



Department of Veterans Affairs

VA Supplier Relationship Management

Regional Forum – Chicago
October 20, 2011





Today's Agenda

Time	Event
8:30 am – 8:45 am	Introduction/Administrative Remarks
8:45 am – 9:30 am	VA SRM Initiative Update – What Have we Done
9:30 am – 9:45 am	Participant survey, Round 1
9:45 am – 10:00 am	BREAK
10:00 am – 12:15 pm (breaks as needed)	Facilitated Breakout Session – Working with VA
12:15 pm – 1:30 pm	LUNCH (participants on their own)
1:30 pm – 3:00 pm	Plenary: Report from Breakout Groups, Cross-Group Observations
3:00 pm – 3:15 pm	BREAK
3:15 pm – 4:15 pm	“Ask the VA” – Facilitated Q&A with VA Acquisition Leadership
4:15 pm – 4:45 pm	Participant Survey, Round 2
4:45 pm – 5:00 pm	Wrap-Up – Next steps, Feedback
5:00 pm	Networking Reception



The Department of Veterans Affairs

- ❑ ***FY 2010 Budget Outlays: \$127 billion***
- ❑ ***FY 2010 Discretionary Budget Authority: \$48 billion***
- ❑ ***FY 2010 Procurement Spend: \$24 billion***
- ❑ ***FY 2011 Budget Outlays: \$124 billion***
- ❑ ***FY 2011 Discretionary Budget Authority: \$53 billion***
- ❑ ***Certified Contracting Officers in VA – 1700+ (April 2011)***

- ***VA Employees: 304,099***
- ***Veterans Integrated Service Networks: 21***
- ***VA Hospitals: 153***
- ***VA Community Based Outpatient Clinics: 800+***
- ***VA Veterans Centers: 260***
- ***VBA Regional Benefits Offices: 57***
- ***VA National Cemeteries: 131***



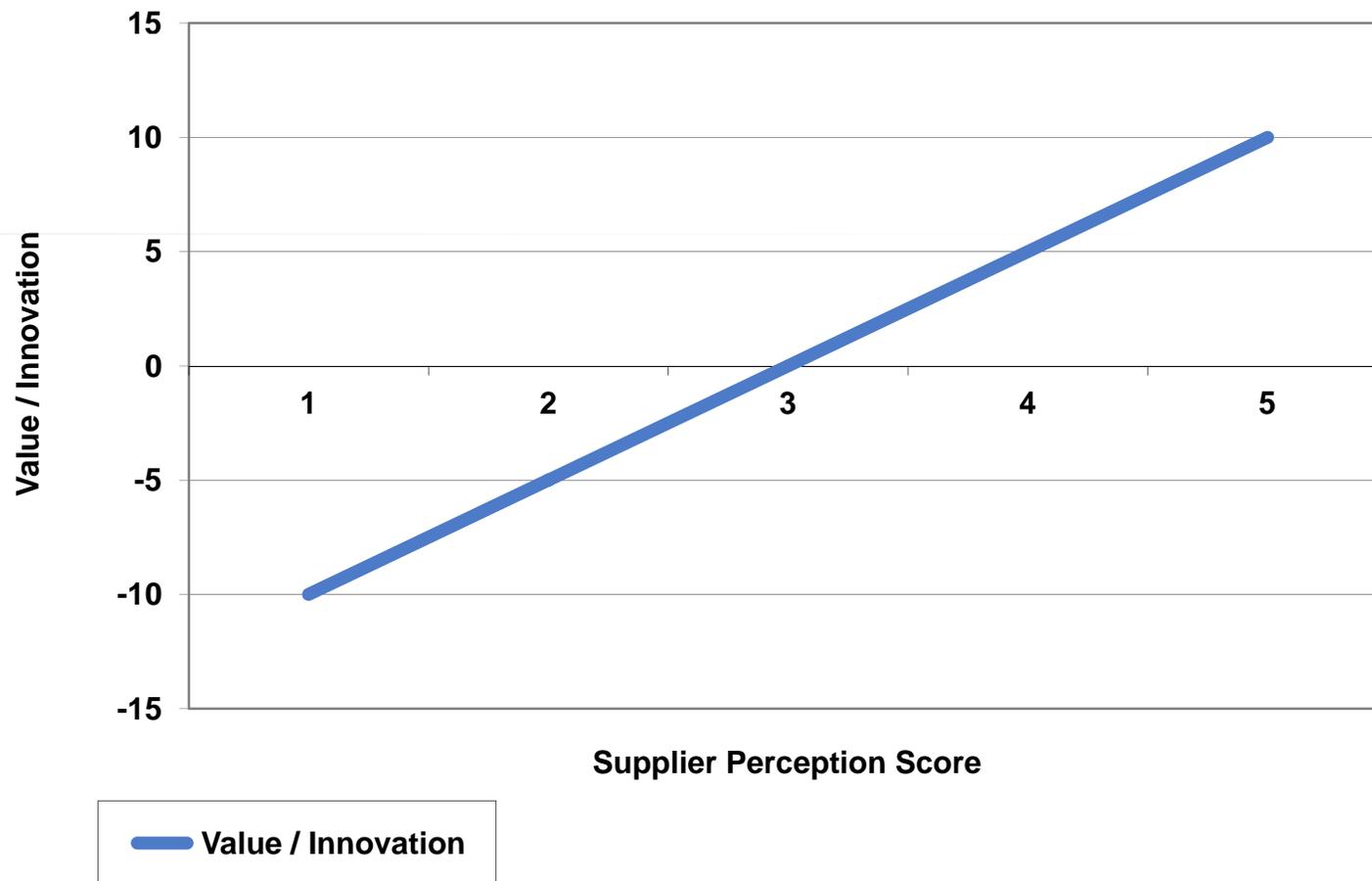
VA's 16 Greatest Challenges

1. Eliminate Veteran Homelessness
2. Human Capital Improvement Plan
3. Automate GI Bill Benefits
4. Virtual Lifetime Electronic Records (VLER)
5. Improve Veterans' Mental Health
6. Veterans Relationship Management (VRM)
7. Veterans' Benefit Management System (VBMS)
8. New Health Care Model
9. Expand Health Care Access
10. Systems to Drive Performance (Enterprise Cost Accounting)
11. Health Care Value
12. Integrated Operating Model
13. Research and Development
14. Ensure Preparedness
15. Health Informatics
16. Strategic Capital Investment Planning Process



Why Supplier Satisfaction Matters

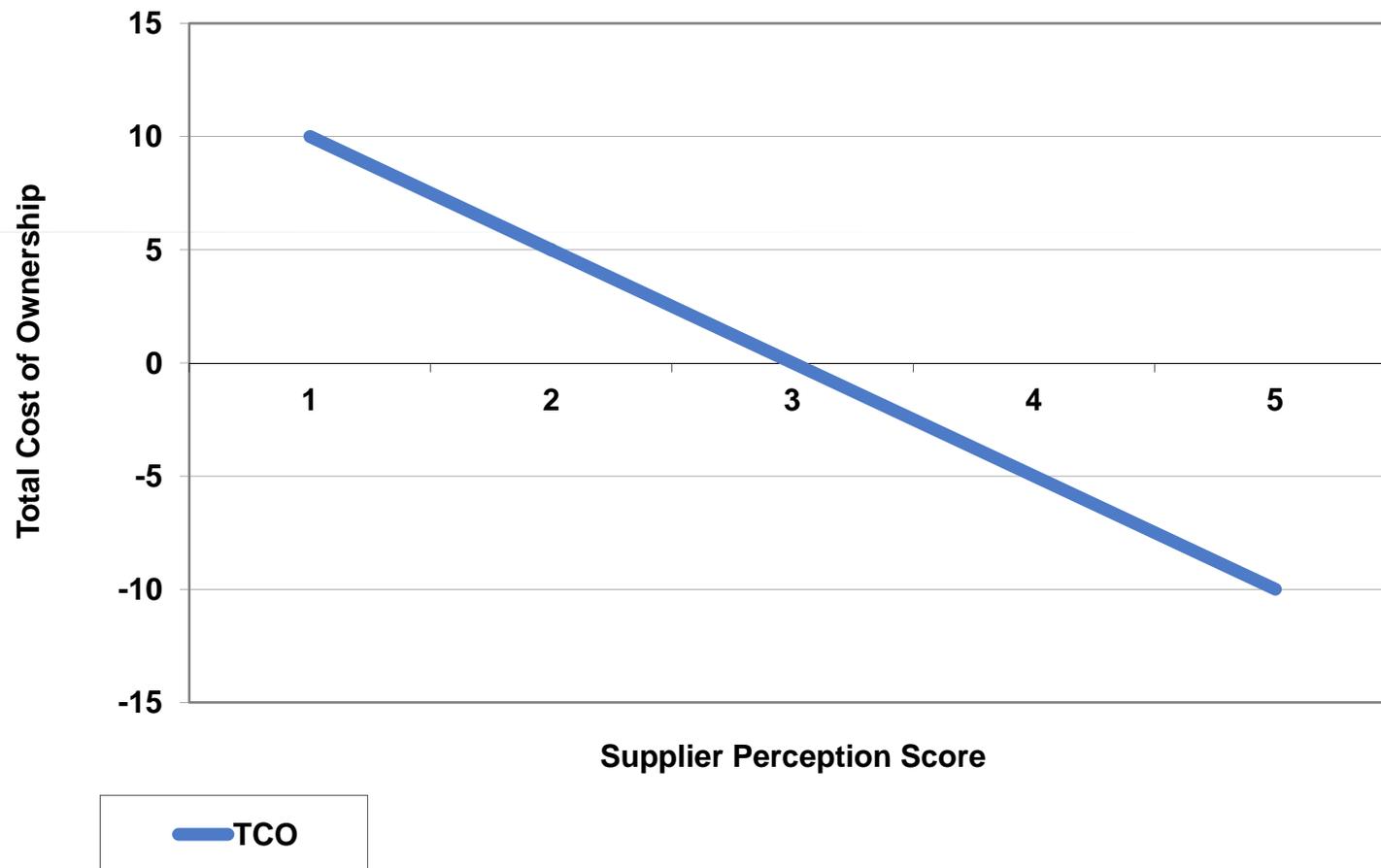
SPS Impact on Value / Innovation





Why Supplier Satisfaction Matters

SPS Impact on Total Cost of Ownership





Supplier Relationship Management

Management Objectives

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



VA Acquisition Workforce Governance

- ❑ Chief Acquisition Officer (CAO) – Glenn Haggstrom
- ❑ Senior Procurement Executive (SPE) – Jan Frye
- ❑ Deputy Senior Procurement Executive – Ford Heard
- ❑ Six Heads of Contracting Activities (HCAs):
 - Veterans Health Administration – Nibert Doyle
 - Veterans Benefits Administration – Bonnie Miranda
 - National Cemetery Administration – David Schettler
 - National Acquisition Center – Craig Robinson
 - Construction & Facilities Management – Bob Neary
 - Office of Acquisition Operations – Iris Cooper



Transforming VA Supply Chain

	Current State		Future State	VA Actions
Contracts	Multiple contracting entities and contract types; low utilization of VA-wide contracts		Single resource for initiating contracts; solid compliance on national contracts	Program Management and Governance
Logistics	Elements handled separately from business planning		Sourcing, planning and warehousing integrated with business operations	
Data Management	153 instances of procurement & inventory tool; no enterprise view		Standard codes; networked and integrated system; standard reports	Data Management and Sourcing Analysis
Sourcing	Lack discipline for sourcing and insight into order fulfillment		Widespread strategic sourcing practices with perfect order fulfillment	
Workforce Management	Staff lack PM & analytical skills, as well as training & recognition		Metrics-based performance criteria; career path for supply chain professionals with necessary education and training	Performance Management
Supplier Management	Procurement steps inconsistent; process not well-communicated		Transparent, performance-based procurement processes	Supplier and Customer Relationship Management
Customer Service	Not well defined; no metrics; no demand management		Demand is managed; standards are set, measured and achieved; SC employees empowered to act	

Improved Supply Chain Management = Improved Veteran Care



VA “Voice of the Customer” Initiatives

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



VA Regional SRM Forums

- Washington, DC – August 2009
- New Brunswick, NJ – August 2010
- Long Beach, CA – August 2010
- Chicago, IL – October 2010
- Tampa, FL – May 2011
- Washington, DC – June 2011 (CFM)
- San Francisco, CA – Aug 2011
- Chicago, IL – October 2011
- Houston, TX – November 2011



Supplier Relationship Forums

What We Heard

Theme	Key Points
Communications	Communication and transparency surrounding the acquisitions process needs improvement, both internally and externally.
Customer Service	Enhance the level and quality of acquisition support – i.e. calls returned, modifications addressed in a timely manner, etc.
Team Work	Provide clear definitions of the roles and responsibilities of the CO, the COTR, and the Program Manager in order to better differentiate between them.
Contracting Process	Suppliers want to provide VA with expertise during RFIs to ensure VA is using the correct contract type and definition of requirements in order to give VA the best price and delivery.
Performance	Suppliers would like a feedback system to be in place for them to offer feedback on requirements and the contract process.



VA Federal Supply Schedule (FSS) Forum

- ❑ 2 days of FSS Forums with 191 participants (Oct 2010)
- ❑ Discussed what does and does not work with VA FSS processes at the National Acquisition Center (NAC)
- ❑ Small facilitated breakout group sessions based on following schedules
 - 621I - Professional and Allied Healthcare Staffing Services
 - 651B - Drugs, Pharmaceuticals, Hematology Related Products
 - 65IIA - Medical Equipment and Supplies
 - 65IIC - Dental Equipment and Supplies
 - 65VII - In-vitro Diagnostics, Reagents, Test Kits and Test Sets



VA FSS Forum

What We Heard

- ❑ Communication with VA proves to be a continuous issue
 - Suppliers do not know who to contact for various needs
 - There is a need for a single, responsive VA Point of Contact
- ❑ Contracting workforce needs training on policies, legislation, processes, prioritization, and scenarios
- ❑ Delays have increased, including contract modifications, getting on a FSS, and other acquisition tasks
- ❑ Suppliers are not provided information regarding whether work was awarded, to whom, and for what price



VA Supplier Perception Survey (SPS)

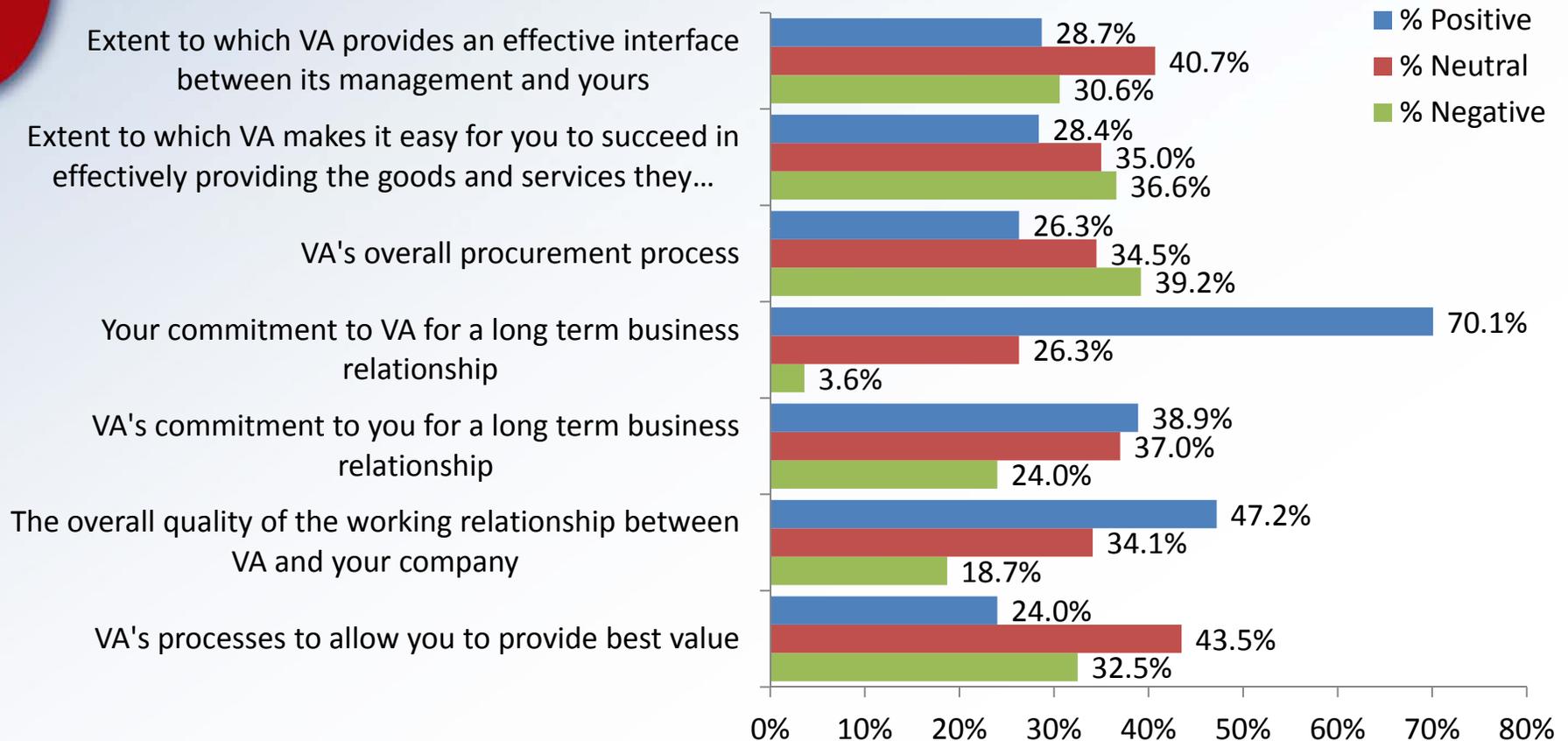
Action	Top Suppliers	Smaller Suppliers	Total
Invitations Sent	396	8,556	8,952
Bounced Invitations	26	895	921
Responses Received (n)	118	1,516	1,634
Response Rate	31.9%	19.8%	20.3%

- SPS used a stratified random sampling approach
- Two strata were defined based on supplier revenue with VA
 - **Top Suppliers** consisted of VA's largest suppliers who comprise nearly \$9 billion in annual VA expenditures, ranging from about \$4.5 million up to \$3.8 billion per supplier.
 - **Smaller Suppliers** consisted of all suppliers not in a top supplier category (not socioeconomic related).
- Top suppliers (31.9% response rate) showed a much higher propensity to respond to the survey than smaller suppliers (19.8% response rate).



VA Supplier Perception Survey

Overarching Satisfaction Ratings





VA Supplier Perception Survey

Highest Rated Dimensions

Question	2 nd Survey	Initial Survey
Your commitment to VA for a long term business relationship	4.04 (656)	4.0
VA's record in honoring contract payment terms	3.62 (641)	3.55
VA's integrity	3.55(664)	3.47
The overall quality of the working relationship between VA and your company	3.5 (660)	3.42
VA's emphasis on quality and commitment to continuous improvement	3.29 (619)	3.2

- Four questions were rated 3.5 and higher while during initial survey only two questions were rated 3.5 and higher
- Key indicators of trust between VA and suppliers going up



VA Supplier Perception Survey

Lowest Rated Dimensions

Question	2 nd Survey	Initial Survey
VA's concern for your profitability	2.78 (591)	2.8
VA's ability to present "one face" in your dealings across multiple functions	2.87 (619)	2.75
VA's effectiveness in sharing risk, reducing your need to build risk into your pricing	2.88 (549)	2.81
VA's effectiveness in focusing on Total Cost of Ownership	2.89 (530)	2.85
VA's processes allow you to provide best value	2.93 (629)	2.85

- ❑ 10 of the 32 questions received an average rating of under 3.0 on a 5.0 satisfaction scale. This is an improvement from 17 questions that received below 3.0 in the first survey.
- ❑ It is a positive sign that 2.78 is the lowest average rating received, which again is better than the 2.75 rating received in the first survey.



Supplier Perception Survey Analysis

- ❑ Favorable ratings are extremely encouraging.
- ❑ Key areas for VA to work on:
 - Poor consistent interface – “Single Face” to industry
 - Understanding and appreciation for
 - Open, collaborative cost management
 - Strategic cost elimination (Total Cost of Ownership)



VA Industry Advisory Group

- ❑ Coordinated through the Ambit Group and Michigan State University Eli Broad School of Business
- ❑ Comprised of a variety of business sizes and types (24 companies)
- ❑ IAG Goals
 - Be relevant for VA senior management.
 - Share best practices & success stories
 - Provide structured suggestions to enable better supplier relations
- ❑ Initial meeting held July 22, 2011
- ❑ Future focus areas
 - Relationship formation
 - Transform VA and industry culture
 - Standardization



VA HCA Action Plans

- ❑ FY2011 Focus Areas
 - Communications & Transparency
 - Customer Service
- ❑ Multiple Actions Across all 6 VA HCAs
 - Training VA Initiative Program Teams
 - “Industry Days”
 - Use of Draft RFPs
 - Expanding Pre and Post-Award Conferences
- ❑ Establishing VA Virtual Office of Acquisition (VOA)
 - Web-based interactive resource - internal VA and external
 - VAI2 Selected Initiatives (Broad Agency Announcements)
- ❑ Customer Service Focus
 - Customer Service Training for Contracting Officers
 - Customer Advocacy Teams
 - Definition of Roles and Responsibilities



VA Acquisition Workforce Initiatives

VA Acquisition Academy

- ❑ Opened September 2008 in Frederick, Maryland
- ❑ Innovative learning environment – 16 classrooms and workspace for 150+ employees
- ❑ Created to train and certify VA Acquisition Team
 - Contracting Professionals including entry-level interns
 - Program/Project Managers
 - Contracting Officer Technical Representatives
- ❑ Competency-Based Program
- ❑ Experiential Learning Model



VA Acquisition Academy

Raising the Bar

- ❑ Academy curricula satisfies government-wide professional certification requirements mandated by the Office of Federal Procurement Policy

- ❑ Federal Acquisition Certifications
 - Contracting (FAC-C)
 - Program/Project Management (FAC-P/PM)
 - Contracting Officer Technical Representative (FAC-COTR)

- ❑ Includes classes such as Performance Based Acquisition to allow VA employees to maintain required professional certifications and currency



VA Acquisition Academy Schools

- Acquisition Internship School
- Contracting Professional School
- Program Management School
- VA Facilities Management School (opens in 2011)
- Supply Chain Management School (opens in 2012)