



Department of
Veterans Affairs

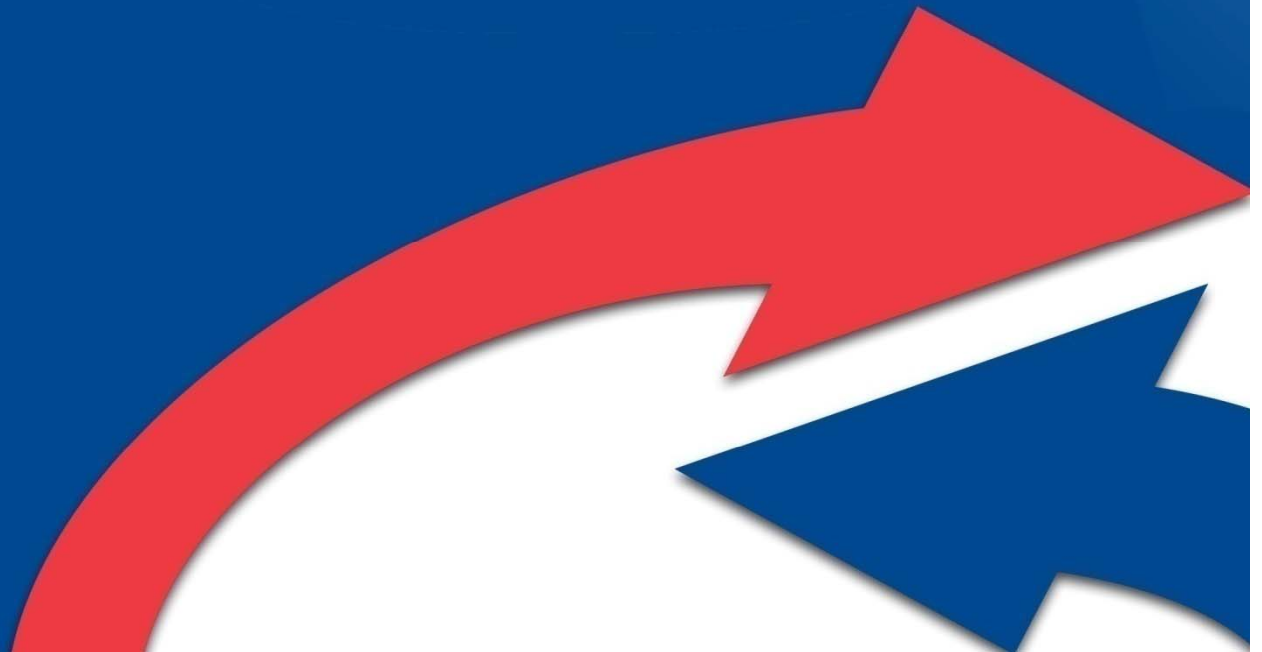


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Supplier Relationship Management Webinar

February 25, 2011



Supplier Relationship Management Webinar

Agenda

- **Opening Remarks** - Deputy Secretary W. Scott Gould
- **Supplier Relationship Initiatives Update** - Mr. Jan Frye, Deputy Assistant Secretary, Office of Acquisition and Logistics
- **VA Acquisition Improvement Actions** – Mr. Frye (Facilitator)
 - VA Acquisition Academy – Ms. Lisa Doyle, Chancellor, VA Acquisition Academy
 - Acquisition Operations – Mr. Frye
 - National Acquisition Center (NAC) – Mr. Craig Robinson, Executive Director, NAC
- **Small Business Updates** – Ms. Gail Wegner, Deputy Director for Veterans Enterprise, Office of Small and Disadvantaged Business Utilization (OSDBU)
- **VA Acquisition Improvement Actions (continued)** – Mr. Frye
 - Continued Outreach – Mr. Frye
 - VA Industry Advisory Group Planning and Standup – Mr. Frye
- **Question and Answer Session** – Mr. Frye (Facilitator)
- **Closing Remarks** – Deputy Secretary Gould



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Supplier Relationship Initiatives Update

Office of Acquisition and Logistics (OAL)

Mr. Jan Frye
Deputy Assistant Secretary
OAL

VA Acquisition “Voice of the Customer”

“VA is intent on reconstituting our current acquisition function into a world-class, leading-edge contracting powerhouse. And you—our suppliers and stakeholders—are a critical ally in making that happen. Secretary Shinseki and I are committed to our partnership for progress—to leveraging your knowledge and understanding of government contracting and to working with you to optimize our mission-critical vendor-supplier relationship.”

Deputy Secretary W. Scott Gould
December 9, 2009

VA Acquisition “Voice of the Customer” Initiatives

1. Regional Supplier Relationship Management Forums
2. Federal Supply Schedule Forums
3. Supplier Perception Survey

VA Regional Supplier Relationship Management Forums

Background

The Department of Veterans Affairs (VA) held four forums over the past year with 351 attendees as part of its SRM initiative

- Washington, DC - August 2009
- New Brunswick, NJ - August 2010
- Long Beach, CA - August 2010
- Chicago, IL - October 2010

VA Regional Supplier Relationship Management Forums

What We Did

- Small facilitated breakout group sessions
- Discussed what does and does not work with VA's acquisition process
- Forum attendees were separated into industry groups
 - Building, Construction, Design, and Engineering
 - Medical Equipment and Supplies
 - Pharmaceuticals
 - Information Technology Management
 - Business Management and Administrative Services

VA Regional Supplier Relationship Management Forums

What We Heard

Theme	Key Points from Suppliers
Communications	Communication and transparency surrounding the acquisitions process need improvement, both internally and externally.
Customer Service	Suppliers would like to see enhancements to the level and quality of acquisition support they receive – e.g., calls returned, modifications addressed in a timely manner.
Team Work	Suppliers would like to be provided with clear definitions of the roles and responsibilities of the contracting officer, the Contracting Officer's Technical Representative, and the Program Manager in order to better differentiate among them.
Contracting Process	Suppliers want to provide VA with expertise during the Requests for Information process to ensure VA is using the correct contract type and definition of requirements in order to give VA the best price and delivery timeline.
Performance	Suppliers would like a system to be in place for them to offer feedback on requirements and the contract process.

VA Federal Supply Schedule Holders (FSS) Forum **Background & What We Did**

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

VA Federal Supply Schedule Holders (FSS) Forum

What We Heard

- Communicating with VA proves to be a continuous problem and quality of communications has only declined since the business process changes at the NAC
 - Suppliers do not know whom 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 in the past year, including contract modifications, getting on a schedule, and other tasks within the acquisition process
- Suppliers are left in the dark when it comes to information regarding whether work was awarded, to whom, and for what price

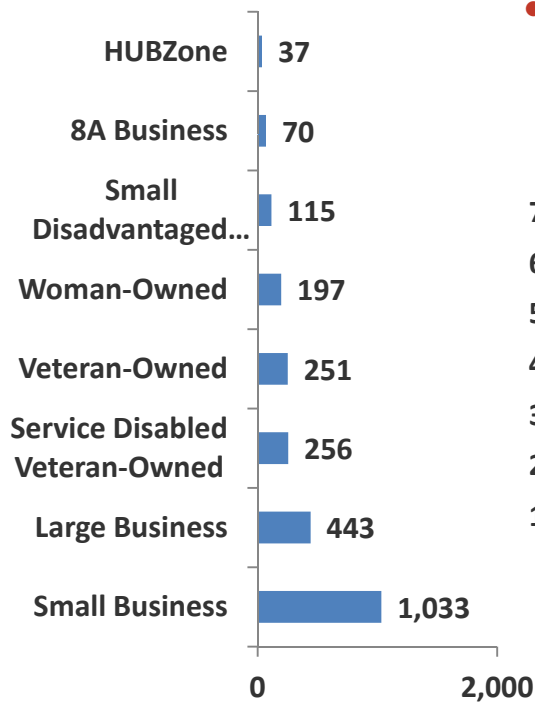
VA Supplier Perception Survey Response Statistics

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

- A stratified random sampling approach extracted a list of suppliers who were invited to participate in this survey
- 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)

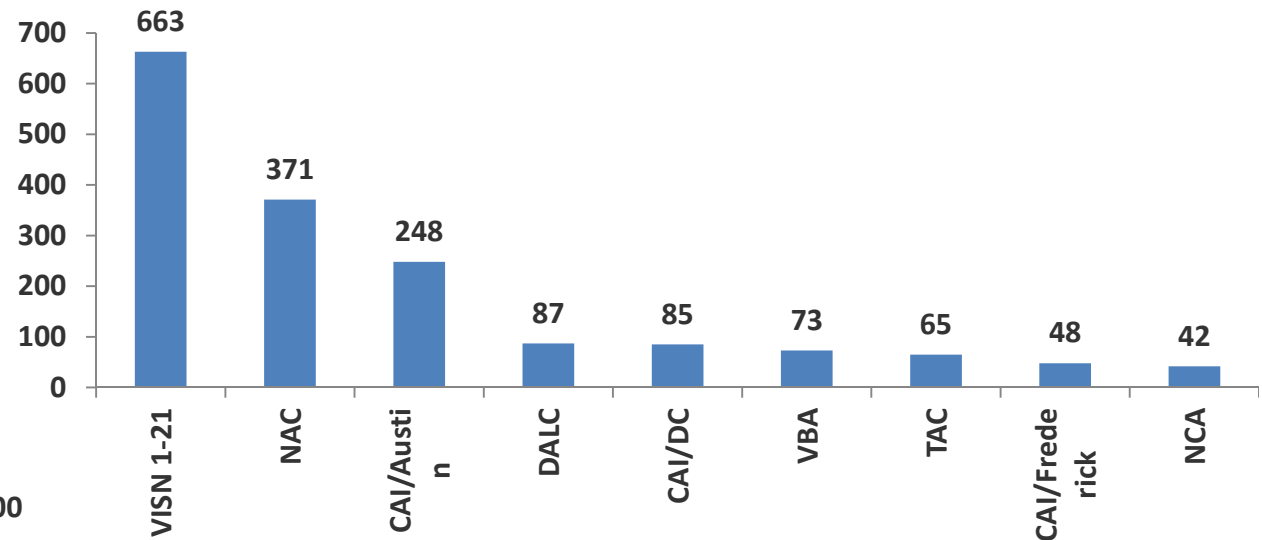
VA Supplier Perception Survey Respondent Demographics

Business Category Distribution



- Small businesses represent a substantial proportion of the respondent base
- *VISN Offices (VISN 1-21) were the most frequently chosen VA Business Category

Contracting Office

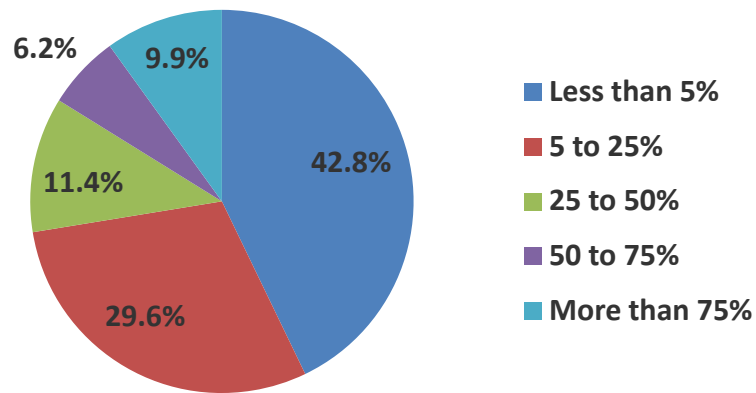


NOTE: Respondents could choose multiple business categories and VA contracting offices.

*VISN = Veterans Integrated Service Network

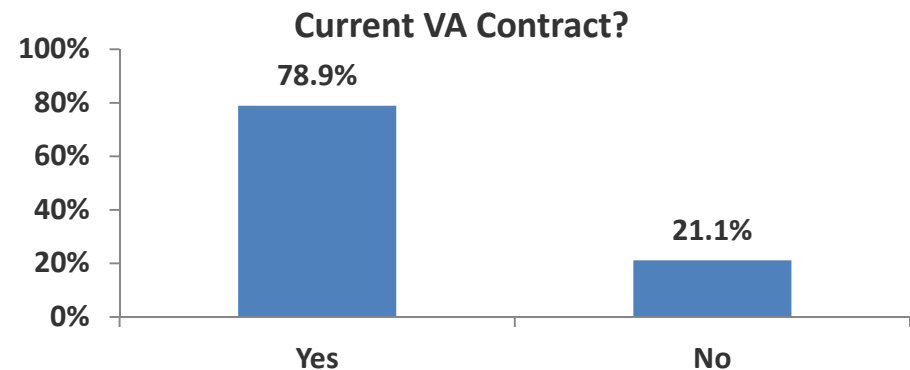
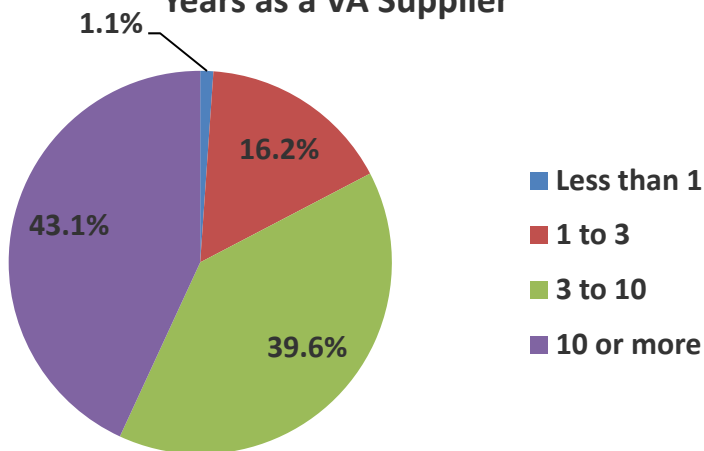
VA Supplier Perception Survey Respondent Demographics (continued)

VA as a % of Supplier Revenue



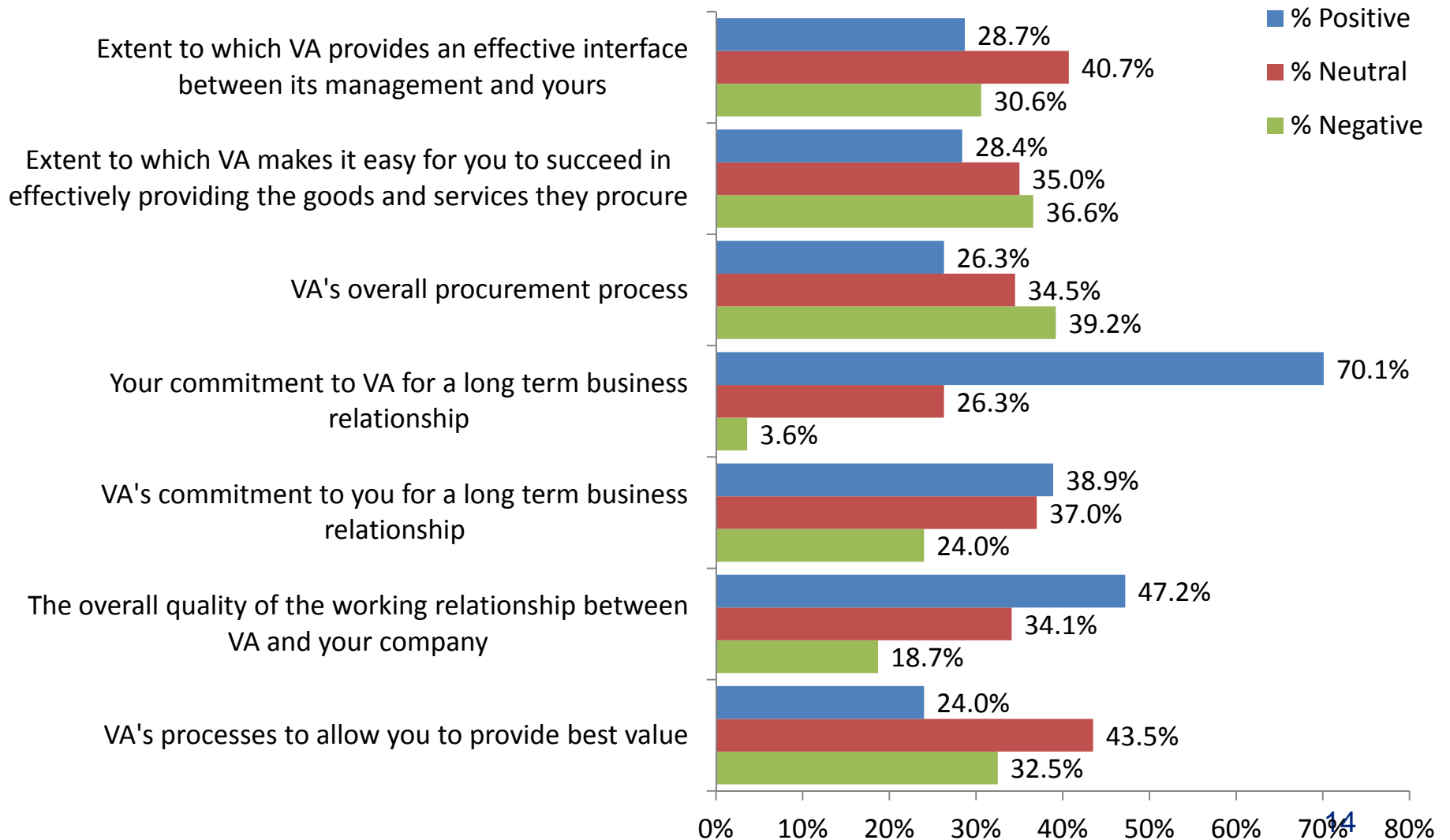
- For nearly 43% of respondents, VA accounts for less than 5% of their revenue
- 42.1% of respondents have done business with VA for 10 or more years
- Nearly eight out of 10 respondents have a current contract with VA

Years as a VA Supplier



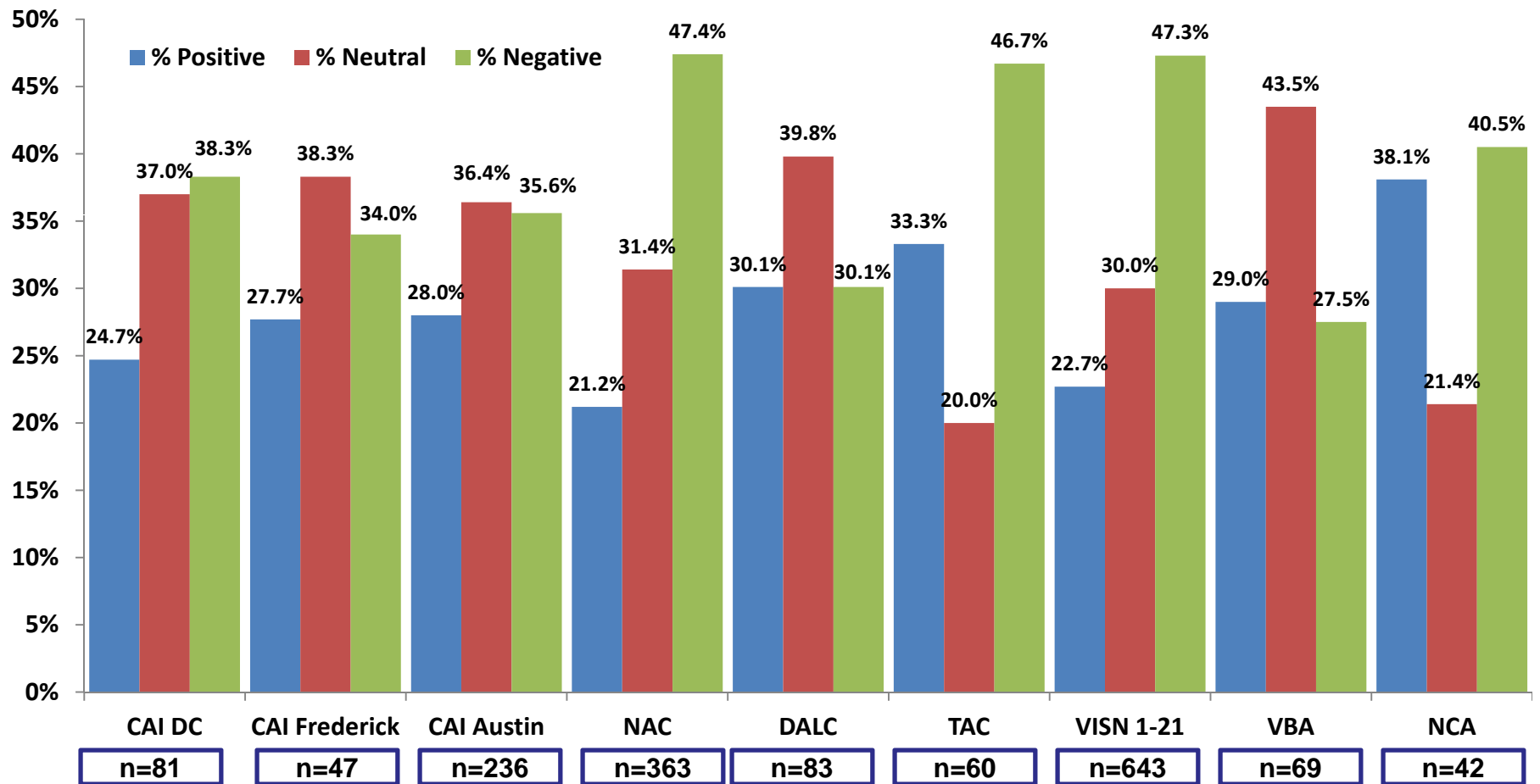
VA Supplier Perception Survey

Overarching Satisfaction Ratings (All Suppliers)



VA Supplier Perception Survey

Procurement Process Rating by Contracting Office



Satisfaction Margins – Highest Rated Dimensions

Question	Average (n)
Your commitment to VA for a long term business relationship	4.00 (1,547)
VA's record in honoring contract payment terms	3.55 (1,550)
VA's integrity	3.47(1,555)
The overall quality of the working relationship between VA and your company	3.42 (1,558)
VA's commitment to you for a long term business relationship	3.20 (1,515)

- Some typical stereotypes suppliers have toward buyers
 - Stress price over quality
 - Stretch payables as far as possible
 - Are neither interested in long-term relations nor impressed by previous performance
 - Doubt supplier technical competency and genuine interest in continuous improvement activity
 - “Never trust you”
- The positive ratings VA received in the survey illustrate that it is doing a good job of avoiding these stereotypes

Satisfaction Margins – Lowest Rated Dimensions

Question	Average (n)
VA's effectiveness in focusing on Total Cost of Ownership	2.85 (1,301)
VA's overall procurement process	2.81 (1,542)
VA's effectiveness in sharing risk, reducing your need to build risk into your pricing	2.81 (1,363)
VA's concern for your profitability	2.80 (1,412)
VA's ability to present "one face" in your dealings across multiple functions	2.75 (1,508)

- 17 of the 32 questions received an average rating below 3.0 on a 5.0 satisfaction scale
- It is a positive sign that 2.75 is the lowest average rating received
- Concern over the overall procurement process and VA's ability to present "one face" across multiple functions is a concern across both groups of suppliers

Supplier Relationship Management **Management Objectives**

- Suppliers want the basics - increased collaboration, communication, and better service
- VA's high ratings from suppliers in core foundational areas (e.g., integrity) provide a sound framework to build upon
- Corrective actions are currently in progress and will address major pain points across supplier populations
 - Communications training to be launched to GS series 1102 and/or contracting supervisors during 2nd Qtr FY 2011
 - Customer service training to be administered to contracting personnel during 2nd Qtr FY 2011
 - Specific actions will be addressed by the panel of acquisition executives



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VA Acquisition Improvement Actions: VA Acquisition Academy (VAAA)

Ms. Lisa Doyle
Chancellor
VAAA

“Training and education are the most powerful levers for reform in government today.”

The People Factor

Strengthening America By Investing In Public Service

Linda J. Bilmes & W. Scott Gould



VA Acquisition Improvement Actions
VA Acquisition Academy
Academy Open for Business

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

VA Acquisition Improvement Actions
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's Technical Representative (FAC-COTR)
- Includes electives such as Performance Based Acquisition to allow VA employees to maintain required professional certifications and currency

VA Acquisition Improvement Actions
VA Acquisition Academy
Warrior to Workforce (W2W)

- Standing up an acquisition intern program for wounded Veterans (focused on younger age group with minimal college education)
- Program design is a holistic approach
- First year provides education to fulfill positive education requirement of 24 business credits in addition to peak performance training, counseling (as required), and interpersonal skills
- Second and third year will be the same as our proven intern curriculum

VA Acquisition Academy Schools

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

VA Acquisition Improvement Actions
VA Acquisition Academy
Acquisition Internship School

- 3-year program
 - Career ladder from GS-7 to GS-12
 - Continuing Service Agreements implemented at the start of the 3rd program year; obligating interns to an additional 3 years after program end
 - Three cohorts of 30 interns each simultaneously move through the program
- Intern demographics
 - 47% Veterans
 - Representation from 22 states
 - Many with MBAs or Law degrees
 - All have at least a Bachelor's degree or 24-semester hours of business credits



VA Acquisition Improvement Actions
VA Acquisition Academy
Holistic Approach

- 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 job rotations 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



VA Acquisition Improvement Actions
VA Acquisition Academy
Program Outcomes

- Curriculum provides technical training and experience to meet the requirements for Federal Acquisition Certification in Contracting - Level I and II
 - Technical skills to execute complex contracts
 - Communication and team skills to successfully collaborate
 - Business acumen to make sound business decisions
- Experiential learning accelerates learning curve and reduces time to achieve competency

VA Acquisition Improvement Actions
VA Acquisition Academy
Program Core Curriculum

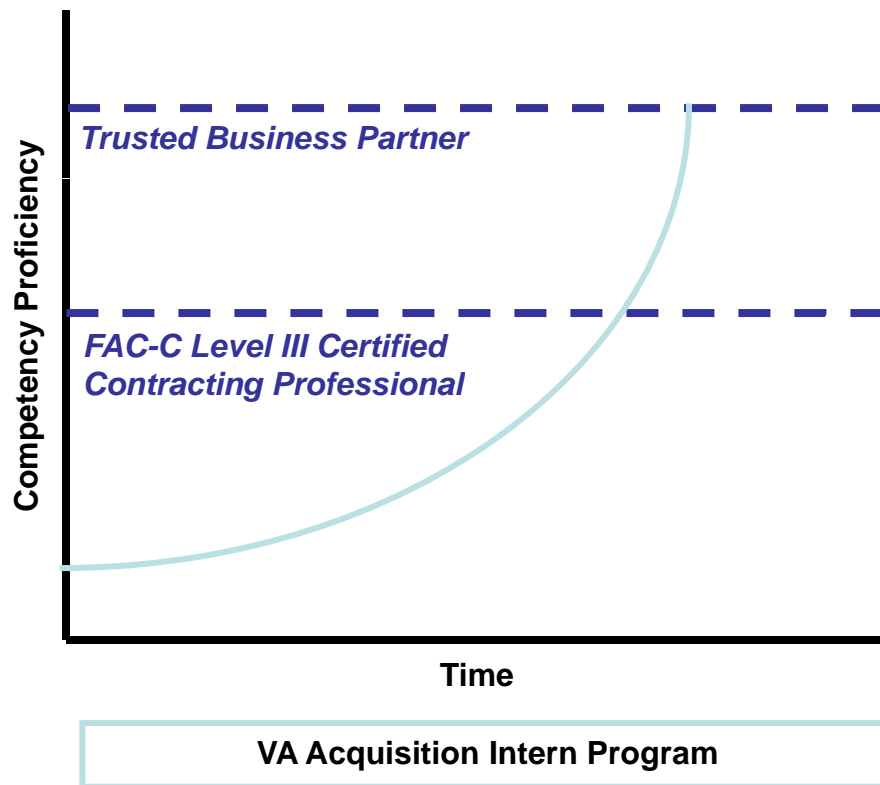


VA Acquisition Improvement Actions

VA Acquisition Academy

Reduced Time to Performance

Accelerated Learning



Why it Works...

- Designed to accelerate learning curve to increase productivity more quickly
- Builds competence and confidence
- Emphasis on translating theory, fundamentals, and concepts to practical application
- Program evolves from basic to more complex acquisition strategies

Contracting Professional School

- Addresses all Office of Federal Procurement Policy mandated **Federal Acquisition Certification in Contracting (FAC-C)** training
- Certifies Federal contracting professionals to a Federal-wide competency based standard at Levels 1 through 3
- Establishes civilianized equivalents to Department of Defense case studies, examples, etc.
- Centralized model reduces costs
 - Centralized contracts yield quantity discounts and facility overhead less than individual location rentals
- Trained 4,000 acquisition professionals to date

VA Acquisition Improvement Actions
VA Acquisition Academy
Program Management School

- Addresses all Office of Federal Procurement Policy mandated **Federal Acquisition Certification in Program/Project Management (FAC-P/PM)** training
- Certifies Federal program and project managers to a Federal-wide competency based standard at the Entry-, Mid-, and Senior-levels
- Exceeds standards with a practical certification exam and impact monitoring to validate the positive impact of training

VA Acquisition Improvement Actions
VA Acquisition Academy
Program Approach

Train

- **Train all VA Program/Project Managers (PM)**

Impact

- **Show immediate improvement in Program/Project Management performance**

Culture

- **Establish Program/Project Management culture**

Program Management School Achievements

- Senior leadership buy-in
 - Deliver overview to 300 senior VA leaders on program/project management and how it will help their organization succeed
- Trained over 1,400 program managers
 - Up to 400 students in attendance every day
 - VA overall – 85 departments, 881 projects
 - Establish “common language and best practices”
 - 68% of supervisors report improvement within 6 months
- Major initiatives directly supported
 - Delivering tailored training to major initiatives
 - Facilitate applying new skills and best practices for specific outcomes
 - Demonstrated immediate improvement



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VA Acquisition Improvement Actions: Acquisition Operations

Mr. Jan Frye
Deputy Assistant Secretary
OAL

VA Procurement Business Demographics

- VA's total FY 2010 procurement spend is approximately \$15.7 billion
 - \$3.5 billion was with Veteran-owned small businesses (which includes service-disabled Veteran-owned small businesses)
- 478,043 FY 2010 contract actions
- Six heads of contracting activity
- 1,693 VA contracting professionals
- Business partners with 16,000+ suppliers

Acquisition Initiatives

- Training of government initiative teams
 - Better requirements packages = better bid data

Expand Industry Days

- National Acquisition Center (NAC) – March 15 – 16, 2011
- Technology Acquisition Center (TAC) – 3rd Qtr FY 2011
 - Use of draft requests for proposals (RFP) to the extent practicable
 - Expanding pre-award and post-award conferences to ensure transparency and improve communications
 - Increase out reach with industry
 - Industry forums
 - Webinars
 - Supplier Perception Surveys



VA Acquisition Improvement Actions
Acquisition Operations
FY 2011 Initiatives

OAL is implementing Virtual Office of Acquisition (VOA)

- Web-based interactive resource for both internal and external stakeholders
- Expanded use and functionality to communicate requirements, technical documents and other pertinent acquisition information
- Reverse auctioning implementation
- Merger of “Greatest Challenges” and VA’s Industry Innovation Competition
 - Broad Agency Announcement (BAA)
 - On-line solicitation and response features
 - Tracking of submissions
 - Clarity of requirement



VA Acquisition Improvement Actions
Acquisition Operations
FY 2011 Initiatives

Acquisition Management

- Strategic Acquisition Center – Enterprise-wide, Non-IT acquisitions
 - Strategic sourcing to leverage spend
 - Threshold-based acquisitions
 - Greater transparency across the Department
 - Streamlined acquisitions
 - Consistency of approach
 - Long-term management of VA's business approach



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VA Acquisition Improvement Actions: National Acquisition Center (NAC)

Mr. Craig Robinson
Executive Director
NAC



VA Acquisition Improvement Actions:
National Acquisition Center Key Focus
Supplier Feedback

“It is taking an increasingly long time to get actions processed and when I have a problem I don’t even know who to call for help.”

- VA Supplier



VA Acquisition Improvement Actions:
National Acquisition Center Key Focus
What We Heard

- Since the re-engineering, NAC employees appear less driven to solve problems and get results
- Suppliers feel lost when searching for someone to resolve a problem
- The move to electronic forms was helpful, but more comprehensive automation would be more helpful
- Suppliers have experienced significant delays with getting on a schedule, making modifications, and renewing their existing contracts



VA Acquisition Improvement Actions:
National Acquisition Center Key Focus
Areas for Improvement

- Communications
- Customer Service
- Collaboration
- Contracting Process
- Training

VA Acquisition Improvement Actions: National Acquisition Center Key Focus **Improvement Plan**

- Short-Term
 - Immediate assessment of work flow change that negatively affected processing time
 - Implement prioritization schedule to triage actions by commodity, type, complexity, and urgency
 - Create Tiger Team to handle emergency issues
 - Redirect resources to tackle backlog with focus on oldest requests for action
- Mid-Term
 - Establish relationship with industry groups to enhance communications
 - Enhance training opportunities for contract specialists and vendors

VA Acquisition Improvement Actions:
National Acquisition Center Key Focus
Improvement Plan - continued

- Long-Term
 - Strategic assessment of organizational model
 - Assess resourcing
 - Reintegration of firm assignments between contract specialist and FSS vendor (cradle-to-closeout)



VA Acquisition Improvement Actions:
National Acquisition Center Key Focus
Expected Outcomes

- Enhanced communications
- Delivery of quality customer service
- Transparency of the contracting process
- Realistic expectations and results
- Improved processing times

VA Acquisition Improvement Actions: National Acquisition Center Key Focus **Successes**

- Vastly improved processing time
 - October 2010, 44% of modification inventory pending over 120 calendar days
 - January 2011, 8% of modification inventory pending over 120 calendar days
- Significant reduction in inventory of supplier requests
 - Completed 1,875 modification actions since October 2010
 - Completed 241 offer/extension awards since October 2010
- Working with Michigan State University to establish Supplier Advisory Council



VA Acquisition Improvement Actions:
National Acquisition Center Key Focus
Successes (continued)

- Enhanced FSS helpdesk
 - Staffed by Senior Contract Specialists, Assistant Directors, and Director to provide timely and pointed assistance
- Improved communications with vendor community
 - FSS monthly newsletter
- Targeted weekly goal setting with focused support for contract specialists
- Improved Training Opportunities
 - Focused on negotiation skills and basics of FSS contracting



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Small Business Updates

Ms. Gail Wegner
Deputy Director for Veterans Enterprise,
Office of Small and Disadvantaged
Business Utilization

Determining Veteran Ownership and Control

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

Public Law 109-461 (2006)

- Enhanced VA authority to contract with VOSBs and service-disabled Veteran-owned small businesses (SDVOSB)
- Prohibited awards under these authorities unless VA verified awardee's SDVOSB and VOSB status
- Increased role of VA's database of VOSBs as source for verified firms

Small Business Updates

Program Integrity

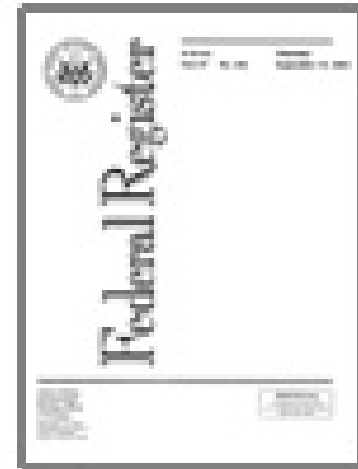
VetBiz Vendor Information Pages (VIP) Database (<http://www.vip.vetbiz.gov/>)

- Originally a tool for outreach to identify VOSBs for VA, other government agencies, private market
- Verified firms identified by logos



Verification for VA Contract Award

- Required per final regulation effective January 1, 2012
- In interim, expedited review per class deviation
- Apparent awardee verified within 21 business days



Public Law 111-275 (2010)

- Directed VA to contact all unverified firms registered in VetBiz VIP database
- Mandated that only verified firms appear in the database
- Required removal of firms not submitting verification materials within 90 days after receiving VA notice

Anticipated Verification Surge

- Notices sent to more than 13,000 unverified firms
December 10-11, 2010
- Applications due 90 days after notice received
- Applicants sending materials by CD
- Electronic Document Submission Portal launched February 4, 2011
- Many technical issues
- Firms removed if no application package received
- Firms remain in database while application processed



Small Business Updates Program Integrity

VA Acquisition Regulation 804.1102, Class Deviation Program

- Priority for apparent successful offeror on VA VOSB/SDVOSB set-aside contracts to verify within 21 business days
- 119 applications received since October 1, 2010
- 38 currently in process – all within the Department's processing timeframe
- Of the 81 Class Deviation applications finalized, 32% have failed to meet the Verification Program eligibility requirements in some way



Small Business Updates
VOSB Achievements

VA Leadership

- VA leads the government in SDVOSB and VOSB contracting
- VA contracted over \$3.5 billion in FY 2010 with SDVOSBs and VOSBs



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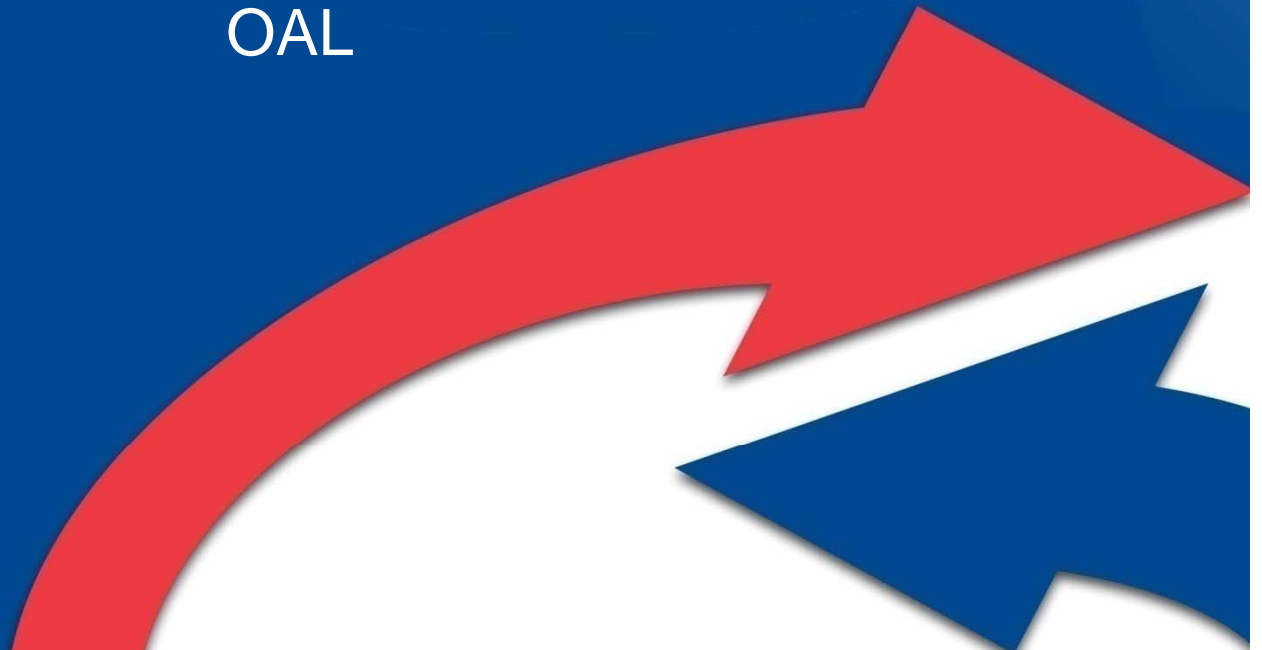


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VA Acquisition Improvement Activities: Continued Outreach

Mr. Jan Frye
Deputy Assistant Secretary
OAL



VA Acquisition Improvement Activities: **Continued SRM Outreach**

Driving awareness of other OAL industry outreach activities, such as:

- Advanced program briefings to industry
- Supplier forums: FY 2011
- Supplier Perception Survey: 2nd Qtr and 4th Qtr FY 2011
- Pre-proposal conferences
- Draft RFPs
- Webinars on program and policy changes



Planning and Standup
VA Industry Advisory Group

OAL is looking at the possibility of starting up an Industry Advisory Group

- Coordinated through Michigan State University's Eli Broad School of Business
- Provide an industry perspective on VA's acquisition process
- Serve as a sounding board
- Comprised of a variety of business sizes and type, including socioeconomic classifications
- Meet quarterly