

Supply Chain Shared Services (SCSS)



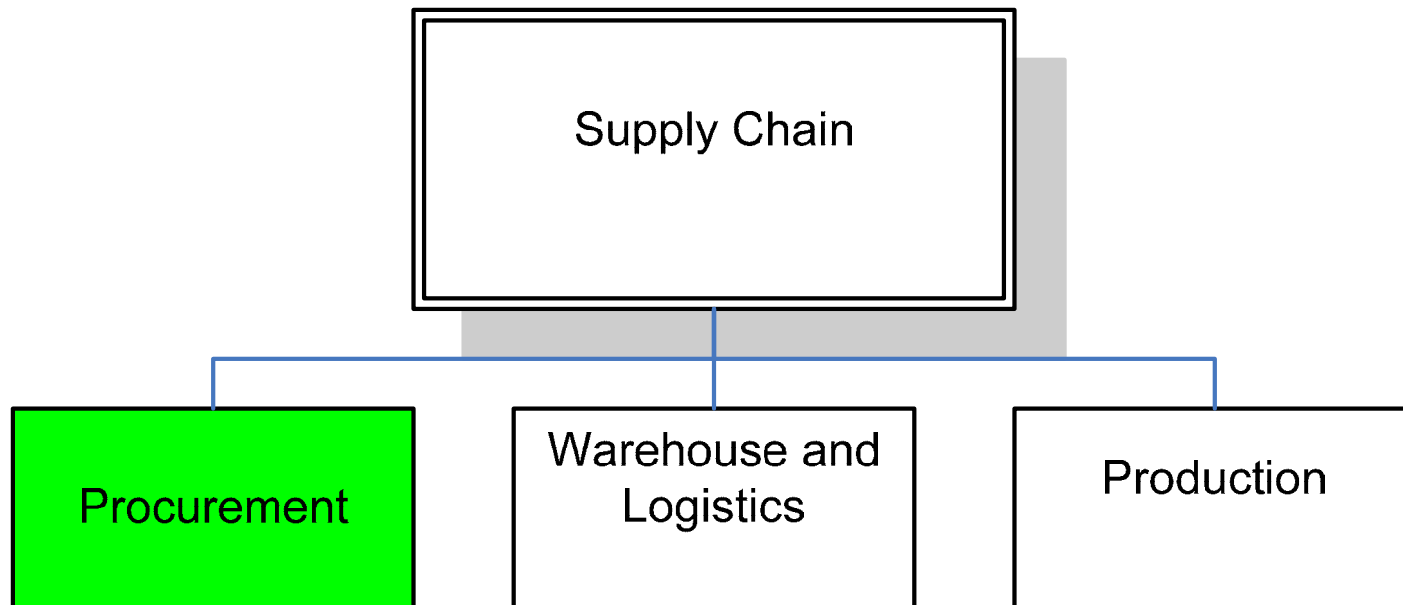
Agenda

- Supply Chain, Procurement Program Overview
- Proposed Policy Changes
- Procurement Program Objectives
- Program Key Milestones
- Next Steps

Supply Chain, Procurement Program Overview

- David Graham Supply Chain, Procurement Program Overview
- Standing Authorities/Procurement Policy 2010

Shared Services: Supply Chain

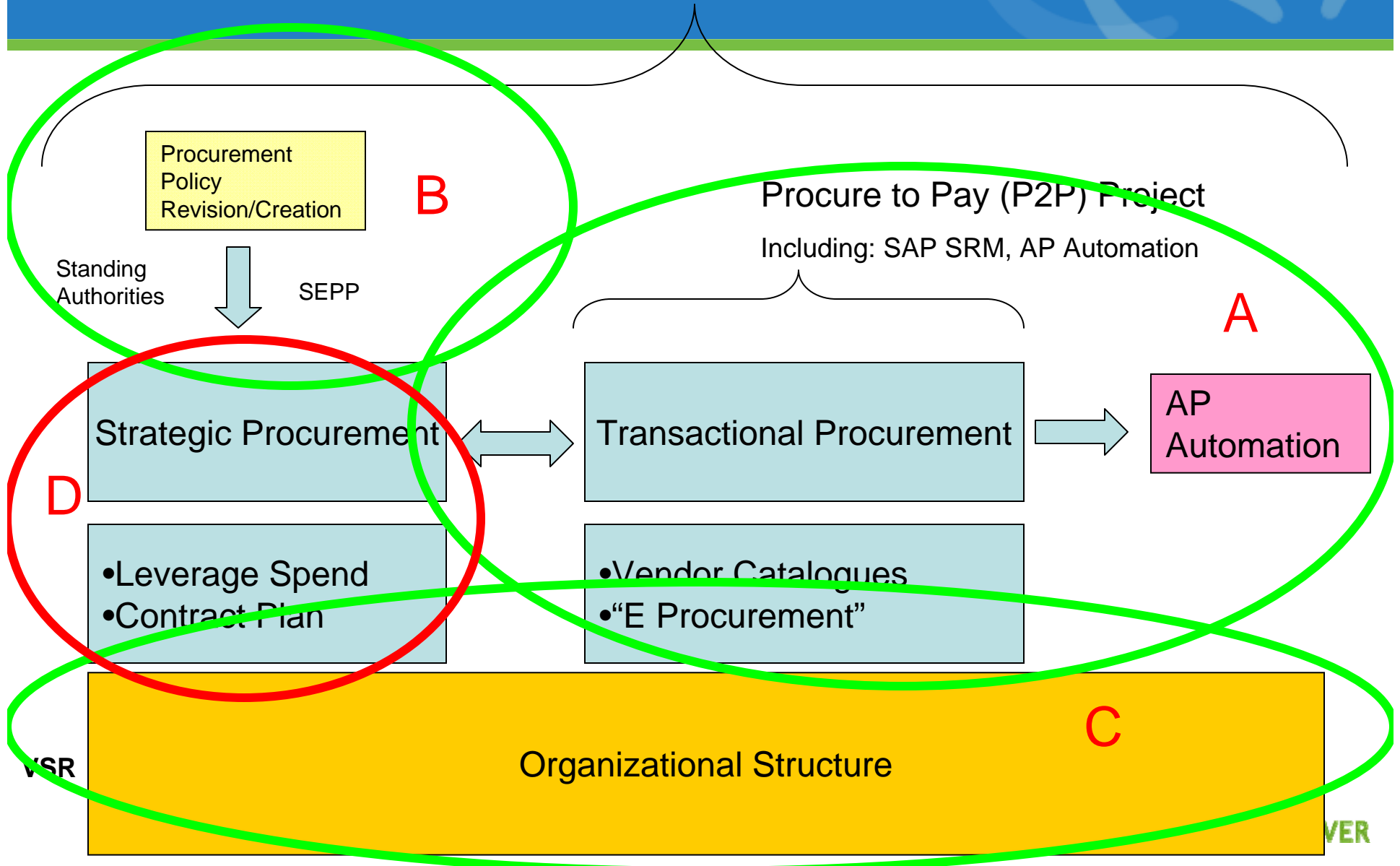


Key Changes - Policy

- Increase spending authority levels
- Reduce steps in process by standardizing documents
- Creation of Bid Committee
- Creation of Category Management
- Centralization of procurement function as shared service per VSR
- Expansion of SEPP provisions per Council Motion
- Accountability

Scope - Procurement Program Components

Procurement Program



Scope

- Basis is in the revision of the City's Procurement Policy
 - Revision or replacement of current policy (AF-009-01)
 - Embed shared services concept - key
 - Enforce compliant standardized process
 - Increase efficiency of bid process and contract execution process - faster, better, cheaper, safer and more sustainable
 - Clarify issues not addressed in current policy
 - Better balance between oversight and getting things done.
 - Sustainability "normalized" as criteria in all procurements

Scope, 2

- Strategic Procurement
 - Introduction of Category Managers
 - Plan and manage Vendor contracts
 - Leverage categories of “spend”, driving savings for the City
 - Vendor management, changes in City processes
 - Embedding Sustainability factors into selection process
 - Procurement Cycle changes
 - Communication and Policies, procedures and practices
 - External and internal communications and change management

Scope, 3

- Transactional Procurement
 - Deep-dive of existing procedures, people vs future state
 - Awareness of impacts on current staff, roles, responsibilities, opportunities
 - Workflow design and implementation
 - Co-location of buyers
 - Product selection thru payment (P2P Project)
 - Introduction of Vendor Catalog functions via SRM
 - Centralization and increase automation of AP functions
 - Readsoft implementation
 - Change management and communications for City staff
 - Transition planning and requisite training

Scope, 4

- HR, Organizational
 - Impacts identified or confirmed thru deep-dive process
 - Change management and communications for City staff
 - Transition planning and requisite training

To Council - December 15, 2009

- Proposed Standing Authority Changes
- Proposed Procurement Policy
- Feedback on any areas of concern

Changes - Calling Bids

- Decentralized to centralized
- Ensures consistency, rigor, transparency
- Address TILMA requirements
- SOW + Legal Terms = Bid Document
- Documentation is standardized
 - Reduce back and forth issues among three (or more) parties
 - Audit and reporting function mitigate risk
 - Increased training of Procurement resources mitigate risk

Changes - Awarding and Executing

- Award Limits increased
 - Deciding the “who” is less important than the “what” (which is done at budget review)
- Creation of bid committee (based on City of Toronto)
- Execution is administrative (procurement)
- Data Analysis

Metrics - Authority Levels

Authority	Recommended Commitment Levels	Percent of Total Est Annualized Spend	Number of Contracts to approve (est)
Proposed			
Council	>\$2.0 mm	61.57%	20
Bid Committee	<\$2.0 mm	77.35%	32
GM (CMT)	<\$.5mm	85.38%	46
Chief Purchasing Official	<\$.25mm	95.04%	126
Category Manager	<\$.075mm	100.00%	447
Current			
Council	>\$300k	82.12%	75
GM	<\$300k	93.33%	114
Purchasing Mgr	<\$100k	100%	482

Sustainable & Ethical Purchasing Policy

- Formalizes the City's commitments
- Builds on existing policy
- Embeds social and environmental criteria
- Sets minimum conditions suppliers around fair labour practices & environment
- Sets either mandatory or desirable criteria for specific products / services

Guiding Principles of Shared Services

- What is the opportunity?
 - Standardization
 - Eliminate duplication and redundancies
 - Consistent (and improved) service level
 - Financial savings
 - Centralize advisory and transactional activities - departments can then focus on core business
- What is the risk?
 - Lack of proper resourcing
 - Not meeting/managing department expectations

Questions -