



Department of Veterans Affairs

VA Supplier Relationship Management

Regional Forum – Denver
March 6, 2012





Today's Agenda

Time	Event
8:00 am	Registration
8:30 am	Introduction
8:45 am	SRM Update
9:15 am	Participant Survey
9:30 am (breaks as needed)	Facilitated Breakout Session
11:00 am	VA Café
12:00 pm	Optional Networking Lunch for Participants
1:30 pm	General Session Reconvenes
2:15 pm	Ask the VA
3:30 pm	BREAK
3:45 pm	Survey Results Report Out to Participants
4:00 pm	Winding Down
4:30 pm	Adjourn



The Department of Veterans Affairs

Quick Overview

	FY 2010	FY 2011
Budget Outlays	\$127 Billion	\$124 Billion
Discretionary Budget Authority	\$48 Billion	53 Billion

- Procurement Spend 2010: \$17 Billion
- Certified VA Contracting Officers VA (April 2011): 1700+
- 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



Supplier Relationship Management (SRM)

Management Objectives

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



VA Senior Procurement Council

- Chief Acquisition Officer (CAO) – **Glenn Haggstrom**
- Senior Procurement Executive (SPE) – **Jan Frye**
- Deputy Senior Procurement Executive – **Ford Heard**
- Six Heads of Contracting Activity (HCA):
 - Veterans Health Administration – **Nobert 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**



Transforming VA's Supply Chain

Improved Supply Chain Management = Improved Veteran Care

	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	



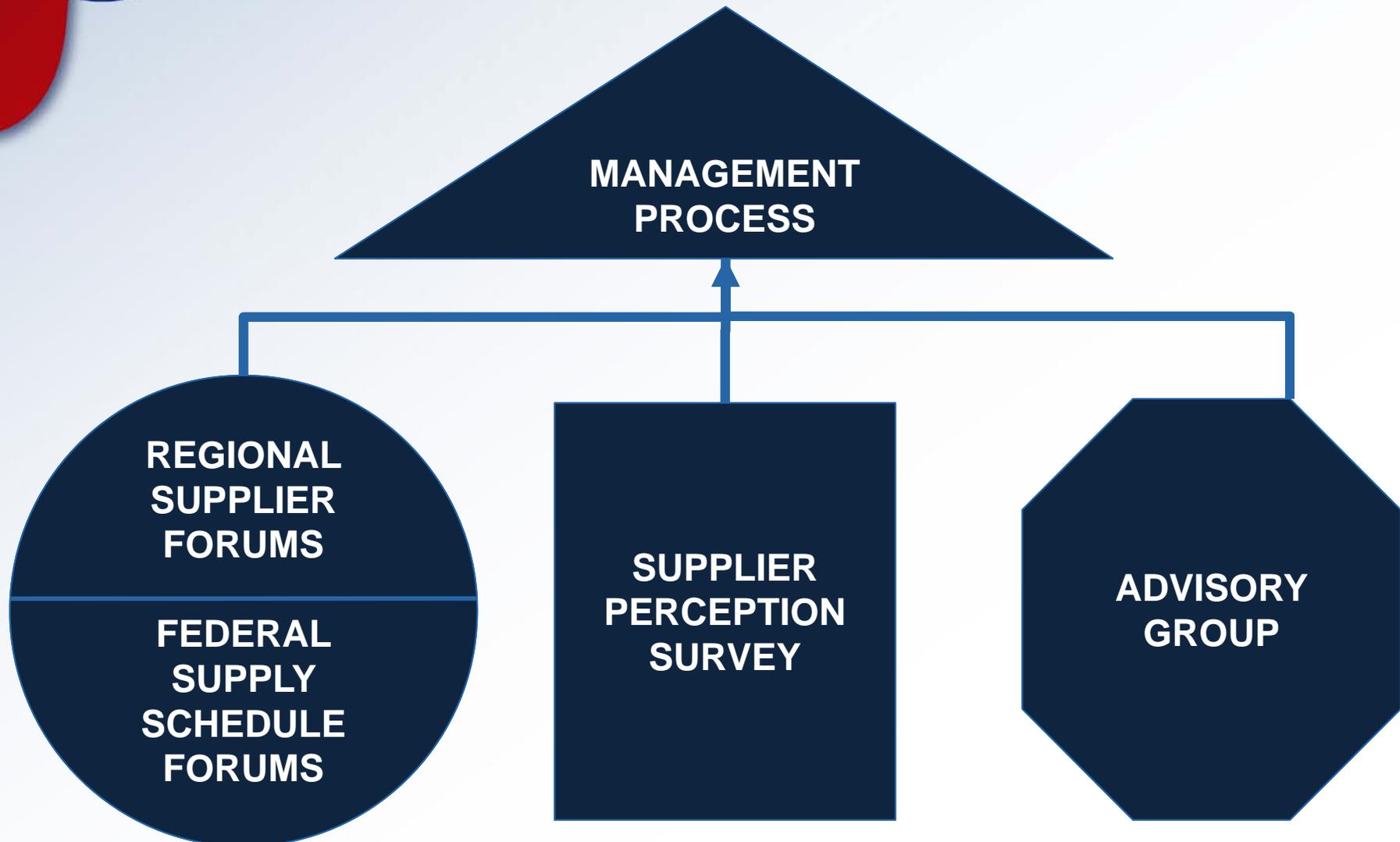
Transforming VA's Supply Chain

Improved Supply Chain Management = Improved Veteran Care

Current State		Future State	VA Action
Workforce Management	Staff lack PM & analytical skills, as well as training & recognition	Metrics-based performance criteria; with 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	

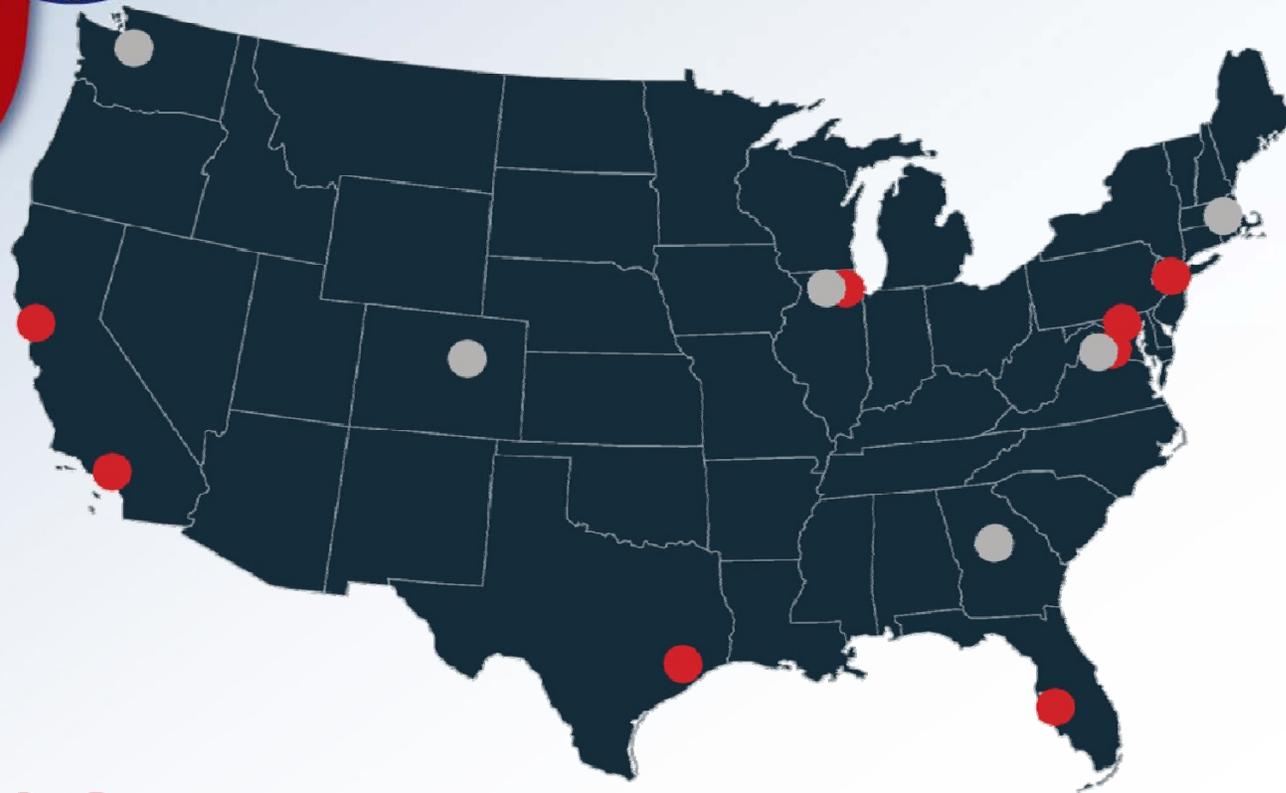


“Voice of the Customer” Initiatives Inform the Management Process





VA Regional SRM Forums



Upcoming Forums:

- 03-6-12 - Denver, CO
- 04-10-12 - Atlanta, GA
- 07-19-12 - Boston, MA
- 08-3-12 - Seattle, WA
- 10-17-12 - SRT Forum - Chicago, IL
- 10-18-12 - FSS Forum - Chicago, IL
- 11-7-12 - Washington, DC

Past Forums:

2009

Arlington, VA

2010

New Brunswick, NJ
Long Beach, CA
SRT Forum -
Chicago, IL
FSS Forum -
Chicago, IL

2011

Tampa, FL
CFM Forum - Washington, DC
San Francisco, CA
SRT Forum - Chicago, IL
FSS Forum - Chicago, IL
Houston, TX



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.
Team Work	Provide clear definitions of the roles and responsibilities of the CO, the COR, and the Program Manager in order to better differentiate among them.
Contracting Process	Suppliers want to provide VA with expertise during RFIs to ensure VA is using the correct contract type and requirements definitions in order to give VA the best price and delivery. Suppliers also are concerned with use of FedBid reverse auction and impact on their profit margin.
Performance	Suppliers would like a feedback system in place where they can offer suggestions and recommendations on requirements and the contract process.



VA Federal Supply Schedule (FSS) Forums

- In October 2010 VA held two days of FSS Forums with 191 participants and in October 2011, VA held a one day FSS Forum with 99 participants
 - 2010: Discussed what does and does not work with VA FSS processes at the National Acquisition Center (NAC)
 - 2011: Discussed what has and has not improved since 2010 Forum
- 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 Forums

What We Heard

- **Inconsistent contracting staff performances**
 - Performances ranges from logical and helpful to hostile and confrontational.
- **Large, varied knowledge gaps among contracting staff**
 - Some staff know VA policies and work within the Department's regulations to meet VA goals, while others with limited or inconsistent knowledge slow progress.
- **Lack of timeliness has serious repercussions**
 - Long solicitation and modification timelines create major issues for Suppliers. Products and prices often shift drastically during these long timelines. These long timelines then result in further modifications, furthering the cycle.
- **Suppliers want to make their voices heard**
 - They want to report poor performances, assist in the creation of RFIs and RFPs when appropriate, etc.
- **VA is making progress!**
 - Suppliers have noted improvements in VA Acquisitions' performance over the past year, but still see significant room for further progress.



VA Supplier Perception Survey (SPS)

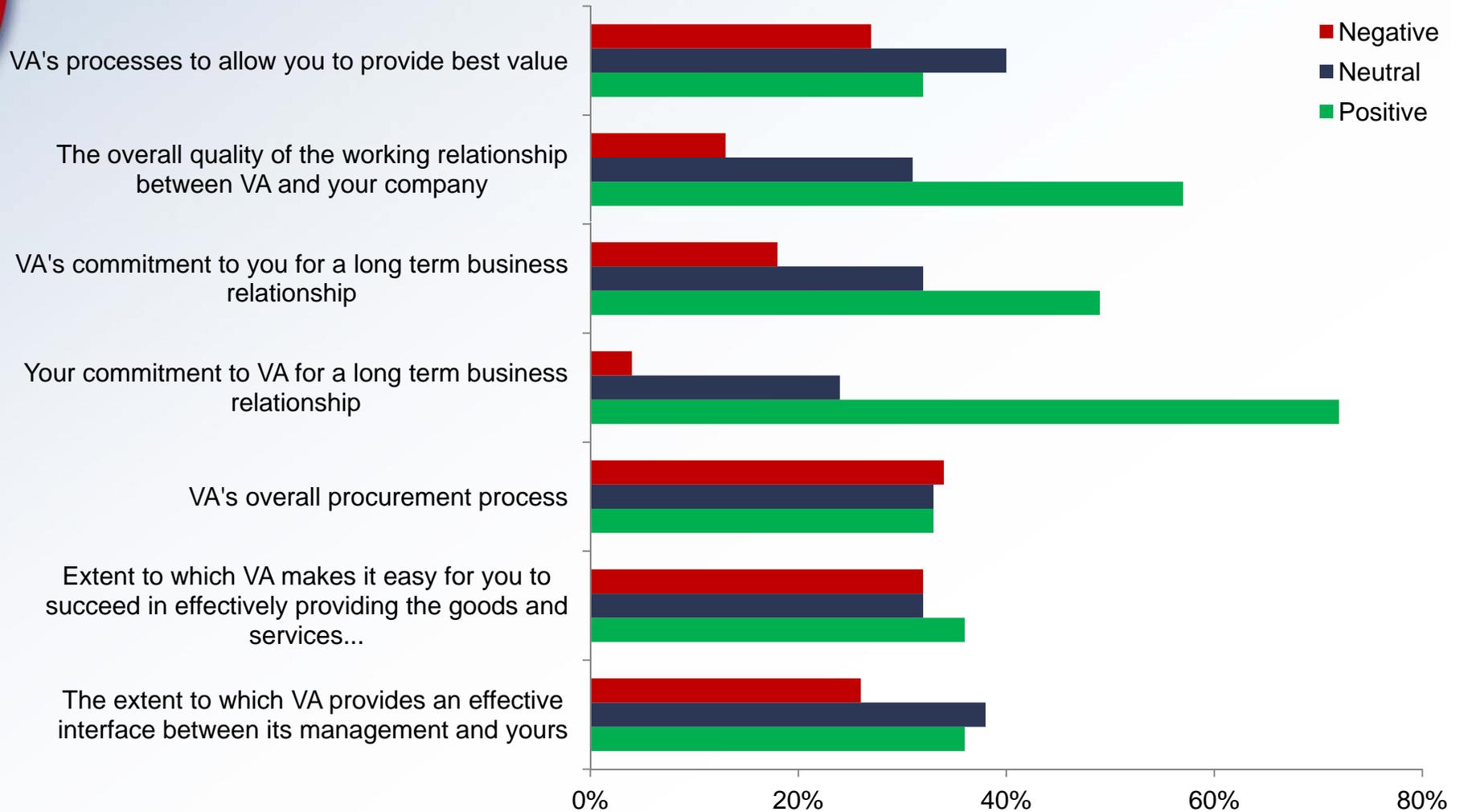
Action	Top Suppliers	Smaller Suppliers	Total
Invitations Sent	500	8,500	9,000
Bounced Invitations	4	66	70
Responses Received (n)	129	1,530	1,659
Response Rate	28%	19%	19%

- 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 showed a higher propensity to respond to the survey than smaller Suppliers.



VA Supplier Perception Survey

Overarching Satisfaction Ratings





VA SPS: Highest Rated Dimensions

VA Shows Steady Improvement

Question	1 st Survey	2 nd Survey	3 rd Survey
Your commitment to VA for a long term business relationship	4.0	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
VA's emphasis on quality and commitment to continuous improvement	3.20	3.29	3.33

The SPS revealed indicators of improvement within VA:

- In the initial survey only two questions rated 3.5 and higher; in the second and third surveys **four questions achieved 3.5 and higher.**
- These high scores signify trust between VA and Suppliers is increasing.



VA SPS: Lowest Rated Dimensions

VA Shows Steady Improvement

Question	1 st Survey	2 nd Survey	3 rd 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
VA's processes allow you to provide best value	2.85	2.93	3.02

Although a number of questions were rated under 3.0 on a 5.0 scale, this number is **decreasing** with each survey:

- In the first survey, **17** questions received ratings below 3.0.
- In the second survey, **10** questions received ratings under 3.0
- In the third iteration, only **5** questions ranked below 3.0



Supplier Perception Survey Analysis

VA's Favorable ratings are extremely encouraging

Positives:

- Overall, suppliers have a positive view of their relationship with VA, and the supply base expresses a very strong commitment to a long-term business relationship with VA.
- Suppliers rate VA's integrity very high – an aspect of trust that is fundamental to building stronger buyer-supplier relationships.
- Suppliers have a positive view of VA's focus on quality and continuous improvement.

Negatives:

- Suppliers perceive VA as having a less than desirable understanding of and appreciation for open, collaborative cost management and "strategic cost elimination".
- Suppliers are critical of VA's ability to present one face to the Supplier base.
- Many Suppliers find VA's procurement processes to be slow, cumbersome, and inflexible.



VA Industry Advisory Group (IAG)

- Coordinated through the Ambit Group and North Carolina State University' Poole College of Management
- Includes 19 diverse supplier companies
- IAG Goals:
 - Maintain relevance to VA senior management
 - Share best practices and success stories
 - Provide structured suggestions to enable better supplier relations
- Have held three meetings so far, with the most recent on February 6-7, 2012
- Focus areas:
 - Improving the relationship between VA and its suppliers
 - Contracting processes
 - White papers



VA Acquisition Improvement Actions

Office of Acquisition and Logistics (OAL)

- OAL industry outreach activities and “Voice of the Customer” Initiatives, such as:
 - Advanced program briefings to industry
 - Regional SRM forums: FY 2012
 - FSS Forums: FY 2012
 - Supplier Perception Survey: 2nd Qtr and 4th Qtr FY 2012
 - Industry Advisory Group
 - Pre-proposal conferences
 - Draft RFPs
 - Webinars on program and policy changes
- SRM Management Objectives
 - VA’s high ratings from suppliers in core foundational areas (e.g., integrity) provide a sound framework upon which to build
 - Increased collaboration, communication, and better service
 - Corrective actions are currently in progress and will address major pain points across supplier populations



VA Acquisition Improvement Actions (cont).

Office of Policy, Systems and Oversight (OPSO)

- The Subcontracting Compliance Review Program (SCRCP) will:
 - Ensure contractors' compliance with subcontracting requirements.
 - Ensure integrity in VA's SDVOSB program.
 - Provide valuable information on contractors' subcontracting compliance for future procurements.

Office of Acquisition Operations (OAO)

- Improved structure and resources for more efficient cradle to grave contract administration
- Everyone has a stake in the success of this management
- The SAC enterprise contracts will synchronize department spend through standardization and strategic sourcing program
- Currently SAC is:
 - Interment Flag Program:
 - International Coding of Disease (ICD) 10
 - Service Animal Insurance
 - Strategic Sourcing Candidates



VA Acquisition Improvement Actions (cont).

Office of Small and Disadvantaged Business Utilization (OSDBU): Business Certification Process Updates

Determining Veteran Ownership and Control

- Applicant must be at least 51% unconditionally and directly owned by at one or more Veterans (38 Code of Federal Regulations (CFR) Part 74.3)
- One or more Veterans must conduct both the day-to-day management and have long-term decision making authority for the Veteran-owned small business (VOSB) (28 CFR Part 74.4)



VA Acquisition Improvement Actions (cont).

National Acquisition Center (NAC):FSS Updates

- 621I Program
- Standardized Forms
 - Internal Contract Documents
 - Modification Forms
 - Disclosure spreadsheets
- Comprehensive Training Programs
 - Hands-on workshops geared to FSS team members
 - Lecture Series geared to vendors and FSS team members
 - Podcasts and webinars for specifically tailored topics geared to vendors
- Enhanced FSS Home Pages
 - Robust reference materials
 - Instructions and guides to help answer vendor/customer questions
- Participation in Social Media Sites



VA Acquisition Improvement Actions (cont.)

Veterans Health Administration (VHA): Acquisition Updates

- Communication Improvements
 - Industry Days, FedBizOpps, building the Information Debriefings VHA PLO Internet site
- Customer Service Initiatives
 - Performance plan factor, vendor outreach sessions, post-award conferences
- Coordination
 - Contractor performance reporting, communication with OSDBU on forecasts, updates on operational and policy changes
- Contracting Improvements
 - Corporate standardization, additional workforce hired, utilization of eCMS
- Training
 - Emphasis on FAC-C certified workforce, on-going customer service training, specialized procurement training

National Cemetery Administration (NCA): Acquisition Updates

- Begun work with OAL to improve customer service across VA
- Developed a COR training course for NCA
- Named director to head NCA Contracting Service
- Started to realign NCA Contracting Service



VA Acquisition Workforce Initiatives

Raising the Bar with VA Acquisition Academy (VAAA)

- Opened in September 2008 in Frederick, Maryland, the Academy was created to train and certify VA's Acquisition Team, including:
 - Contracting Professionals (including entry-level interns)
 - Program/Project Managers
 - CORs
- VAAA Schools include :
 - Acquisition Internship School
 - Contracting Professional School
 - Program Management School
 - VA Facilities Management School (coming soon)
 - Supply Chain Management School (coming soon)
- The Academy curricula satisfies government-wide professional certification requirements mandated by the Office of Federal Procurement Policy
- The Academy offers Federal Acquisition Certifications in:
 - Contracting (FAC-C)
 - Program/Project Management (FAC-P/PM)
 - Contracting Officer's Representative (FAC-COR)





VAAA: Innovation in the Classroom

- Holistic Approach
 - Academy curriculum consists of a holistic
 - approach to developing technical,
 - interpersonal, and leadership skills
 - Emphasis on translating theory,
 - fundamentals, and
 - concepts to practical application
 - Classroom training is complemented by non-classroom leadership and skill-building activities such as on-the-job training, leadership series and mission service work
 - Developing new personnel into **trusted business partners** capable of executing the Federal Acquisition Regulation's (FAR) emphasis on using sound business judgment to deliver the best value solutions
- Warriors to Workforce (W2W)
 - VAAA launched this innovative acquisition intern program to assist in the reintegration of wounded Veterans by preparing them for a career as a contract specialist
 - Ideal candidates are Veterans who have 1) service-connected disabilities; and 2) little or no post high school education
 - The program design uses a holistic approach





Upcoming OAL Outreach

SRM Webinar: March 12th, 2012

- VA acquisition leadership will brief Supplier participants on collective feedback from the Supplier community and internal VA Program Offices in the past year.
- VA will report a summary of findings from the feedback collection efforts and address what has been done, what is currently being done, and what VA will continue to do in the future to address this feedback.
- VA acquisition leadership will address specific issues and concerns expressed by the Supplier community.

To participate, register online at:

<http://event.on24.com/r.htm?e=412386&s=1&k=88CC08A11D918B6987239CBE89A7BEE5>