

# Purchasing Department

## *An Operations Definition for Management*

*(Project No. 2003-M-01)*

This document is the result of a collaboration between the Purchasing  
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# Purchasing Department: Operations Definition for Management

*A study of selected internal operations and processes of the Palm Beach County Purchasing Department to give a detailed activity-level depiction of those functions*

The purpose of this report is to provide department management with an operational overview of the Procurement, Contracts and Administrative Services sections of the Purchasing Department (department), annotated for staff involvement, major decision points, points of contact with internal and external customers, and operational performance characteristics of the selected functions.

**The study focused** on two primary workplace areas—Procurements section activities and Contracts section activities—along with internal administrative activities in support of those two areas. The department director invited the Management and Program Analysis (MPA) Section of OFMB to develop a project that would promote an activity-level awareness of these operations. An initial client interview between the project consultant and the department director revealed a desire to have the Purchasing Department “defined” to a level of detail that would be clear and concise.

During a follow-up to the initial client interview the department director specifically requested that a customer focus piece be incorporated into the project. Therefore, one of the project outputs lists the staff’s definition of customer service and identifies “the locations where customer service happens” during the Purchasing operation. Further, the director indicated the desire to document, at an activity-level, the primary activities performed by each occupational position in the selected study areas. Lastly, the director indicated a willingness to use the project output to communicate departmental operations to other parties that interact with the department. After reviewing the department director’s input from the initial client interview, MPA developed an entirely new addition to its management advisory services lineup, the “Operations Definition for Management.”

The Operations Definition for Management (ODM) is designed for the manager facing new challenges. New challenges come from such sources as receiving a promotion, implementing a new technology, providing a new service or instituting a strategic initiative, or even leading an organization through transition. During times of challenge or change, it is often beneficial for a manager to have an accurate depiction of activity-level detail in the organization. Through the Operations Definition for Management, MPA offers an unbiased and information-rich depiction of the detailed, activity-level operations of an organization. The ODM project defines the “current state” of the Purchasing operation’s Procurement’s Section, Contracts Section and Administrative Services Section. The project satisfied three aspects that the department director stressed as important: 1) that staff involvement would be widespread; 2) that staff would be free and unimpeded to provide input into the assignment; 3) that the project would be informational in nature; and 4) that project outputs be concise and easily understood, providing accurate activity-level detail of the selected operations.

A project scope of services was agreed upon to address each of those points. MPA would conduct an Operations Definition for Management project covering the departmental functions of Contracts, Procurements and Administrative Services. In practical terms, the ODM project was designed to give department management operational visibility into the Purchasing Department’s current state, as well as to assess the impacts of pending initiatives—such as the conversion to the new Advantage financial management system and the implications of the “Local Preference” and “Living Wage” ordinances recently adopted. In particular, we were asked to do the following:

- Document major activities performed by staff of the affected study areas, by type of occupational position, in terms of percent of time involved in each activity, percent of re-work performed at the activity, output of the activity, and customers of the activity output;
- Depict the major activities of the study areas in operations flow chart form, showing important decision points, re-work loops, customer interface and other relevant process characteristics;
- Identify and document staff estimates of internally-generated data of operational measures in use in the study areas, including cycle times, number of touch points, first pass yield and current measures of customer service;
- Identify opportunities for follow-up in the study areas.

**The methodology** employed in an ODM project is designed to make it a team-building experience and to produce internal staff benefits, in addition to providing department management with useful operational insights. Department staff was taken through a series of facilitated exercises intended to promote group consensus in defining the current state of the three selected departmental operations.

The MPA consultant led the staff of the Purchasing Department (project team) through two workshops: an Activities Summary Workshop and an Operations Definition Workshop. Drawing on the collective subject-matter understanding and experiences of the project team, the consultant and the project team together defined the current state of purchasing operations, including:

- Documenting the activities performed by staff by type of occupational position. Staff activities were defined in terms of percent of staff time involved, percent of re-work performed at the activity, the output of the activity and the customer(s) of the activity output.
- Creating an activities flow chart for the study areas. Activities involving customer service, important decision points and excessive re-work have been identified on the flow chart.
- Documenting staff estimates of operational measures for the study areas. Measures include cycle time, number of touch points, decision point analysis and current measures of customer service.
- Identifying areas for improving operations from the three unique perspectives of 1) purchasing department staff; 2) user departments; and 3) vendors who interact with the purchasing operation.

Prior to conducting the two project workshops, the project consultant met with the department director's management team. The purpose of the meeting was to create an awareness of the project's objectives and the methodology that would be employed to fulfill the project objectives. The project consultant integrated feedback from the management team into the ODM methodology.

The ODM project was divided into two parts, corresponding to the two on-site workshops described above. In part 1, the Activities Summary Workshop, the project consultant worked with all assigned staff in the selected study functions to define activity-level details for each staff member, according to the evaluation criteria defined above. In Part 2, the Operations Definition Workshop, the project consultant led a workshop consisting of a sub-group of the participants from the part 1 workshop. The project team from the second workshop produced a detailed, start-to-finish activity flow chart. The flow chart contains the project team's estimates of operational performance measures, including estimates of the cycle time for each of the primary outputs of the study areas. Also, areas in which attention could be focused to make improvements were highlighted.

## Part 1: Activity Summary Workshop

The objectives of the Activity Summary Workshop were three-fold: 1) to acquaint the staff of the three study areas with the project scope; 2) to present the ODM methodology to the project participants; and 3) to obtain the necessary activity-level details to proceed to part 2. The Activity Summary

Workshop involved 19 employees of the department, representing occupational classifications of Senior Buyer, Buyer, Buyer’s Assistant, Contracts Coordinator and various office support staff.

The Activity Summary Workshop participants completed an Activity Summary Worksheet. The worksheet details the major activities each position performs in the course of the year. In addition to this activity listing, information such as the estimated percentage of time spent on each activity, the estimated amounts of re-work performed in each activity, and the like, were documented by the participants. Following this workshop, the project consultant created a master matrix of this activity data, the data were analyzed and pertinent observations from the analysis have been included in the “Observations and Comments” sections appearing throughout this report. In addition, the project consultant utilized the activity data generated in the Activity Summary Workshop to create the activities flow chart described in part 2 of the report.

The Activity Summary Workshop produced Activity Summary worksheets for each of the nineteen participants. These worksheets were then entered into an electronic spreadsheet to create the Purchasing Activities Summary table, a portion of which is depicted below. The full table comprises 188 activity entries.<sup>1</sup> The entire table is included as Appendix 1 to this report, along with an electronic copy of the spreadsheet file to permit management to perform additional data sorts as desired.

**TABLE 1**

**Every Major Activity of Every Occupational Classification  
in the Selected Study Functions was Tabulated**

#	Staff Name	Area	Activity Description	Activity %/Yr	Rework %/Yr	Primary Output
134	Cardillo, Colleen	SB	Evaluate responses to bids	5%		Award recommendation
135	Cardillo, Colleen	SB	Monitor term contract list	5%		Contract is current
136	Cardillo, Colleen	SB	Process bid/RFQ documents	10%	30%	Advertisement
137	Cardillo, Colleen	SB	Communicate w/ vendors and depts.	15%	20%	Answers - CS
138	Cardillo, Colleen	SB	Type documents/correspondence	10%	10%	Completed document
139	Cardillo, Colleen	SB	Edit specs	5%	15%	Bid document

The tables and graphs illustrate observations of selected data that defines the current Purchasing observations. There is an Observations and Comments section following each display. The intention of this commentary is to provide possible uses and/or insights into the information presented. This is also used to

<sup>1</sup> Staff participants with like positions perform some of the same activities, so 188 activity entries does not equal 188 separate and discrete activities.

provoke thought about the many ways to use the data that define each operation. For example, in observing the activities that take the most time, a detailed look at those activities position-by-position may yield answers to the following types of questions:

- Do senior staff, those with a great deal of expertise, routinely perform activities that are primarily clerical or secretarial in nature? If so, does this make sense in relation to cycle time and utilization of expertise?
- Are staff performing the tasks one would expect them to be performing, both from a job description/expertise standpoint and from a work flow/work balancing perspective?
- Are all incumbents in the same job classifications performing approximately the same amount of work in the same amount of time? Are they performing roughly the same activities? Are work methods and work assignments generally uniform? If not, how are the differences explained?
- What activities—either internal or external—are most critical to cycle time reduction? Identify them, and then optimize them via procedural changes, use of efficiency tools and work reassignments.

### LARGE PERCENTAGE ACTIVITIES

From the Activities Summary Table (Appendix 1) one can readily identify the activities that require the largest amounts of time, by individual staff position.

**TABLE 2**

#### Large Percentage Activities by Position

Section & Position	Activity Description	% of Year Spent	% of Re-Work
<b>Procurements Purchasing Section</b>			
Senior Buyer	1) Prepare bids/RFQs/Goals	1) 25%	1) 20%
	2) Evaluate, calculate bid & RFQ responses	2) 20%	2) 0%
Buyer	1) Prepare Invitations for Bids (IFBs) & RFQs (>\$25,000)	1) 20%	1) 15%
	2) Evaluate bid responses & RFQs	2) 20%	2) 0%
	3) Prepare IFBs incl. specification reviews (>\$25,000)	3) 20%	3) 15%
	4) Evaluate bid response, make award	4) 20%	4) 0%
	5) Review specs and prepare bids	5) 20%	5) 10%
	6) Review & evaluate goal-setting responses	6) 20%	6) 0%
Buyer's Assistant	1) Type, edit bids	1) 25%	1) 0%
	2) Calculate & fill out forms for Buyers	2) 20%	2) 0%

(continued on next page)

OPERATIONS DEFINITION FOR MANAGEMENT

Section & Position	Activity Description	% of Year Spent	% of Re-Work
<b>Contracts Purchasing Section</b>			
Contracts Coordinator	1) Communicate, review scope of work w/dept	1) 20%	1) 20%
	2) Draft proposal, submittals	2) 30%	2) 100%
	3) Prepare contracts, amendments	3) 20%	3) 10%
	4) Analyze scope of work from dept	4) 35%	4) 0%
	5) Draft RFP w/scope of work; set timeframes to add to RFP; respond to RFP questions from depts.	5) 25%	5) 100%
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Buyer's Assistant	1) Format, review initial drafts of work w/depts.	1) 20%	1) 0%
	2) Change initial documents (updates)	2) 20%	2) 100%
	3) Request certif. of insurance in writing	3) 20%	3) 5%
	4) Communicate w/vendors	4) 25%	4) 60%
<b>Administrative Services Section</b>			
	1) Communicate w/public & vendors	1) 50%	1) 0%
	2) File/retrieve approx. 25 to 150 per day	2) 40%	2) 2%
	3) Assist customers at front counter	3) 20%	3) 0%
	4) Answer customer questions on telephone	4) 20%	4) 0%
	5) Use postage machine for outgoing mail	5) 20%	5) 0%

**Observations and Comments**

The purpose for the discussion and examples below is to indicate the possible ways that data from Table 2 can be used in the management of program activities. Specifically, the data draw attention to the array of core activities that occur in the three study areas, and they identify areas of opportunity for improving operations. Specific uses of Table 2 data are as follows:

- Check the listings in Table 2 against management’s perception of what the most time-consuming single activities are;
- Identify large percentage activities that have high percentages of re-work (re-work is defined as processing an item or performing an activity more than once because something on the original item was incorrect, missing or changed following inception).

For example, in Table 2, the activities captioned “drafting and communicating proposals/scopes of work” take up to 30% of the Contracts Coordinator’s time, and they seemingly have high percentages of re-work, making them prime candidates for improvement.

Every increment of time eliminated from these large percentage activities can be used to finish the current contract work and start the next, thereby 1) decreasing cycle time (items move from point A to point B quicker with shorter activity times or fewer steps); 2) increasing customer satisfaction (the customer

gets what he asks for in an expedient fashion); and 3) increasing operational efficiency (thereby increasing the capacity of the organization’s existing staff).

For example, in Table 2, in the Procurements Purchasing section, the front-end activity captioned “prepare bids, RFQs, goals” takes up to 25% of the Senior Buyer’s time, with 20% of the time being spent on re-work (20% of the 25% activity). However, the back-end activity “evaluate, calculate bid & RFQ responses” requires very little re-work. Can the types of re-work and their causes be defined and improvements implemented to decrease the amount of re-work? Can the number of questions from agencies or vendors be reduced?

All of the examples above reflect consensus staff estimates for the activities cited, and are “accurate” to that degree. The ODM methodology does not involve independent tests to confirm accuracy, but assumes that estimates made by the staff represent their perceptions of work distribution and time commitments. Discussions with the project team participants in those areas and further observations would be required to lend greater confidence to the data. The commentary and examples are presented as a means of illustrating ways to look at the data.

**General Cost Data**

The table below provides activity cost data for the project study areas of procurements, contracts and administrative services, based on activity data gathered from the Activity Summary Workshop. Table 3 was created by adding the current year’s employee salaries to the activity data provided at the first workshop. These data are part of the full Activities Summary Table in Appendix 1.

**TABLE 3**

**Staff Size to Staff Costs**

Category	Contracts Section	Procurements Section	Administrative Section
Staff size <sup>§</sup>	4	11	3
Proportion of annual staff costs <sup>†</sup>	25%	63%	12%

§ Staff size refers to the number of employees participating in the project. It does not include one employee who participated but who was too new in her position to contribute. It also does not include one employee who was out on vacation leave during portions of the project.

† Allocation of costs based on data from the Activities Summary Workshop participants.

From the Activities Summary Table in Appendix 1, the activity costs of the 188 activities listed is \$731, 640 (base salary only). There are 29 activities, each with associated costs of \$6,500 or greater, totaling \$290,123. These 29

activities are 15% of the total 188 activities identified, but they account for nearly 40% of the total activity costs of the department. Table 4 lists these 29 significant activities.

**TABLE 4**

**Highest Cost Activities  
by Section and Staff**

Section	Activity Description	Cost per Year	Staff Person	Item
<b>Procurements Purchasing Section</b>				
	Communicate w/vendors & depts.	\$7,039	Cardillo, Colleen	1
	Communicate w/vendors & depts.	6,892	Green, Vernetha	2
	Communicate w/vendors & depts.	8,252	McGee, Maryann	3
	Communicate w/vendors & depts.	7,213	Smith, Tammy	4
	Prepare specs for bid process	6,892	Green, Vernetha	5
	Prepare bids/RFQs/goals	13,754	McGee, Maryann	6
	Evaluate, calculate bid/RFQ responses	11,003	McGee, Maryann	7
	Process RFQs	7,213	Smith, Tammy	8
	Prepare IFBs, RFQs (<\$25,000)	6,681	Brewer, Cindy	9
	Evaluate bid/RFQ responses	6,681	Brewer, Cindy	10
	Prepare IFBs (<\$25k), incl. spec reviews	8,299	Fields, Martie	11
	Evaluate bid responses & make awards	8,299	Fields, Martie	12
	Review specs & prepare bids	10,329	Patane, Pete	13
	Review, evaluate goal-setting responses	10,329	Patane, Pete	14
	Process contract renewals, re-bids	9,296	Patane, Pete	15
	Type & edit bids	10,816	Grant, Nancy	16
	Process bid amendments	6,500	Grant, Nancy	17
<b>Contracts Purchasing Section</b>				
	Format, review initial drafts of all documents	\$10,156	Reese, Janice	18
	Communicate & review scope of work w/depts.	11,082	Ridolfo, Phil	19
	Draft proposals, submittals	16,623	Ridolfo, Phil	20
	Prepare contracts, amendments	11,082	Ridolfo, Phil	21
	Analyze scope of work from depts.	22,896	Schiller, Frieda	22
	Coordinate reqmts of scope of work w/depts.	6,542	Schiller, Frieda	23
	Draft RFPs; set timeframes; respond to questions	16,354	Schiller, Frieda	24
	Negotiate contracts; process/type contracts	6,542	Schiller, Frieda	25
	Request certif. of insurance (in writing)	7,172	Williams, Monique	26
	Communicate w/vendors	8,965	Williams, Monique	27
<b>Administrative Section</b>				
	Communicate w/public, vendors	\$14,466	Dale, Debra	28
	File/retrieve 25 to 150 documents per day	12,755	Duncan, Norma	29
<b>Total</b>		<b>\$290,123</b>		

**Observations and Comments**

Possible uses of table 4 data:

- Review the activities for any “surprises” and validate those data;

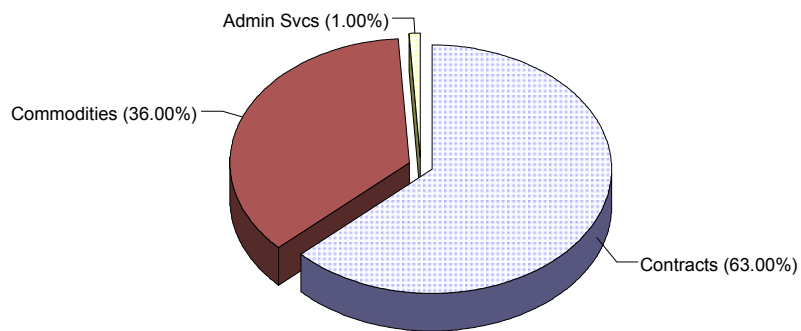
- High-cost activities should be of special interest to evaluate the beneficial potential for new initiatives, new technologies, or to focus on process operational improvements;
- High-cost activities are of special interest for potentially adverse impacts of new legal requirements, such as the impacts of new ordinance requirements;
- High-cost activities are probably associated with ancillary or support activities that will, in turn, be affected as high-cost activities are impacted.

**Contracts and Procurements Re-Work**

Re-work is defined here as processing an item or performing a discrete activity more than once because of inaccuracies, incompleteness or amendments to the original action. From the Activities Summary Table in Appendix 1, re-work activities account for approximately 13% of the 188 identified activities, with labor costs of more than \$92,100 per year.

**FIGURE 1**

**Estimated Distribution of Re-Work Costs by Work Section**



**Observations and Comments**

The cost distribution chart above shows that the \$92,161 in re-work labor costs are not incurred uniformly over the three purchasing sections. The largest portion of costs (63% or \$58,000) occurs in the Contracts section. As is true with all of the data from the Activities Summary Table, the estimates were made by the project team in the course of the Activity Summary Workshop. The data also indicate that re-work costs, as percentages of the labor costs per section, are as follows:

- 31% of direct labor costs of the Contracts Section;
- 7% of direct labor costs of the Procurements Section;

- 1% of direct labor costs of the Administrative Section.

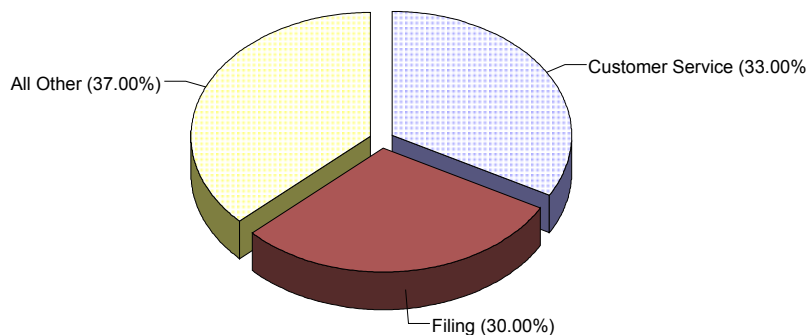
The data suggest that if there were a desire to evaluate re-work costs, the Contracts Section would be a logical place for improvement. The first steps would be to identify the specific types of re-work occurring in that environment, and establish likely causes for it. Determine if the re-work results from internal or external causes. Is it resulting from inadequate training? Does it result from unclear communication between staff and users or vendors? Are outdated procedures that no longer serve customers' needs or reflect contemporary marketplace conditions to blame?

### Administrative Services Section

The Administrative Services Section of Purchasing had three representatives at the Activities Summary Workshop. The full listing of their activities can be viewed in the Activities Summary Table in Appendix 1. After converting their activity percentages to hours and using 2,080 hours per year per employee as a baseline, Figure 2 was produced.

**FIGURE 2**

**Estimated Distribution of Major Activities of the Administrative Services Section  
(Percent of Time per Year)**



### Comments and Observations

Possible uses of the data in Figure 2 might be the following:

- With such a large proportion of time devoted to document filing, can the existing computer filing be fully automated? Can the existing manual filing and retrieval be converted to computer, automated filing?
- If the principal staff person responsible for filing left the department, is the filing system organized so that others could readily step in?

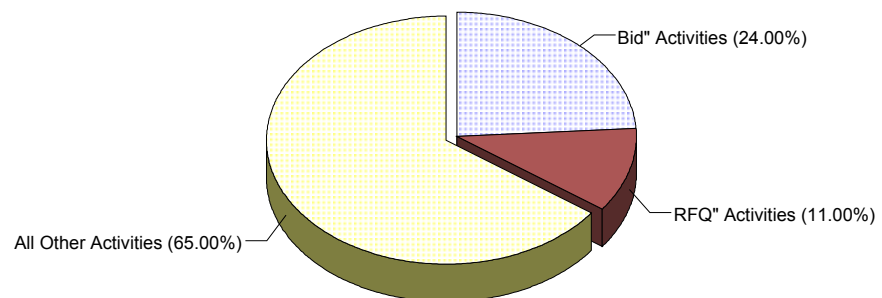
- Examine the types of customers—and their specific service needs—encountered in the customer service activity. Are staff resources immediately available to accommodate customer inquiries or does the front-line staff merely act as receptionists and routers of calls to others in the organization (or their voice mail)?
- Can staff training be improved to handle more of the customer inquiries at the initial point-of-contact by answering common procedural questions, versus making referrals to others in the organization?
- Examine the details behind the “Other” category in the Activities Summary Table (Appendix 1). Are there surprises among these activities, either in the amount of time devoted to them or in the fact that they occur at all?
- Can changes in procedure, resources, technology, communication or organizational structure improve any of these activities?

**Procurements Purchasing**

The procurements (non-contracts) function of Purchasing had eleven representatives at the Activities Summary Workshop. The full listing of their activities can be viewed in the Activities Summary Table in Appendix 1. After converting the activity percentages to hours, Figure 3 was produced.

**FIGURE 3**

**Estimated Distribution of Major Activities of the Procurements Purchasing Section (Percent of Time per Year)**



Source: OFMB calculation based upon 2,080 hours per employee per year.

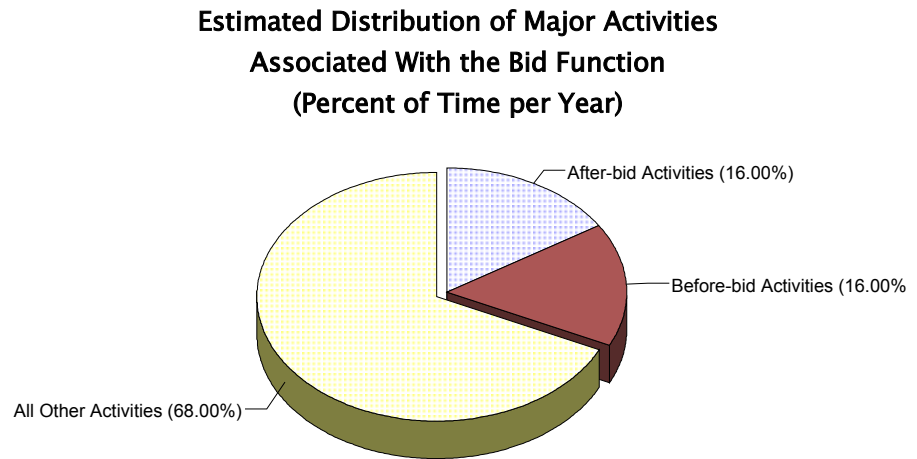
**Observations and Comments**

To produce the chart above, the Senior Buyer, Buyer and Buyer Assistant activity data were analyzed. All activities with “bid” in the description were

tallied together. All activity descriptions with “RFQ” were tallied together. From this graphic, it appears that bid activities take up to twice as much of the staff’s time as do RFQ activities. The functions in which most of the activities occur are often where the biggest efficiency improvements can be made. Based on the data in Figure 3, the initial focus of any improvements should be on bid activities.

Using the Activities Summary Table data, “bid” activities can be further divided. For that purpose, Figure 4 was created. Of the total time spent on bid activities (24%), Figure 4 displays the percent of time spent on the 2 or 3 “right before the bid goes out” activities (16% of all bid activities) and the 1 or 2 “right after the bid comes back in” activities (also 16% of total bid activities). From this we see that approximately one third (16%+16%) of the total time spent in bid activities resides in the activity categories that comprise these two broad activity categories.<sup>2</sup> These are prime targets to analyze for possible savings in cycle time and costs. To gain additional insight and validation of this observation, cross-reference this observation with the opportunity areas for improvement that the project team identified in the Operations Definition Workshop. The project team chose the activities surrounding the “typing and editing bids” category as a prime area for improvement.

**FIGURE 4**



**Activity Summary Workshop Review**

Provided below are samples of the observations available through analysis of the project team’s activity data. The activity data can be used in conjunction

<sup>2</sup> As a point of reference in viewing the Activity Flow Chart or the Activities Summary Table, the “right before the bid” activity category encompass those 2 or 3 “finalize the bid and send for supervisor approval” activities and the “right after the bid” activity category includes the 1 or 2 “review and evaluate bid responses” activities.

with the various outputs from part 2, the Operation's Definition Workshop, to gain a well-defined understanding of the Purchasing operation.

- The Activity Summary Table (Appendix 1) can be sorted a variety of ways depending on the area of interest (activities, re-work, output item, customer, etc.) – see pages 6-7;
- There are 29 individual activities with associated costs of \$6,500 or greater – see page 9;
- 40% of the activity labor costs reside in 15% of the activities – see page 9;
- 63% of activity labor costs reside in the Procurements Section – see page 8;
- 63% of the department's re-work occurs in the Contracts Section – see page 10;
- The Administrative Services Section's "customer service" and "filing" activity categories comprise 63% of the total section workload – see page 11;
- The Procurements Section's "bid" activities consume twice as much time as the RFQ activities (24% vs. 11%) – see page 12.

In part 2 the project team did all of the following things: 1) placed the activities defined in the Activities Summary Workshop into an activity flow chart; 2) estimated the current cycle times for each of the primary department outputs; and 3) further defined the purchasing operation by identifying customer service points and opportunity areas for improvement.

## Part 2: Operations Definition Workshop

An objective of the Operations Definition Workshop was to further define the Purchasing operation by 1) placing the activities identified in the Activities Summary Workshop into a sequenced process flow; 2) allowing the workshop's project team to identify and fill in any activity gaps that were evident from the work generated in the first workshop; and 3) documenting the key decision points and key decision makers that impact the flow of items being processed through the activity sequences.

An additional objective of this workshop was to further define the purchasing operations by 1) estimating the current cycle times for the various output items for each section; 2) identifying areas within the process flow which could be targeted for improvements; and 3) documenting the current staff perceptions of the department's customer service requirements, including how customer service is defined and "where it occurs."

## ACTIVITY FLOW CHART

The MPA consultant led the Operations Definition Workshop with a subgroup from the 19 Activities Summary Workshop participants. In the Operations Definition Workshop, the ten-person project team sequenced the activities from those identified in the first workshop into an activity flow chart. Activities that take place in sequence approximately 85% of the time were put onto the chart in a start-middle-end sequence.

Then, the project team refined the activity sequence, adding activities that were previously overlooked. One of the objectives of the Operations Definition Workshop was to create a visual representation of the purchasing operation. That was the purpose for documenting the major activities involved in the purchasing cycle in pictorial form—from start to finish. Once group consensus was reached as to the accuracy of the activity descriptions and their sequencing, the project team added decision points to the diagram, further defining the interdependence of the activities and highlighting the decisions that must be made prior to moving forward from one activity to the next. The cycle time of the overall process is heavily dependent on how effortlessly these individual decision points can be bridged. If the response to a decision point routinely lengthens the cycle time (for example, “created re-work”), that activity warrants investigation for improvement.

The next task performed in the Operations Definition Workshop was for the project team to document linkages between departmental activities and activities performed outside of the department (M/WBE, vendors, user agencies, and so on). The result of these workshop tasks was to create activity descriptions for these related activities that take place outside of the Purchasing Department. Finally, a comprehensive, detailed activities/operations flow chart was drawn. Following the Operations Definition Workshop, the project consultant transferred the wall-sized draft activity flow chart into an electronic version. The consultant documented and analyzed the project team’s work from the Operations Definition Workshop. Pertinent observations from this analysis are discussed in the comments sections below. The flow chart, complete with decision points and percentages, is found in Appendix 2 to this report.

## OPERATION MEASUREMENT AND STAFF PERCEPTIONS

### Estimating Cycle Times

Cycle time is the cumulative elapsed time from a starting event—in this case, a request to perform work—to a concluding event, such as the completion of a work product (bid, purchase order or contract, for example). The project team estimated the cycle times for RFP/RFSs, bids (IFPs), purchase orders/term

contracts and quotes (RFQ). Table 5 on the following page shows the relevant data.

**Observations and Comments**

Possible uses of Table 5 data:

- Review cycle times for any “surprises;”
- Evaluate the acceptability of the average cycle times;
- Evaluate the acceptability of the maximum cycle times;
- Using the activity flow chart, analyze where the majority of the cycle times take place per type of output document. Is it at the start? Middle? End? Is it inside the Purchasing Department or outside?

**TABLE 5**

**Estimates of Cycle Times and Touch Points  
in Key Purchasing Activities**

Work Section	Output Document or Touch Points	Perceived Cycle Times		
		Best Time	Average Time	Worst Time
<b>Contracts Section</b>				
	RFP	3 months	6 months	12 months
	RFS	1 month	1½ months	3 months
	Touch points		51	
<b>Procurements Section</b>				
	<b>Bids (IFBs)</b>			
	Purchase orders	3 months	4 months	6 months
	Term contracts	3 months	4 months	6 months
	Touch points		35	
	<b>Quotes (RFQs)</b>			
	Purchase orders	10 days	20 days	45 days
	Term contracts	10 days	30 days	45 days
	Touch points		15	

Note: Touch points are activity steps in the operational process.

One possible use of these data would be to cross-reference cycle times with the Activities Summary Table from the workshop in part 1. For example, Table 2 beginning on page 5 listed the major activities associated with various types of outputs (e.g., RFPs, bids) that accounted for the largest amounts of processing time. This could be used to focus improvement efforts or impact analysis in activities that are clearly linked to the cycle time of a particular type of output.

An additional use of Table 5 would be to evaluate the things that “go right” and yield the best-case cycle times, along with the things that “go wrong” and

result in worst-case cycle times. Often, this type of evaluation will yield the most impactful improvements to implement in order to reduce cycle times.

**SELECTED AREAS OF OPPORTUNITY FOR IMPROVEMENT**

Based on three distinct points of view, the project team selected areas of the flow diagram where there were high leverage points to improve operations. The project team first voted on opportunity areas from their own perspective—as staff working in the day-to-day operations of the Purchasing Department. Next, based on their experiences, the project team voted on where they thought that vendors would most like to see improvements in the operation. Finally, the work group voted based on where they thought their internal customers would like to see improvements. The consensus areas of opportunity are listed in Table 6; the complete listing of areas for improvement is identified on the activity flow chart in Appendix 2.

**TABLE 6**

**Selected Opportunity Areas for Improvement  
as Rated by Participating Purchasing Department Employees**

Work Section	Activity Description	Seen From the Perspective of		
		Staff	Vendors	Departments
Contracts	Contract Manager’s review	•		•
	Draft RFP s/scope of work; set timeframes		•	
	Contract Coordinators respond to vendor questions		•	
Procurements	Document comments, changes to specs from Supv	•		•
	Organize bid responses, review for responsiveness		•	
	Evaluate RFQs and responses		•	
	Department’s review of responsive bid	•		
	Prepare BCC items (> \$100,000)			•

**Observations and Comments**

One possible use of Table 6 would be to cross-reference these opportunity areas with the cycle time inputs, the large percentage activities and the activity re-work statistics from the Activities Summary Workshop data. This may identify target areas in which to concentrate efforts at improvements. Another possible use of these data would be to assess whether the activities are being performed in a way that addresses the concerns or requirements of the other points of view represented in the table. This could be accomplished easily enough by asking representatives of those points of view to provide input into what they like and what they don’t, about the department’s principal service activities. This should identify focus areas to target for improvements.

## CUSTOMER SERVICE

The project team reviewed the activities flow chart and identified the major activities where “customer service” happens. The project team’s locations where customer service takes place are highlighted on the flow chart. Then, the project team created a listing that defined good customer service in their minds. The definitions of customer service and the primary locations of customer service are summarized in Table 7.

**TABLE 7**

**Employee-Perceived Attributes of Good Customer Service  
and Primary Points Where Customer Service is Required**

Good Customer Service Characteristics	Primary Areas of Customer Service
<ul style="list-style-type: none"> <li>• Act on requests in a timely manner</li> <li>• Return e-mail and phone calls</li> <li>• Offer good alternatives to the wants (demands) of customers</li> <li>• Train customers on procedures</li> <li>• Train customers in the use of the Web</li> <li>• Provide automatic status updates to customers</li> <li>• Not the “Doug letter”</li> </ul>	<ul style="list-style-type: none"> <li>• Department requests a term contract</li> <li>• Input RFQs on the Internet</li> <li>• Evaluate RFQs and responses</li> <li>• Organize bid responses and review for responsiveness</li> <li>• Organize final documents for copying/distribution to vendors</li> <li>• Attend selection negotiating meeting; make award</li> </ul>

### Observations and Comments

One possible use of Table 7 would be to develop a customer satisfaction survey around the characteristics that were identified. To ensure uniform customer service, a customer service training program could be developed for all Purchasing staff. A customer service checklist for the areas identified in Table 7 could be implemented in those areas. Customer service training could be integrated into a countywide Purchasing training program which, among other things, could outline the department’s level of service under a variety of conditions at the customer’s end.

## ODM Project Summary

The Operations Definition for Management project outputs, observations and comments are designed to create a concise and working depiction of the current state of the selected Purchasing operations: Procurements Section, Contracts Section and Administrative Services Section. The ODM project

satisfied all of the elements that department management stressed as preferable: 1) that staff involvement would be widespread; 2) that staff would be free and unrestricted in providing input; 3) that the project would be informational in nature; and 4) that project outputs be concise and easily understood depictions of activity-level detail among the selected functions of the department.

In practical terms, the observations and comments found throughout the ODM report are designed to stimulate thought and serve as pointers to:

- Develop priorities for operational improvement;
- Guide change and decision making;
- Develop new employee training programs;
- Develop cross training programs;
- Assess the impacts of county initiatives, such as the conversion to the new Advantage financial management system and the possible implications of the “Local Preference” and “Living Wage” ordinances.

If requested, the Management and Program Analysis Section can assist in the development of organizational solutions that promote operational effectiveness by equipping the department with contemporary management practices. Examples of such assistance are the development of: 1) management reporting systems; 2) goals- and objectives-setting; 3) performance measurement and reporting; 4) policies and procedures; 5) support systems, such as training programs.