

THE OPERATIONAL SERVICES DIVISION

THE EXECUTIVE OFFICE FOR ADMINISTRATION AND FINANCE

COMMONWEALTH OF MASSACHUSETTS

2013 – 2015 STRATEGIC PLAN-IN-BRIEF

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MESSAGE FROM THE ASSISTANT SECRETARY

In May 2011, Governor Patrick signed Executive Order 533 significantly changing the way the Commonwealth procures goods and services. To drive cost savings and maximize efficiencies, the Governor charged the Operational Services Division (OSD) with the oversight and coordination of procurement activities related to goods and services for all executive branch agencies and other Massachusetts government entities. Our team has worked hard to implement procurement best practices and establish Statewide Contracts that ensure state agencies and other entities can purchase high-quality goods and services at the most cost-effective prices possible.

The Commonwealth spends approximately \$1 billion each year on goods and services (excluding energy, space rental, construction and health and human services expenses) – we know that purchasing through Statewide Contracts leverages the state’s purchasing power and allows our buyer-customers to obtain the best value. That is why the OSD team has come together to achieve one **WILDLY IMPORTANT GOAL (WIG): Increase the utilization of Statewide Contracts from \$978.5M to \$1.272B by June 30, 2013.**

As a complex organization with a wide range of responsibilities, we are using the Four Disciplines of Execution (4DX) as a unifying force to focus our energy on achieving the WIG. Our WIG is directly supported by nine specific “Team WIGs” representing the various service areas of our agency. Team members check-in with each other regularly and meet weekly to make a personal commitment to advancing their Team WIG. They encourage one another and hold each other accountable. And most importantly, they keep score. Every team has developed specific performance measures that track whether or not they have achieved what they set out to do.

In addition to our WIG and Team WIGs, we are also undertaking a major technology project that will significantly improve the way our customers utilize our services. **By December 5, 2013, we will design, implement and launch a new eProcurement system.**

4DX has spurred our creativity and brought a new energy to the workplace. It has unified our agency and helped us ensure that the whirlwind of our daily jobs does not get in the way of achieving our strategic goals. I invite you to read our 2013-2015 Strategic Plan to learn more.

Gary Lambert
Assistant Secretary

This document was developed pursuant to Executive Order 540 which calls on state government to develop and publish strategic plans and institute performance management.

As an agency within the Executive Office for Administration and Finance (A&F), the Operational Services Division’s 2013-2015 Strategic Plan aligns and supports the overarching goals set forth in the A&F Strategic Plan.

MISSION, VISION AND POLICY CONTEXT

OVERVIEW

The Operational Services Division (OSD), an agency within the Executive Office for Administration and Finance (A&F), establishes and enforces procurement policies and practices for the Commonwealth of Massachusetts executive branch agencies, excluding construction. Through the use of strategic sourcing principles, the Division develops Statewide Contracts for goods and services which are available for use by all branches of state government, other public entities and Massachusetts cities and towns. To achieve costs savings and preserve resources, OSD encourages these entities to leverage the Commonwealth's purchasing power by utilizing Statewide Contracts.

OSD also works closely with the business community to support vendors that are interested in doing business with the Commonwealth. The Division aims to provide an efficient and easy process for all vendors to ensure OSD's buyer-customers have access to a high-quality, high-value selection of goods and services.

In addition to OSD's procurement responsibilities, the Division administers a broad range of activities including the:

- oversight and auditing of health and human services contracting;
- certification of minority and woman owned businesses;
- management of the small business registration program;
- management and oversight of executive branch use of vehicles;
- provision of training services to government employees and the business community;
and
- provision of printing services to government agencies.

For a complete description of all OSD units see Appendix A.

MISSION

The Operational Services Division supports the strategic sourcing and purchasing needs of executive branch agencies while offering economic opportunity for businesses, encouraging the purchase of environmentally preferable products and issuing Statewide Contracts that pursue the best value in the purchase of goods and services.

VISION

The Operational Services Division will be recognized as a leader in the delivery of services to all of our customers, and will be recognized as a best in class model for other government agencies to aspire to become.

ACHIEVEMENTS

Over the past few years OSD has made many enhancements to its operations with a focus on better serving its customers and improving operational efficiency and transparency. Some of the Division's major achievements are highlighted below:

- OSD has successfully implemented Executive Order 533 (EO 533) improving the efficiency and effectiveness of the Commonwealth's procurement activities for goods and services. The Division has also established the Municipal Procurement Program to provide more robust procurement support for cities and towns.
- Pursuant to Executive Order 523, signed in June of 2010, OSD established the Small Business Purchasing Program which supports the existence and growth of small businesses by providing them with special consideration within the Commonwealth's procurement process for goods and services.
- In 2012 OSD's *MASSbuys* EXPO, the largest business to government trade show in Massachusetts, drew a record number of 1,346 attendees. *MASSbuys* EXPO 2013, scheduled for May 2nd, will feature over 300 exhibitors on Statewide Contracts, a vendor innovation showcase area and various procurement workshops.
- OSD launched an initiative in 2012 to connect vendors on Statewide Contracts with their potential buyer-customers. These highly popular, specialized events provide vendors with the opportunity to interact directly with the consumers of their goods and services. As part of this initiative, OSD has also conducted training sessions for buyers on how to use a new Statewide Contract.
- With a focus on program integrity, OSD established a new Field Audit Unit in FY12 aimed at reducing fraud, waste and abuse. This unit analyzes risk factors to identify vendors at high risk of fraud and conducts field audits accordingly.
- In December 2012, OSD and A&F issued a new Statewide Contract to make Tax Exempt Lease Purchase (TELP) financing available for acquiring essential operating equipment. Rather than pay for the entire purchase from one year's operating budget, TELP financing allows an agency to finance equipment over its entire useful life at competitive tax-exempt rates.

- OSD is committed to protecting the Commonwealth's environmental and public health. Since the inception of the agency's Environmentally Preferable Products (EPP) Procurement Program in 1994, thousands of EPPs have been incorporated into more than four dozen Statewide Contracts. As a result, the state's purchases of these goods and services have grown from \$5 million in 1994 to \$305 million in 2011.
- In FY11, the US Environmental Protection Agency recognized the Commonwealth and OSD for its best practices and leadership in promoting energy efficiency through Energy Star rated equipment and products.
- In support of Executive Order 515, OSD and the Information Technology Division jointly created a new Enterprise Printer Cartridge Acquisition Policy. This Policy is expected to increase the purchase and use of remanufactured laser printer cartridges in executive branch agencies by 40% during FY13 and a minimum of 10% annually thereafter.
- OSD has transformed the process for renewing and bidding contracts by adopting a strategic sourcing model that relies on assessments of industry and market analysis as well as buyer need. This fact-based approach optimizes the Commonwealth's vendor base and has allowed OSD to save its buyer-customers \$25 million on goods and services purchased in FY12.
- As described, OSD has successfully implemented the Four Disciplines of Execution (4DX) focusing the energy of its entire team on the achievement of one Wildly Important Goal. OSD is actively using performance management best practices to deliver better results for the people of the Commonwealth.

Agency Highlight – Changing the way the Commonwealth procures goods and services

OSD has successfully implemented Executive Order 533 which was signed by the Governor on May 9, 2011. Pursuant to this EO, every Executive Office now has a Secretariat Chief Procurement Officer and most executive agencies have designated Agency Chief Procurement Officers. These individuals also serve as the Secretariat or Agency Supplier Diversity Officer. As a result of the Executive Order, OSD has established and leads a Procurement Advisory Board, an eProcurement Advisory Board and a Municipal Purchasing Program. This new structure ensures that OSD receives input from and the participation of all public entities regarding strategic sourcing and achieving best value in contracting. The National Association of State Procurement Officers has recognized EO 533 as a significant procurement reform.

CHALLENGES

With the implementation of EO 533, OSD has significantly improved the way that executive branch agencies procure goods and services. But while the Division has driven greater efficiencies and celebrated many achievements, these times are not without challenges.

Like many agencies in the current fiscal environment, OSD's resources and staff are stretched and the Division has had to develop new ways to continue to effectively deliver its critical mission. OSD has also had to continue to skillfully balance the differing needs of its varied customer base which includes government purchasing entities at the state and local level and a diverse business community that runs the gamut from private enterprises, to major national corporations, to local sole proprietorships.

To improve its operations and enhance service delivery for all of its customers, OSD is in the process of replacing its existing outdated and often cumbersome eProcurement solution, Comm-PASS. By December 5, 2013, the Division will launch a new eProcurement system that will effectively address the internal needs of the state purchasing community while offering greater transparency to the people of the Commonwealth.

As OSD continues to integrate environmental purchasing practices through its Environmentally Preferable Products (EPP) Procurement Program, the Division must further educate the buyer community about the benefits of these products. Some buyer-customers have historically been resistant to purchasing EPPs concerned they are less effective than other alternatives. OSD's leadership in this area will continue through educational efforts and further promotion of these high-performance, competitively priced products that have the added value of protecting the environment and public health.

STRATEGIC GOALS

SUPPORTING THE SECRETARIAT

The Executive Office for Administration and Finance has four strategic goals: Better Finance, Better Health Care, Better Performance and Better Government. As depicted in the following pages, the goals set forth in the OSD Strategic Plan promote effectiveness, efficiency and equity - thus advancing A&F's Better Performance goal. Many of OSD's goals are also heavily focused on customer service. In support of A&F's Better Government goal, the agency aims to improve the number and quality of interactions with all of its customers including executive branch agencies, other Massachusetts government and quasi-public agencies and the business community.

OSD GOALS

Using the principles of 4DX, the entire OSD team has come together to execute one **WILDLY IMPORTANT GOAL (WIG): Increase the utilization of Statewide Contracts from \$978.5M to \$1.272B by June 30, 2013.** Purchasing on Statewide Contracts is the most effective way for OSD's buyer-customers to procure goods and services. Statewide Contracts leverage the Commonwealth's purchasing power to ensure access to a wide selection of high-quality goods and services at cost-effective prices. OSD's various service areas have developed nine "Team WIGs" that directly support the WIG.

In addition to increasing the utilization of Statewide Contracts, OSD has also set a major technology goal. The agency will **design, implement and launch a new eProcurement system by December 5, 2013.** The new solution will serve all of OSD's customers more effectively creating new and different ways to buy and sell goods and services. It will provide faster and easier access to bidding opportunities for businesses and allow buyer-customers the ability to purchase through an online catalog. The new eProcurement System will also result in increased savings - it will integrate with the Commonwealth's financial system, provide better data to support contract negotiations, create more opportunities for demand aggregation and ultimately increase the utilization of strategically sourced Statewide Contracts.

OPERATIONAL SERVICES DIVISION: TWO KEY GOALS

1. Wildly Important Goal: Increase the utilization of Statewide Contracts from \$978.5M to \$1.272B by June 30, 2013
2. eProcurement Goal: Design, implement, and launch a new eProcurement system to replace Comm-Pass by December 5, 2013

ACTIONS

The Operational Services Division will take the actions set forth below to achieve its strategic goals.

A&F Better Performance: Provide state government services and programs more effectively, efficiently and equitably

Wildly Important Goal: Increase the utilization of Statewide Contracts from \$978.5M to \$1.272B by June 30, 2013

Goal: Increase Statewide Contract transactions from 285,000 to 360,000

Actions:

- Improve and re-format contract updates as “Contract User Guides” to increase departmental understanding and usage of each contract

Goal: Increase the pool of Supplier Diversity Office certified Prime Contractors

Actions:

- Contact non-certified Prime contractors on Statewide Contracts to determine ownership, ethnicity and/or gender
- Apply the new fast track certification process to eligible non-certified Prime Contractors who wish to become SDO certified as a woman and/or minority-owned business

Goal: Inform 600 Buyer-Customers of goods available on Statewide Contracts

Actions:

- Develop a catalogue of goods available on Statewide Contracts
- Proactively contact buyer-customers and inform them of specific, relevant goods available on Statewide Contracts that may be of interest
- Develop a tracking tool to document buyer-customer responses and feedback; share the results with the Training, Outreach and Marketing Unit

Goal: Streamline the Statewide Contract management process

Actions:

- Automate the Statewide Contract Renewal Signatory Process

- Develop standardized timeline and sample communications for Contract Notifications, reporting deadlines and renewals
- Streamline the process to obtain Supplier Diversity Office certifications
- Develop a standardized guidance document for sourcing-related public records requests

Goal: Increase number of eligible Purchase of Service (POS) Contractors eligible to use Statewide Contracts from 719 to 820

Actions:

- Identify ineligible POS contractors; work with them to correct deficiencies that cause ineligibility

Goal: Increase the number of Training, Outreach and Marketing events from 500 to 800

Actions:

- Conduct targeted outreach to buyers in the pool of non-executive branch eligible entities
- Place articles in public entity and public association newsletters such as the UMass eProcurement News and the New England Association of City and Towns to promote the use of Statewide Contracts
- Highlight Statewide Contracts on the OSD homepage, OSD office lobby monitor and the Ashburton Place cafeteria monitor

Goal: Increase the number of non-executive branch purchasers of Commonwealth Print Shop Services from 79 to 103

Actions:

- Contact non-executive branch eligible entities with customer specific marketing materials

Goal: Automate the 1% administrative fee reporting and fee submission using the Comptroller's ePay System

Actions:

- Meet with stakeholders to obtain their assistance and support in the development and implementation of the ePay System
- Define technical requirements of the system and test submissions and exchanges

- Develop a zero dollar reporting process outside of the ePay system
- Implement a reconciliation process to assure that transactions made on the ePay site match daily deposits and data pulled into OSD's fee administration tool
- Modify fee policy and a develop communications plan for vendors

Goal: Reduce absenteeism

Actions:

- Conduct monthly wellness program events to provide employees with tools and resources that can help improve their health and wellness
- Interview every staff member on wellness and workplace morale issues, share results with staff and pursue activities and policies that foster high morale

eProcurement System Goal

Goal: Design, implement and launch a new eProcurement system to replace Comm-PASS, the Commonwealth's Procurement Access and Solicitation System

Actions:

- Develop an eProcurement Roadmap to include: the current state, future state, market and gap analyses and the business Case
- Issue a Request for Responses for an eProcurement solution
- Award a Contract for an eProcurement solution to be completed in three phases: phase 1 - replace the Comm-PASS system by December 5, 2013; phase 2 - integrate the eProcurement system with the Commonwealth's financial system; and phase 3 – incorporate spend analytics and advanced reporting tools

OUTCOME MEASURES

The Operational Services Division will utilize the high-level performance measures below to assess success in achieving its strategic goals.

Goal: Increase the utilization of Statewide Contracts from \$978.5M to \$1.272B

Measure: Total dollar amount spent through Statewide Contracts

Definition/Note: This measure tracks the total spending amount through statewide contracts by Executive and non-Executive government and eligible entities

Data Source: Massachusetts Management Accounting and Reporting System (MMARS) and Vendor Reports

Frequency: Weekly (MMARS), Quarterly (Vendors Reports)

Goal: Increase Statewide Contract transactions from 255,000 to 332,000

Measure: # of Statewide Contract transactions

Definition/Note: This measure tracks the total number of Statewide Contract transactions. A transaction is a purchase order issued by a purchaser to a vendor.

Data Source: MMARS and Vendor Reports

Frequency: Weekly (MMARS), Quarterly (Vendors Reports)

Goal: Increase Statewide Contract transactions from 255,000 to 332,000

Measure: # of contract updates converted to "Contract User Guides"

Definition/Note: OSD is converting its "OSD Updates" to new "Contract User Guides" that explain the key aspects of a contract to customers in a more user-friendly way

Data Source: Strategic Sourcing Managers

Frequency: Weekly

Goal: Increase the pool of Supplier Diversity Office certified Prime Contractors from 159 to 300

Measure: # of Prime Contractors contacted

Definition/Note: A Prime contractor is a contractor who will partially fulfill Statewide Contract obligations by the use of Sub-contractors

Data Source: SDO tracking

Frequency: Weekly

Goal: Increase the pool of Supplier Diversity Office certified Prime Contractors from 159 to 300

Measure: # of new SDO-certified Prime Contractors

Definition/Note: In the area of goods and services SDO certifies businesses as woman and/or minority owned

Data Source: Strategic Sourcing Unit

Frequency: Quarterly

Goal: Inform 600 Buyer-Customers of goods available on Statewide Contracts

Measure: # of buyer-customers contacted

Definition/Note: Non-executive branch public buyers are contacted by telephone; follow-up may consist of delivering a training session on how to use Statewide Contracts

Data Source: Customer Relationship Managers

Frequency: Weekly

Goal: Increase number of eligible POS Contractors eligible to use Statewide Contracts from 719 to 820

Measure: # of POS Contractors eligible to use Statewide Contracts

Definition/Note: Human and Social Service Purchase of Service Contractors may purchase from Statewide Contracts if they have filed fully completed, required Financial Reports with OSD

Data Source: Special Education Pricing Program

Frequency: Weekly

Goal: Increase the number of Training, Outreach and Marketing events from 500 to 800

Measure: # of contacts with buyers in the pool of non-executive branch eligible entities

Definition/Note: This measure tracks OSD's efforts to increase the pool of non-executive branch eligible entities

Data Source: Training, Outreach and Marketing (TOM) Unit

Frequency: Weekly

Goal: Increase the number of Training, Outreach and Marketing events from 500 to 800

Measure: # of articles placed in public entity and public association newsletters

Definition/Note: The total number of articles promoting the use of Statewide Contracts in public entity and public association newsletters

Data Source: TOM Unit

Frequency: Weekly

Goal: Increase the number of Training, Outreach and Marketing events from 500 to 800

Measure: # of Statewide Contracts featured on OSD Homepage and Lobby Monitor

Definition/Note: OSD is featuring various Statewide Contracts on the homepage of its website and on a monitor in its office lobby

Data Source: TOM Unit

Frequency: Monthly

Goal: Increase the number of Training, Outreach and Marketing events from 500 to 800

Measure: # of training, outreach and marketing events

Definition/Note: This measures tracks the volume of training conducted for buyer-customers and vendors; outreach such as phone calls and emails; and marketing events such as the annual

MASSbuys

Data Source: TOM Unit

Frequency: Weekly

Goal: Increase the number of non-executive branch purchaser of Commonwealth Print Shop Services from 79 to 103

Measure: # of non-executive branch eligible entities provided with customer specific marketing materials

Definition/Note: This measure tracks the volume market efforts targeted to non-executive branch eligible entities such as municipalities

Data Source: Commonwealth Print Shop

Frequency: Weekly

Goal: Increase the number of non-executive branch purchaser of Commonwealth Print Shop Services from 79 to 103

Measure: # of "new" non-executive branch purchasers of Commonwealth Print Shop Services

Definition/Note: This measure tracks the number of "new" non-executive branch purchasers that have not previously utilized Commonwealth Print Shop Services

Data Source: Commonwealth Print Shop

Frequency: Weekly

Goal: Reduce absenteeism of employees to increase productivity

Measure: # of agency sponsored wellness events

Definition/Note: A total count of agency sponsored wellness events

Data Source: OSD Human Resources (HR)

Frequency: Monthly

Goal: Reduce absenteeism of employees to increase productivity

Measure: % of staff members interviewed on wellness and workplace morale issues

Definition/Note: OSD is working to interview 100% of staff members regarding wellness and workplace morale issues

Data Source: HR Compensation Management System, OSD HR

Frequency: Weekly

Goal: Reduce absenteeism of employees to increase productivity

Measure: Absenteeism rate per employee based on cumulative utilization of all employees

Definition/Note: Total personal sick leave hours for all employees divided by the number of employees in the 12 month period

Data Source: OSD HR

Frequency: Monthly

APPENDIX A

OPERATIONAL SERVICE DIVISION UNITS

Strategic Sourcing Services Office: The Strategic Sourcing Services Office manages the bidding and renewal of Statewide Contracts and the reporting and performance management requirements of contract administration. The Office facilitates strategic sourcing, supplier relationships, demand creation, as well as sourcing team development and management. The Office assures a thorough, fair, open and competitive procurement process and recently implemented a seven step strategic sourcing model, a systematic, fact-based approach that optimizes the Commonwealth's vendor base and improves the overall value proposition for stakeholders and purchasers.

Supplier Diversity Office: The Supplier Diversity Office (SDO) is responsible for reviewing applications from businesses that are seeking Commonwealth state certification as a woman and/or minority-owned business. SDO also certifies businesses for the Federal Unified Certification Program for disadvantaged business enterprises. The Commonwealth's Small Business Purchasing Program is also administered by SDO.

The Environmentally Preferred Products Program: The Environmentally Preferred Products Program leverages the Commonwealth's purchasing power to reduce the environmental and health impacts of state governmental activities. The Program fosters markets for recycled products and promotes the purchase of goods and services that conserve energy, water and other resources while reducing waste and toxic substances.

Training, Outreach and Marketing Unit: The Training, Outreach and Marketing team provides highly specialized training and outreach across the Commonwealth to public purchasers, procurement professionals and the vendor community. Training sessions are free and focus on procurement policy, Comm-PASS, and Statewide Contracts. Outreach is designed to expand the user base for Statewide Contracts beyond Executive branch agencies thereby extending the efficiency and value of the state's procurement system to other government entities anywhere in the Commonwealth. OSD's marketing channels include several Twitter accounts as well as traditional formats of email distribution and eNewsletters. This unit is responsible for the annual *MASSbuys* Expo, the largest business to government event in the Commonwealth. In FY12, this Unit conducted 146 classroom trainings and workshops with 2,995 attendees, exclusive of *MASSbuys*.

Comm-PASS Unit: Comm-PASS is currently the Commonwealth's sole online contract bid posting and procurement record site which supports all contract and grant records related to any Statewide Contract. Access to Comm-PASS records and bid opportunities is free and available to the public. Comm-PASS will be replaced in 2013 with a new eProcurement system offering enhanced features such as on-line eCatalogue style purchasing that replicates the buying experience available in the private sector and provides increased efficiency and cost effectiveness in public procurement.

Special Education Pricing Program: The Special Education Pricing Program sets the tuition prices for approved private special education programs whose services are purchased by cities and towns and Commonwealth departments. Annually, the Program submits a rate of inflation for social service programs to the Secretary of Administration and Finance.

Office of Vehicle Management: The Office of Vehicle Management (OVM) is responsible for inventorying the Commonwealth's fleet of 11,000 vehicles, including heavy-duty equipment, public safety vehicles, and light-duty vehicles such as sedans, cargo and passenger vans, and pick-up trucks. OVM actively manages the light duty and passenger fleet of 3,000 vehicles and oversees the acquisition, leasing, maintenance and repair of the state fleet. The unit administers several fleet support contracts for glass, tires and repairs.

Office of Audit and Quality Assurance Program: This Office oversees the financial reporting of Human and Social Service contractors through the administration of the UFR (Uniform Financial Statements and Independent Auditors Reports) eFiling system. The unit reviews over 1000 UFR filings annually. Other audit functions include quality assurance reviews of Commonwealth agency use of Statewide and Departmental contracts, vehicle management reviews, and the determination of net worth for federal diversity program certification. The unit recently added a field audit team that focuses on Human and Social Service Contractors.

Office of Legal Policy and Compliance: OSD's Legal Office serves as the chief legal and policy advisor to the State Purchasing Agent/Assistant Secretary for Operations. The Bureau is responsible for the oversight of all litigation, contracts and other negotiations, labor issues, public records and media requests and ethical issues. The Legal Office also provides support and advice to OSD personnel and assists other Commonwealth departments in procurement-related issues including the development of solicitations and clarification or interpretation of Commonwealth procurement laws, regulations, policies, procedures and forms.

State and Federal Surplus Property Program Office: The state and federal surplus property program oversees the disposition of state property, including vehicles. Surplus property may be transferred between state agencies, municipalities and certain non-profits. Property that is not transferred may be disposed of by auction or other methods that assure receipt of the maximum residual value of the property for the Commonwealth.

Commonwealth Print Services: The Commonwealth Print Shop (CPS) offers both offset and digital print services. Print products and services include letterhead, business cards, envelopes, booklets, reports, flyers, binding, folding, layout and design, delivery and pick-up. CPS is a vendor on Statewide Contract.