

Vendor Consolidation: Facility Services

Empower Residents, Revitalize Infrastructure & Process

CITY OF SOLON

Presented By

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Consolidation, Why?

What if I told you that;

In 2018 The Center for Advanced Procurement Strategy (CAPS) found that the average cost per purchase order creation hovers somewhere between \$50.00 and \$1,000.00, based on the industry and processing costs.

Processing costs are both Fixed and Variable:

Fixed – overhead, salary employee wages/benefits, infrastructure, etc.

Variable – postage, hourly staff wages, office supplies, mileage, communication, Per Diem, logistics, etc.

- ⊗ Consider how many purchase orders a Department requests a year.
- ⊗ Consider how many individuals are involved throughout each step of the process in the creation of a purchase order.
- ⊗ Consider the regulatory requirements from local, state and federal level entities.

Now what if I told you that;

There is a way to reduce the yearly repetition of purchase orders for ALL Departments and put that money wrapped up into the purchase order process back into your budgets?

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Opportunity for Efficiency

Pain Point - Balancing Act - Think About It ...

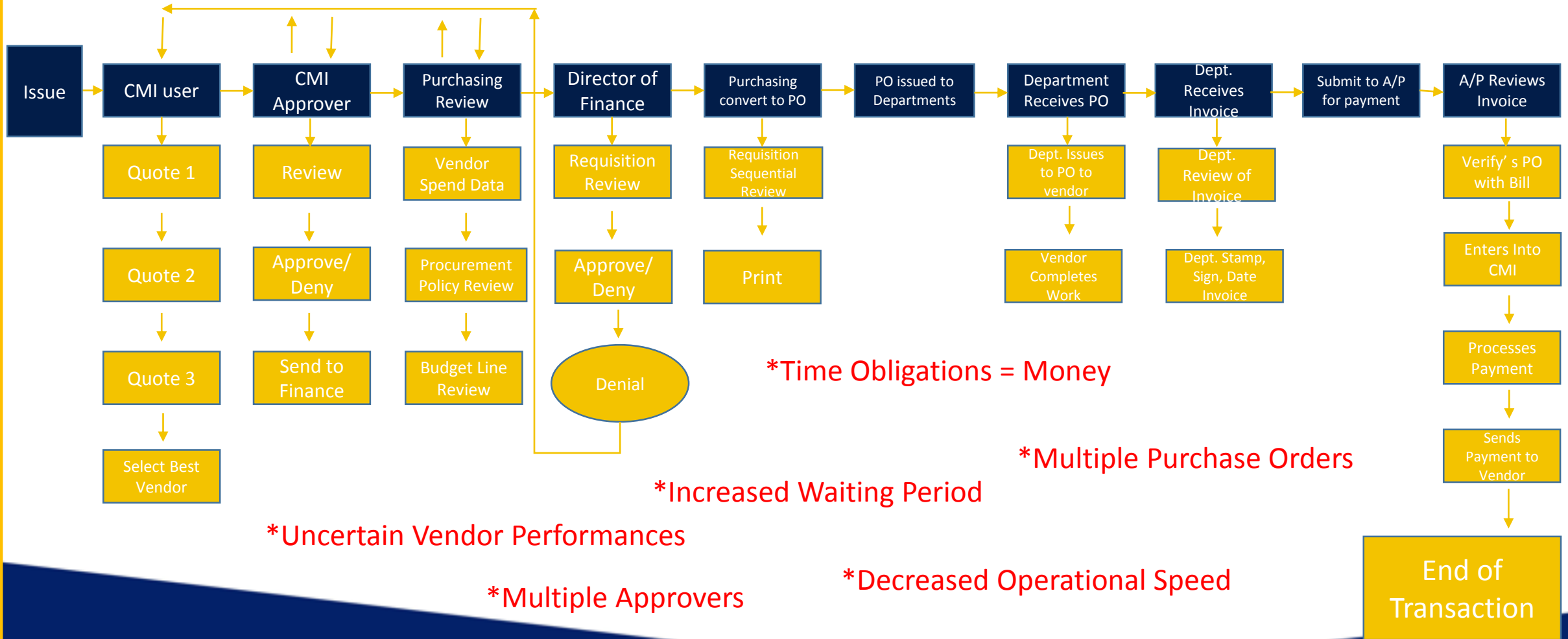
Daily, monthly and yearly how much time and money is wasted on filling the same requirement for every department throughout the City? Each department is required to have the same procurement guidelines, the same amount of quotes, the same amount of vendor contact, the same scheduling necessities, the same approval process, the same budget responsibilities and restrictions and all for the same facility related services. Is that truly the most efficient use of tax payers dollars?



**I can save money, time, work and continuity by refining
(consolidating) similar facility services, IMMEDIATELY.
AND WE HAVE!**

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Old Process



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Considerations

When changing process for efficiency it's important to understand the root of the cause. In this case, we find that services for the same application throughout the City are overabundant in purchase orders and wide spread in vendor selection.

By identifying a need, we begin to establish consideration points for process change.

- ⊗ How much time has been obligated insuring regulatory state, federal and local procurement guidelines have been correctly followed?
- ⊗ Is there extra time added due to formal bidding requirements which increase both fixed and variable costs?
- ⊗ How much are you paying, and to whom, each hour for the tasks in each step?
- ⊗ How many purchase orders are you processing and how long does each one take to travel through the process?
- ⊗ How many purchase orders are you creating for the same type of supply/service per year?
- ⊗ What is our true and basic facility requirements?

- ⊗ How do we become more efficient while improving procurement management?
- ⊗ How can we coordinate an integrated program that meets all the City's facility objectives?
- ⊗ How do we approach an un-navigated program and coordinate process to ensure organizational demands are being addressed?
- ⊗ How does consolidation of services support my Department functions?

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SWOT Analysis

Strengths

- In place
- Familiar
- Runs
- Information/History
- Control
- Routing Process
- Everything is different
- Own Budget

Weaknesses

- Customer Service
- Unfriendly Maintenance System
- Historical Data/Computing
- Reporting Period
- Not Efficient
- Duplicate Data and Processes
- Business Process
- Time commitment
- It's always different

Opportunities

- Easement
- Reporting
- Expenditures simplified
- Minimal additional work
- Vendor pre-selected
- Direct Communication with Vendors
- Paperless submissions for information
- Call out and response time increased
- Payment funnel
- Less departmental responsibility

Threats

- Support
- CHANGE
- Vendor Performance
- Procurement Requirement
- Updates
- Compatibility with other Programs
- Electronic Updates (non computable)
- Upgrades of outdated systems

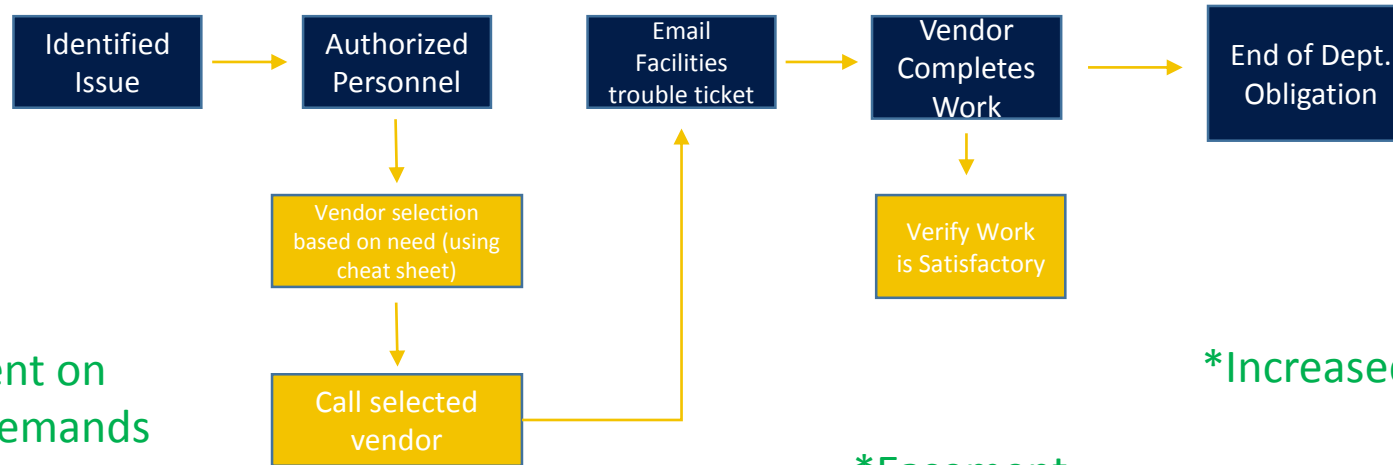
Consolidation & Phase Roll out Plan:

- * Phase 1 – Condense (13 Service Types)
- * Phase 2 – Identify Vendor(s)/Selection of Preferred
- * Phase 3 – Budget, Approval, Creation of Process
- * Phase 4 – Notification of Approval and Start Date
- * Phase 5 – Release of Current Vendors (contracted)
- * Phase 6 – Establish and Distribute Approved Vendor(s)
- * Phase 7 – Implement, Monitor, Review
- * Phase 8 – Analysis of Program, Follow-up, Questionnaire



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New Process



*More Time Spent on Departmental Demands

*Increased Operational Support

*Easement

*Immediate Response

*Minimized Purchase Orders

*Collaboration

*Efficiency

*Pre-Selected Vendors

*Transactions Decrease

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Why is that Important?

Carpentry

Vending

By identifying similar facility related requirements we **STREAMLINE** not only the procurement process but we become more **EFFICIENT** by reducing administrative burden.

Electrical & Supplies

Elevators

Paint & Materials

Pest Control

Industrial Cleaning

HVAC

Fire Control

Gen. Maintenance

Locks & Doors

Plumbing

Lighting

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Project Alignment



**Comparing Missions,
Visions and Values**

By reducing the time it takes each individual department to acquire mandatory quotes from multiple vendors coupled with the response time, availability, performance, accountability and other important factors in vendor selection, simplifying one blanket by service type is more efficient. Through decreasing the search for vendors and combining operational services on a City wide scale departments will continue to be more effective and dexterous by decreasing the time it takes to perform acquisition requirements. By allowing the Facilities Manager to control the workflow of services, review the invoices and resolve any aspiring issues/concerns we are enabling departments to continue their normal operations while the Facilities Manager manages the vendor relation and relative City organizations as a single point of contact creating streamline efficiency.

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MISSION

Solon is committed to enriching the quality of life for all our citizens by delivering superior services which promote a **safe, active, healthy** and **connected learning** community.

City of Solon Mission, Vision

VISION

3 pillars:



OPPORTUNITY
Educational, career and service opportunities are available to all



GROWTH
We welcome more people and businesses to support our thriving economy



DIVERSITY
We are proud of our diversity and embrace our differences

Our vision:

Working, learning, thriving together in an inclusive and forward-thinking community.

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City of Solon Values

Providing the **highest quality of life** through essential infrastructure, recreation, services and education.

Embracing **diversity & inclusion** through a culture rooted in compassion and kindness.

Fostering **open and transparent communication** by seeking constructive feedback and letting all voices be heard.



The City of Solon is committed to:

CORE VALUES

Embodiment of an **innovative mindset** as a city that welcomes change.

Committing to the **safety and security** of our community.

Supporting a **pro-business environment** among commercial enterprises and providing plentiful opportunities for furthered **growth and development**.

Meeting and exceeding expectations by consistently striving to provide the **highest level of customer service**.

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PROJECT MISSION, VISION, AND CORE VALUES

MISSION

To reduce expenditures and increase efficiency by consolidating common facility requirements.

CORE VALUES

- **Reduce vendors to 13 prime service types**
- **Reduce overall facility related expenditures by 15% during the 2020 fiscal year**
- **Reduce internal workflow by shared service providers**
- **Train and update process**

VISION

Decrease the amount of parallel vendors used City wide for shared facility services.

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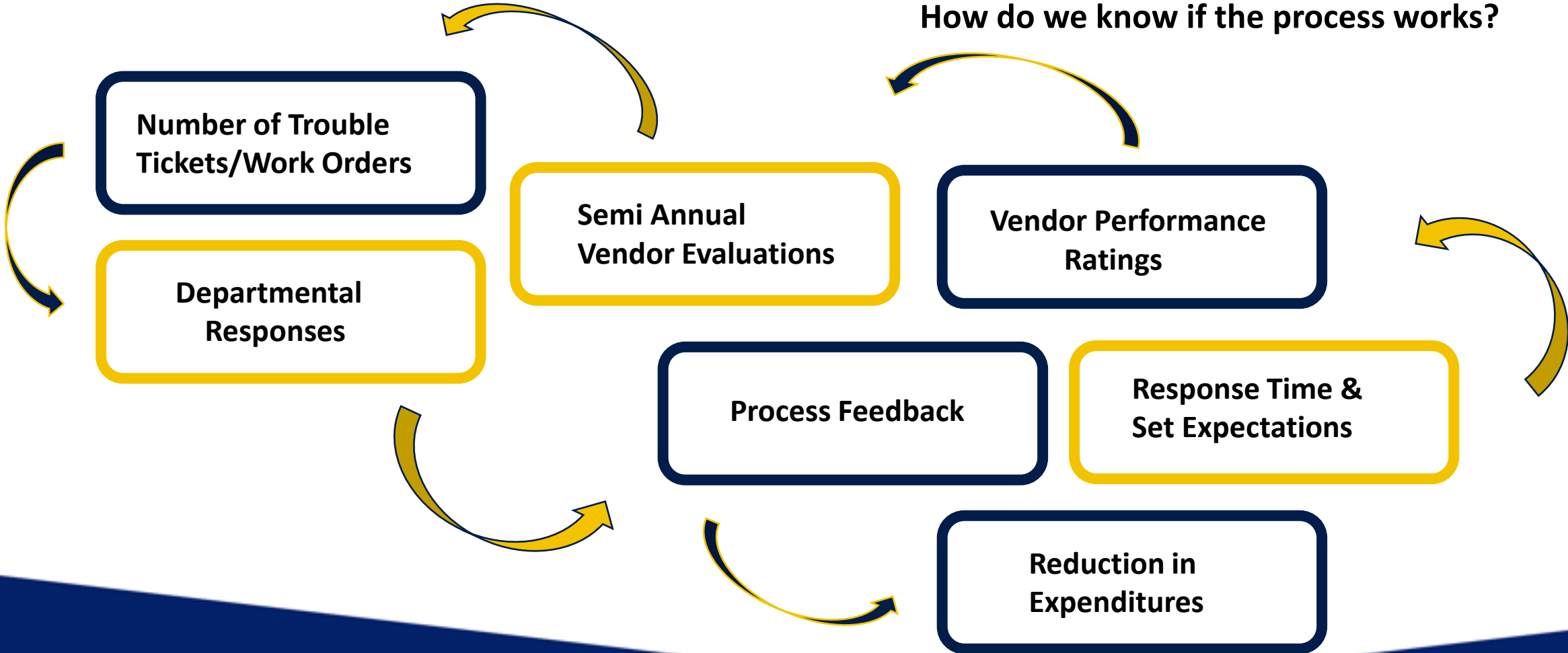
Project Start

Implementation
September 2019 -
Current

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Tracking

How do we know if the process works?



SMART Objectives:

GOAL	Achieved
Reduce vendors to 13 prime selectee	✓
Reduce expenditures by 15% during the 2020 fiscal year	Unknown
Reduce internal workflow by sharing service providers	✓
Train 2 personnel from each Department	✓

Performance Measurements:

GOAL	Achieved
Categorize similar services, one primary vendor	✓
Expenditure savings; yearly	Unknown
Departmental input on additional time savings	✓
“Train the trainer”, communicate lessons	✓

How the City Benefits

Budget Alignment:

Combining facilities budget into one specific chart of accounts helps manage actual spend and allows for more in-depth analysis of functions.



Reduction of Purchase Orders:

In 2018 there were over 1,200 purchase orders for facility related services. Starting in 2020, we began with 27 blanket purchase orders for the same projected needs.

Streamline Process:

Reducing multiple tasks, reducing the amount of accountable personnel, reducing the amount of time spent during acquisition phases and reducing the length of service responses to facilities needs are created in this process.

Increase in Facility Service Calls:

Initially we forecasted a reduction of expenditures which in 4 months in 2019 was 5% however what we found was an increase in “jobs” departments set aside due to budget and time restraints. Opening a service blanket allowed departments to fill requirements that have been put off in recent years.

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How the City Benefits Operational Impacts

Reduction of Vendors

1200+ purchase orders reduced to **27 in 2020** selecting **13 prime vendors**.

Increased Time Management

Reduction of Admin. Cost

Countless hours spent on purchase order and facility related requirements are reduced by **90% in 2020** through this program.

Expedited Internal Services

24, 48, 72+ hour trouble ticket system based on urgency has been created, increasing facility support.

Budget & Capital Forecasting

Consolidation of facility services and budgets for services & maintenance allows for higher quality insight in forecasting for **infrastructure, capital planning, and budget**. This program provides analytics and real time reporting to support the future vision and goals of the City while **maintaining fiscal responsibilities**.

Expectations	
Quarterly Meetings, Status	Semi – Annual Project Expectations (Budget Forecasting)
Budget Reviews, Quarterly	Continued Training
Vendor Performance Reviews; Ratings	Process Adjustments
Identification of New Services	Dashboards & Reporting

Change Management

The most important thing to any change is buy-in. Addressing concerns prior to the implantation of any process tends to have a higher success rate.

Training

You can't set expectation without giving the tools, time, and having leadership availability. Training is and should always be a revolving necessity.

Feedback

Surveys, word of mouth, complaints, assurances, emails, phone calls – ANYTHING received on the project means the process is in place and working, for better or worse.

Adjustments

Without adjustments made from critiques, processes and projects would fail their long term goals. To obtain goals, you must set tangible requirements but be willing to adjust them all the same.



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Finance – Bottom Line

HVAC – **150k** in savings on cooperative contract



Fire Control – **20k** in savings on cooperative contract

Elevators – **5k** in savings on contract

Pest Control – **17k** savings on contract



General Labor – **13k** in savings



Plumbing – **30k** in savings

Summary Savings of **\$235,000** – Not including admin. cost reduction

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City Operations – Bottom Line

OVER **700** facility call outs since implementation

Increased issue response TIME – **24hr, 48hr & 72hr**



Reduction in approval time and ADMINISTRATIVE oversight

90% REDUCTION in operational time OBLIGATIONS for facility related requirements

13 PRIME facilities SERVICES consolidated & shared



Purchase order reduction for facility related services:

1,200 to 27

Closing & Questions

Vendor Consolidation: Facility Services

Empower Residents, Revitalize Infrastructure & Process

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