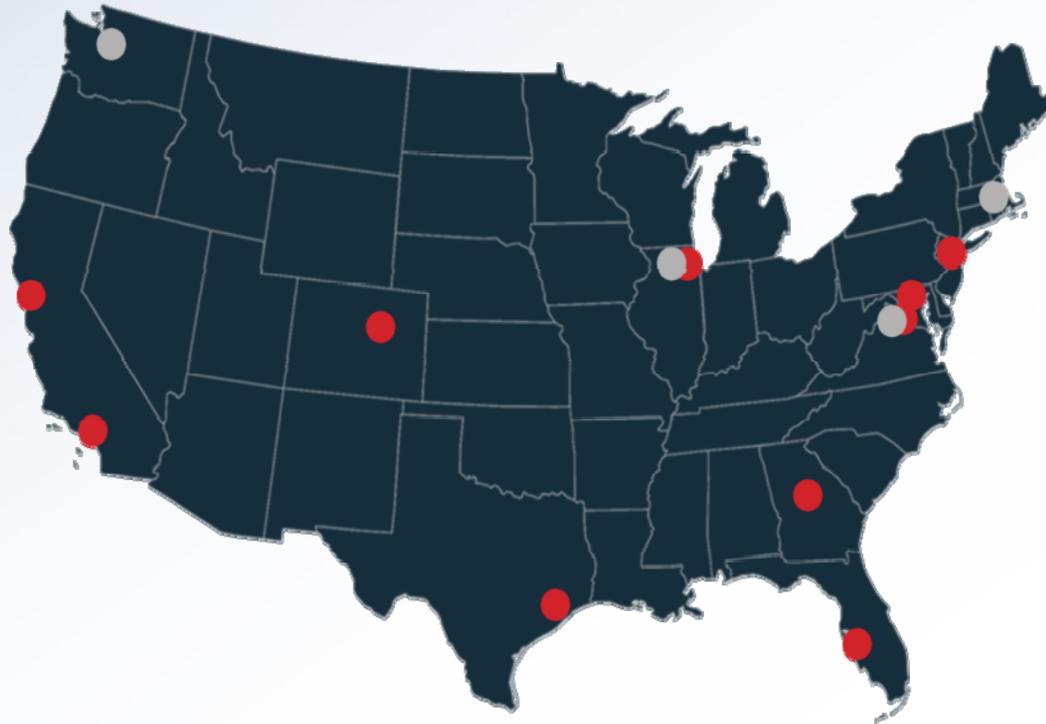
# VA Has Held Forums Across the US

## Upcoming Forums

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

## Top Concerns

Theme	Key Points
<b>Communications</b>	Communications 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 COR, and Program Manager to better differentiate among them.
<b>Contracting Process</b>	Suppliers want earlier engagement with VA before solicitations are issued 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

## Other Concerns

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 Improvement Efforts

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





# VA Supplier Perception Surveys

## Using Rigorous and Statistically Valid Methods

- Surveying began in 2010, based on input from first Supplier Forum
- 3 rounds of surveys and 3,976 respondents to date
- Respondents selected through random sample; not every respondent gets survey each round
- Survey addresses 32 dimensions of supplier satisfaction
- 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.



# VA Supplier Perception Survey

## VA Achieves its 3.5 Rating Goal on Four Questions

Question	1 <sup>st</sup> Survey	2 <sup>nd</sup> Survey	3 <sup>rd</sup> Survey
Your commitment to VA for a long term business relationship	4.00	4.04	3.98
VA's record in honoring contract payment terms	3.55	3.62	3.54
VA's integrity	3.47	3.55	3.50
The overall quality of the working relationship between VA and your company	3.42	3.50	3.61

- All four successful categories reflect on suppliers' trust of VA



# VA Supplier Perception Survey

## Lowest Rated Dimensions are Improving

Question	1 <sup>st</sup> Survey	2 <sup>nd</sup> Survey	3 <sup>rd</sup> Survey
VA's concern for your profitability	2.80	2.78	2.83
VA's ability to present "one face" in your dealings across multiple functions	2.75	2.87	2.99
VA's effectiveness in sharing risk, reducing your need to build risk into your pricing	2.81	2.88	2.94
VA's effectiveness in focusing on Total Cost of Ownership	2.85	2.89	2.95

The number of questions rated below 3.0 has steadily declined:

- Only **4** questions received a rating below 3.0 on third survey, down from **17** (out of **32** questions) in the first survey.
- There are clear signs of improvement.



# Supplier Perception Survey

## Analysis Shows Areas for VA Improvement

- VA's high ratings from suppliers in core foundational areas (e.g., integrity) provide a sound framework to build upon
- Key areas that VA is addressing:
  - Start with the basics: increased collaboration, communications, and better service
  - Measure performance to drive improvement
    - VA contracting performance tracking
    - Supplier performance tracking
  - Better focus on Total Cost of Ownership
    - Leveraging Spend better (e.g., Strategic Sourcing)
    - Awards should not always be based on "low bid"
  - Develop Contracting Officer talent and resources
    - More and better CO training
    - Better processes and management controls
    - Better tools



# VA Industry Advisory Group





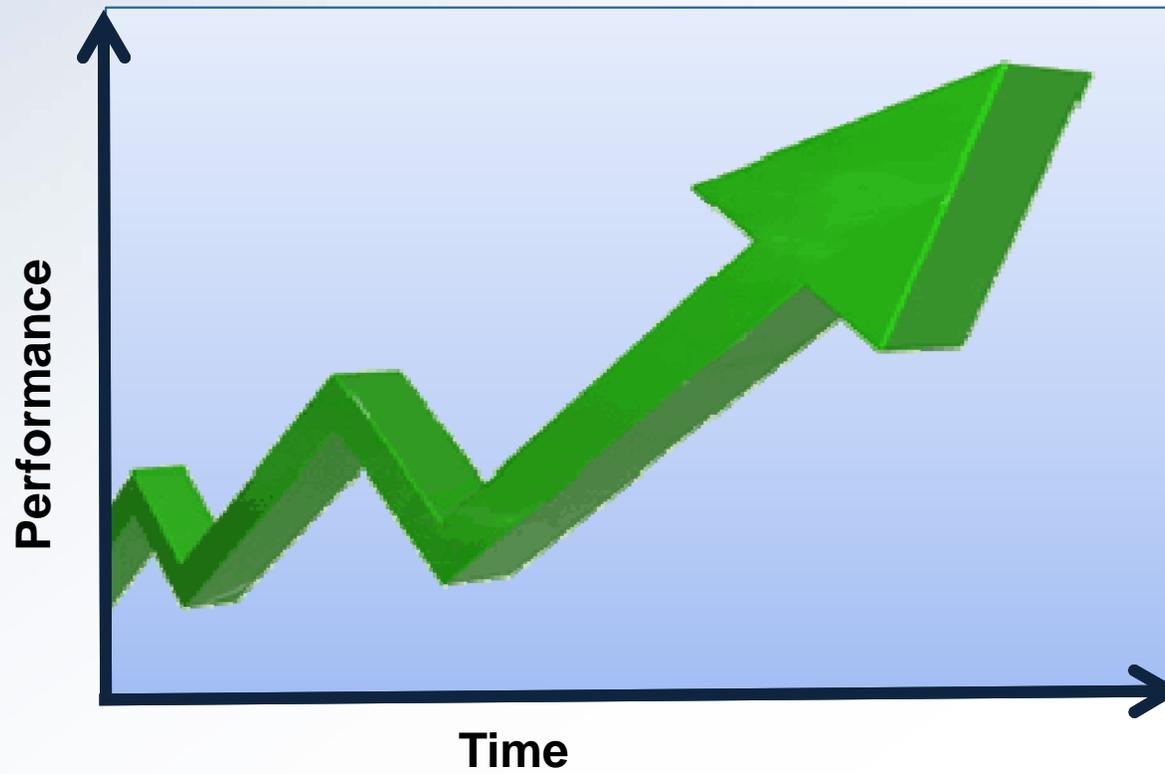
# VA Industry Advisory Group

## Your Voice to Top Management

- Independent group coordinated by the Ambit Group and North Carolina State University's Poole College of Management
- 24 companies of a variety of business sizes and types
- Meets quarterly
- IAG Goals
  - Share best practices & success stories
  - Provide structured suggestions to VA Acquisition Leadership
- Focus areas
  - Improve the relationship between VA and its suppliers
  - Identify business processes that add little value or increase costs unnecessarily
  - Create and present Issue Papers
- Presented Issue Papers to VA Senior Procurement Council on June 1, 2012
  - Construction Acquisition Approaches
  - Use of Reverse Auctions
  - Requirement Development and Contractor Involvement



# Improvement in Action





# We are Responding to Supplier Concerns Changes Already Underway

- Increasing the use of draft RFPs and Advanced Planning Briefings for Industry
- Clarified the policy on use of FedBid
  - VA Reverse Auction policy has been revised to ensure that VA conducts reverse auctions in compliance with Federal and VA Acquisition Regulations.  
<http://www.va.gov/oal/business/pps/flash12-14.asp>
- Establishing Help Desk to address supplier concerns and improve responsiveness
- Increasing communications throughout the Acquisition chain
  - Conducting training for VISN Senior Contracting Staff to ensure messages are getting through
  - Issued Vendor Communication Policy to encourage earlier and enhanced communication among suppliers.  
<http://www.va.gov/oal/docs/business/oalVendorCommunicationPlan20120307.doc>



# We are Responding to Supplier Concerns Changes Already Underway

OMB Mythbusters memos dispel some common acquisition communication misconceptions:

- Mythbusters I: Communication from the Federal Government to Suppliers  
<http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/Myth-Busting.pdf>
- Mythbusters II: Communication from Suppliers to the Federal Government  
<http://www.whitehouse.gov/sites/default/files/omb/procurement/memo/myth-busting-2-addressing-misconceptions-and-further-improving-communication-during-the-acquisition-process.pdf>



# Improved Training for Contracting Staff

## Acquisition Academy Boosts Knowledge & Consistency

- Competency-based program to train and certify Acquisition Team
- Opened September 2008 in Frederick, Maryland
- Curricula meet government-wide certification requirements
- Enable 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)
- Training program for business / requirement owners
- Supplier Relationship training provided to acquisition staff



# We are Improving Our Service

## Under Federal Supply Schedules

- Award Actions: Output **increased 57%** from FY 2010
- Pending Offers: Timeline **decreased 27%** 2010 to 2011
- Pending Extensions: Timeline **decreased 22%** 2010 to 2011
- Modification actions: Timeline **decreased 47%** 2010 to 2011
- Improvements resulting from
  - Use of standardized forms
  - Comprehensive training program
  - Use of enhanced communication tools – improved Web pages, instruction guides, newsletters, participation in social media sites
- <http://www.fss.va.gov/FSS/index.asp>



# Promoting Use of SDVOSBs and VOSBs

## Initiated Subcontracting Compliance Review Program

- Respond to small business concerns
- Ensure contractors' compliance with subcontracting requirements
- Ensure integrity in VA's VETS First program
- Provide valuable information on contractors' subcontracting compliance for future procurements





# VA Small Business Program Goals

## Fiscal Years 2012 and 2013

Business Classification	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%
Woman-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%



# VA Small Business Program Goal History

## Historical Results

	2012 Goals	2011	2010	2009	2008	2007
Small Business	34.0%	34.4%	37.3%	34.51%	36.35%	32.91%
Veteran-Owned Small Business	12.0%	20.5%	23.0%	19.28%	15.27%	10.13%
Service-Disabled Veteran-Owned Small Business	10.0%	18.3%	20.0%	16.28%	12.09%	6.95%
Woman-Owned Small Business	5.0%	3.7%	3.3%	3.42%	4.16%	4.87%
Small Disadvantaged Businesses (including Section 8(a))	5.0%	7.9%	8.4%	7.78%	7.97%	5.12%
Historically Underutilized Business Zone (HUBZone) Small Business	3.0%	2.2%	2.1%	2.02%	2.81%	3.24%

**Exceeds goal**

**Within 1.5% of goal**

**Does not meet goal**

Note: Goals are not the same each year

Data: <http://www.va.gov/osdbu/about/accomplishments.asp>



# VA Welcomes Your Feedback!

## VA Supplier Transformation Website

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

## Email Address

**SRM Feedback**

[VASupplierManagementFeedback@va.gov](mailto:VASupplierManagementFeedback@va.gov)