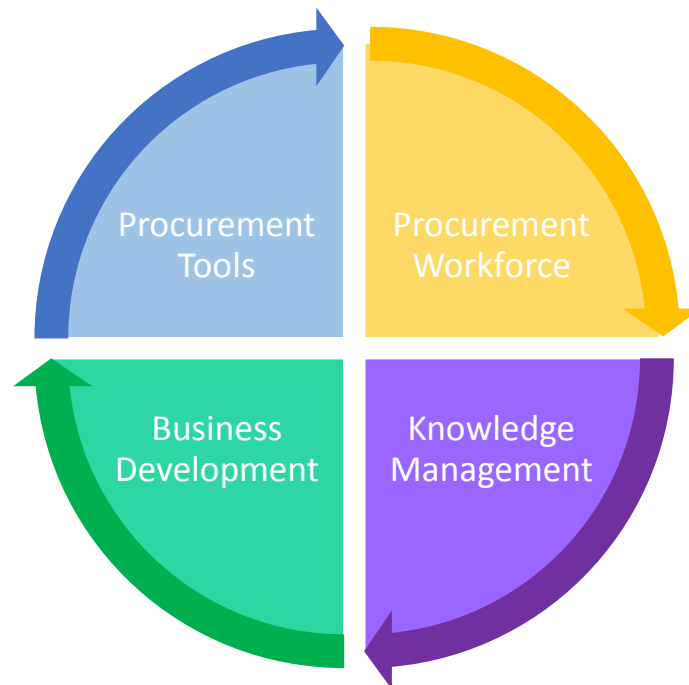


The State Procurement Office (SPO) recognizes the need to improve Procurement across the State. There are four major areas, which if focused on, will greatly aid the success of procurements in cost savings, improved efficiencies and innovation.

What and how the state purchases has great impact on our economy. We need to make the most of what we have. For Hawaii to catch up we need training and development of our procurement workforce for all state agencies and departments. We also need to be an incubator of Acquisition innovation and leverage these cutting-edge ideas to enhance the overall business environment and economic growth of Hawaii.

The SPO recommends four areas of focus in this strategic initiative:

1. Procurement Tools
2. Procurement Workforce
3. Business Development
4. Knowledge Management



1. Procurement Tools

Consistency – Among the 19 Departments that fall under the Executive Branch CPO, there is very little consistency with the way procurement solicitations go out, and with what is expected from vendor proposals. The inconsistencies and incongruent processes increase procurement processing time per requirement, which increases time spent by State Buyers, reducing efficiency of procuring personnel, and increasing confusion and money spent by Vendors. The ability to create one set of templates and expectations for doing business with the Executive Branch will incentivize more businesses to want to do business with the State, enhance competition, and reduce the costs that vendors must consider with bid and proposal costs.

Transparency – There is currently very little transparency on the Executive Branch Procurement Spend. This lack of transparency leads to probable duplication of effort and redundancy in procurements, failure to leverage economies of scale, very little data for decision-making and ultimately, increased costs to the State Budget.

SPO Initiative: eProcurement System

A robust online electronic procurement system for issuing solicitations, receiving responses, and issuing notices of award will improve the consistency and transparency of procurements conducted by the 19 Departments under the Executive Branch CPO. In addition, an eProcurement system would allow for establishment of state-wide catalogs, sourcing management and spend analysis. These areas would increase the level of transparency and give decision-makers the necessary business analytics to make well-informed, smart choices. Moreover, the State will achieve significant cost savings and tangible benefits including:

- Increased competition,
- Leveraged economies of scale,
- Improved cost and pricing methods,
- Improved negotiation standing,
- Decreased processes and leveraged learning curve and specialization,
- Reduced turnover time to award, and
- Reduced interest payments to vendors for late payments.

Measurements for Success:

- Estimated cost savings by agencies utilizing SPO statewide contracts
- Estimated cost savings of Electronic Procurement System awards
- Number of Electronic Procurement System solicitations
- Number of registered vendors
- Total reduction in procurement Lead Time

2. Procurement Workforce: The Hawaii Certified Procurement Professional (HCPP)

Proficiency – There is little to no strategic organization to ‘who’ is delegated to perform procurements and how procurement expertise is attained, developed and leveraged. Many State Departments and Agencies have hundreds of non-procurement personnel conducting procurements on all levels of complexity.

The Procurement Specialist and Procurement Officer skills, expertise and abilities must be increased to a level of professionalism due the career field. Procurement Professionals have expertise in business, accounting, finance, legal issues, negotiating, marketing, customer service and cross-functional team management, and this is the State’s Body of Business Advisors on strategic and tactical levels of procurement.

To decrease procurement problems and increase compliance and assure smooth and successful procurements to take place, the Procurement Workforce level of knowledge must be raised. The Procurement Workforce must be recognized across the State as professionals in their field.

Compliance – A large area of procurement problems fall under compliance. Without a skilled, focused workforce, and few controls, there is a push to find a work-around the procurement code versus working within that code. Ethics and procurement integrity must be considered by Leadership as a vital part of the procurement process in order for the workforce to understand its importance.

SPO Initiative: Procurement Training & Certification Learning Management System

A statewide procurement training and certification learning management system (LMS) is a vital tool to ensuring the State of Hawaii develops a proficient workforce of procurement professionals who expend public funds in a manner that is compliant with applicable statutes, rules, and policies.

“Certification is the process by which an individual demonstrates meeting specific qualifications (eligibility requirements) and an established level of knowledge (examination) necessary to competently perform a specific job. UPPCC Certifications reflect established standards and competencies for those engaged in government procurement, and attest to the designee's ability to obtain maximum value for the taxpayer's dollar.”¹

The SPO will develop a Hawaii State Procurement Certification process that will guide the career field within the State, to allow for certified levels of trained journeymen and experts.

The LMS will allow state and county procurement personnel to register online, take relevant procurement courses on-demand, and receive certification by passing quizzes. The LMS will further improve SPO’s training program by:

- Offering a centralized source of learning,
- Automating data-keeping and reporting procedures,
- Bolstering knowledge retention with evaluation capabilities, and
- Simplifying the learning process.

Measurements for Success:

- Number of users registered in the LMS
- Number of certifications issued by the LMS
- Percentage of evaluations with meaningful and practical ratings by attendees of procurement training workshops

¹ Universal Public Procurement Certification Council (UPPCC.org), 8/31/15

3. Business Development: Procurement Visibility

- a. Economic Sustainability – The State of Hawaii supports the economic growth and sustainability of small business. Included in that focus is the need to improve the ease of doing business with the State. Many factors effect this metric, one of which is promotion of a State Small Business Program. This program would nurture emerging Hawaii industries, increase competition by broadening the local contractor base, enhance the ability of local small businesses, and increase local worker employment opportunities.

SPO Initiative: Promote the development & implementation of this Program

The SPO supports the creation of an independent/autonomous Hawaii Small Business Office (HSBO), which is comprised of subject matter experts who can guide the CPOs and small business owners through policy and guidance to support this set-aside program. The HSBO must be an independent office, to ensure no conflict of interest or agency influence or control over their mission. These small business experts will be integral in working with the community to develop rules for State implementation.

Measurements for Success:

- Number of increase in vendor registrations of small business owners
- Achieving at least 5% capture of state contracts per fiscal year accumulating as the program grows to achieve the mandated 20% goal (as a prime or sub-contractor)

- b. Accessibility – Currently, there are over 40 sites that vendors have to visit daily in order to determine what solicitations are available to their doing business in Hawaii. This creates confusion for vendors on where to look for work and confusion for State Buyers on where to post. This lack of accessibility reduces the State’s outreach to the market, which reduces our reach to competition. Smaller competition or complete lack thereof, creates increased overall costs of State procurements.

SPO Initiative: Procurement One-Stop-Shop

In order to enable business growth and economic development in Hawaii, a One-Stop-Shop site should be developed. Unlike the eProcurement system (which is limited to the 19 Executive Departments that fall under the Executive Branch CPO), the One-Stop-Shop site will pull all solicitation and notice information from across the 21 CPO jurisdictions including UH, DOE, the Legislative and Judiciary Branches, the Counties, and the 19 Executive Departments) to one page that can be accessed by all interested vendors. Not only will this create a more responsive vendor market, but it will also give the State meaningful business analytics on the state of procurement across Hawaii.

Measurements for Success:

- Number of increase in published solicitations
- Ease of doing business with the State – vendor survey before and yearly thereafter
- Number of increase in vendor registrations
- Number of hits on site

4. Knowledge Management: Procurement Wizard

Procurement in Hawaii has been deeply affected by two factors in the last five to ten years: loss of existing knowledgebase and increasingly complex changes in procurement. Temporary cuts in benefits, inability to hire new staff and the high volume of retiring Baby Boomers, have led to a huge loss in the knowledgebase. This loss has been exacerbated by lack of experience opportunities for newer personnel.

The field of Procurement has undergone considerable change in the last few years. This is attributable to a number of factors including the necessity to research and implement strategies to realize cost savings due to an austere economy and advances in the use of technology and ability to collect and analyze data. Even the manner in which procurement is perceived has changed. It has become a high level strategic function rather than a lower level process function.

SPO Initiative: Procurement Wizard

An online, digital procurement manual, based around the Procurement Lifecycle acting as a Wizard to bring best practices, learning lessons, templates, samples, guidance, training and regulations to one multi-faceted library. Accessible to both the State Procurement Workforce and the Community, this initiative will become the foundation of the State's Knowledge Management program for procurement.

Measurements for Success:

- Number of hits on site
- Customer Service survey before and yearly thereafter
- Number of increase in vendor registrations