

evolve'17
CONFERENCE

Back from the Brink

A case study of Procurement Reform in the City of Detroit.

Presented October 2017

Objectives

1. Share the story of Detroit's procurement reform journey back from bankruptcy
2. Unpack Detroit's uniquely compounded challenges into the individual procurement issues that other organizations may face
3. Highlight BidSync's role in this journey

Pre-Reform

Detroit's Story

Problem: For decades, the City of Detroit suffered from a lack of leadership, blurry ethics, chaotic processes, antiquated IT systems, and lacking financial accountability. When these problems were met by the downturn of the local economy, its challenges continued to escalate.



Detroit Procurement, Pre-Reform

- Contracting delays and late payments made vendors hesitant to do business with the City
- Bids and contracts were all paper-based, requiring time consuming and outdated practices for:
 - Sending/receiving bids/contracts
 - Obtaining approvals
 - Ensuring compliance
 - Storing documents
- Data reporting was manual and inconsistent



Detroit's Story

Solution: Detroit was the largest City to be allowed to file for Chapter 9 (public bankruptcy).

Changes included:

- Debt negotiation with creditors
- Tight financial controls
- Operational improvements
- Additional resources and oversight through the Emergency Manager and Financial Review Commission

“

Authorizing the emergency manager to seek federal bankruptcy protection was a difficult decision, but it was the last viable option to restore the city and provide Detroit's 700,000 residents with the public services they need and deserve...We know that Detroit's comeback is already in motion.

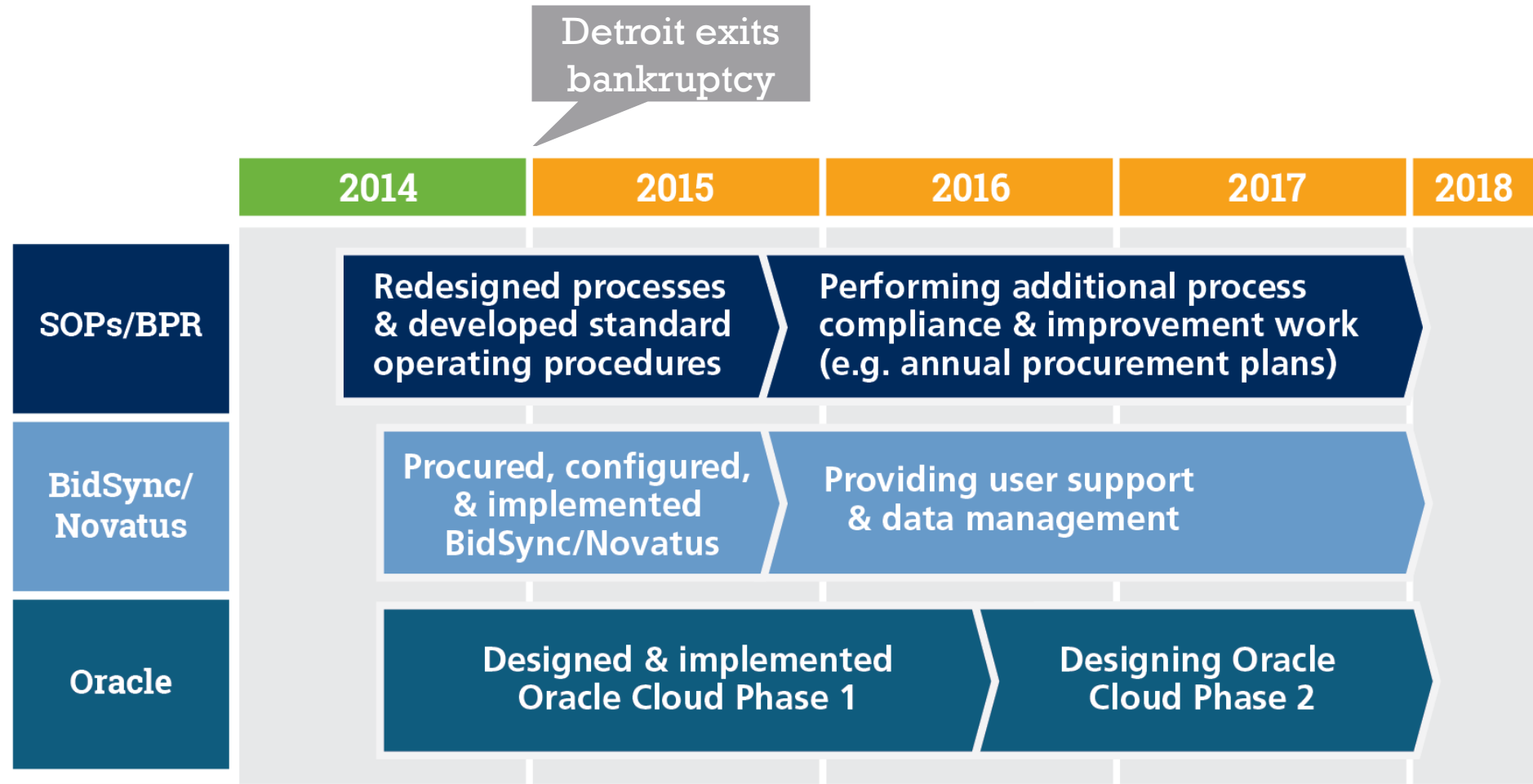
”

- **Governor Rick Snyder**

[Washington Post, December 2013](#)

Detroit's Reform Timeline

Detroit's Reform Timeline



The Results

Results

Before



After



Results

BidSync and Novatus data was used to develop and measure **Service Level Agreements between the Finance Department and City departments**. As a result, City leadership now has the tools to reach their processing goals and to hold themselves accountable.



Results

Automated contract posting from Novatus to the City's website ensures that all approved contracts are available to the public, including the contract documents, with little maintenance required by City staff.

City of Detroit Contracts

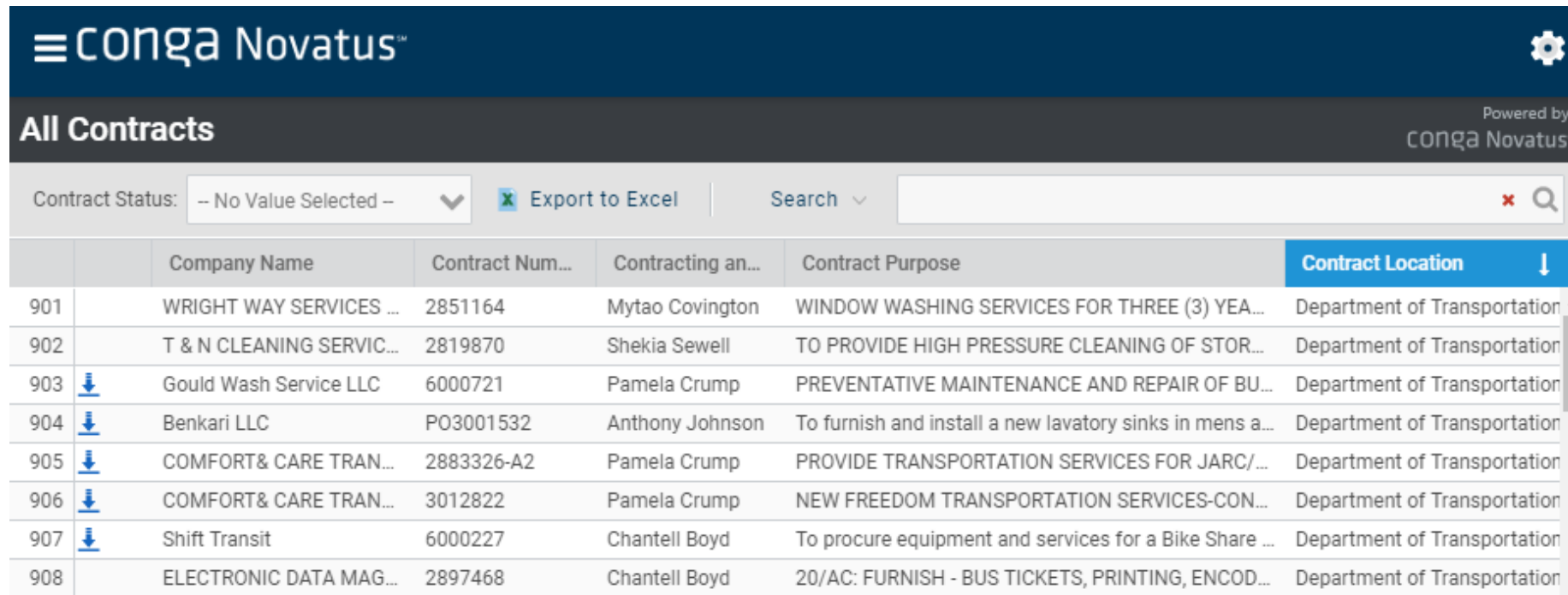
This dataset includes open contracts between the City of Detroit and its suppliers. Contracts are sorted by NIGP Code, an industry ▶

Manage More Views Filter Visualize Export Discuss Embed About

Contract NIGP Code	Contract ID	Company Name	Company City	Company State
1 Addressing, Copying, Mimeograph, and Spirit Duplicating Maching Supplies: Chemica	17-5320 (6001021)	MICHIGAN DEPARTMENT STATE HIGHWAYS TRANS	LANSING	MI
2 Addressing, Copying, Mimeograph, and Spirit Duplicating Maching Supplies: Chemica	6000443-A1	SMITHGROUPJJR	ANN ARBOR	MI
3 Air Conditioning, Heating, And Ventilating Equipment, Parts And Accessories (31)	6000647	AVE OFFICE SUPPLIES	SOUTHFIELD	MI
4 Air Conditioning, Heating, And Ventilating Equipment, Parts And Accessories (31)	6000504	TRI-DIM FILTER CORPORATION	BELLEVILLE	MI
5 Air Conditioning, Heating, And Ventilating Equipment, Parts And Accessories (31), Mis	2885426	U S AUTO RENTAL INC	DETROIT	MI

Results

Detroit gave a wide variety of staff access into the system, which helped everyone see tracking and reporting information for their department's contracts. Authorized users included every City department, approving divisions (Law, Budget, IT, and Grants), the Mayor's Office, and City Council.



Powered by Conga Novatus

Contract Status: -- No Value Selected -- [Export to Excel](#) Search

	Company Name	Contract Num...	Contracting an...	Contract Purpose	Contract Location
901	WRIGHT WAY SERVICES ...	2851164	Mytao Covington	WINDOW WASHING SERVICES FOR THREE (3) YEA...	Department of Transportation
902	T & N CLEANING SERVIC...	2819870	Shekia Sewell	TO PROVIDE HIGH PRESSURE CLEANING OF STOR...	Department of Transportation
903	Gould Wash Service LLC	6000721	Pamela Crump	PREVENTATIVE MAINTENANCE AND REPAIR OF BU...	Department of Transportation
904	Benkari LLC	PO3001532	Anthony Johnson	To furnish and install a new lavatory sinks in mens a...	Department of Transportation
905	COMFORT& CARE TRAN...	2883326-A2	Pamela Crump	PROVIDE TRANSPORTATION SERVICES FOR JARC/...	Department of Transportation
906	COMFORT& CARE TRAN...	3012822	Pamela Crump	NEW FREEDOM TRANSPORTATION SERVICES-CON...	Department of Transportation
907	Shift Transit	6000227	Chantell Boyd	To procure equipment and services for a Bike Share ...	Department of Transportation
908	ELECTRONIC DATA MAG...	2897468	Chantell Boyd	20/AC: FURNISH - BUS TICKETS, PRINTING, ENCOD...	Department of Transportation

Results

Detroit maximized Novatus's configuration options to address their unique needs. OCP tailored Novatus to support their need for clean system data, process compliance, and information transparency.

Example Business Need	Configuration Component	Impact
Electronic form to accurately and consistently capture standard data points for every contract	Profile Rules and Logic	<ul style="list-style-type: none">• Pre-populates certain data fields• Limits options for document creation based on other data fields to help buyers select the right options each time• Required fields assures that key data points important to Detroit are captured every time
Approval routing that supports different approval structures for each step (e.g. conditional approvals & approval teams)	Workflow Configuration	<ul style="list-style-type: none">• Ensures that contracts are directed to the staff authorized to approve each contract based on that contract's criteria (e.g. funding source and price threshold)

Results

Detroit enhanced the contracting process by using its eProcurement system to receive, approve, and store vendor information. Detroit uses BidSync to receive, approve, and store vendor clearances and other forms that are required for any new contract or amendment. As a result, less time and effort is required for both the City and its vendors to track and repeatedly submit these forms.

Vendor qualifications pending approval

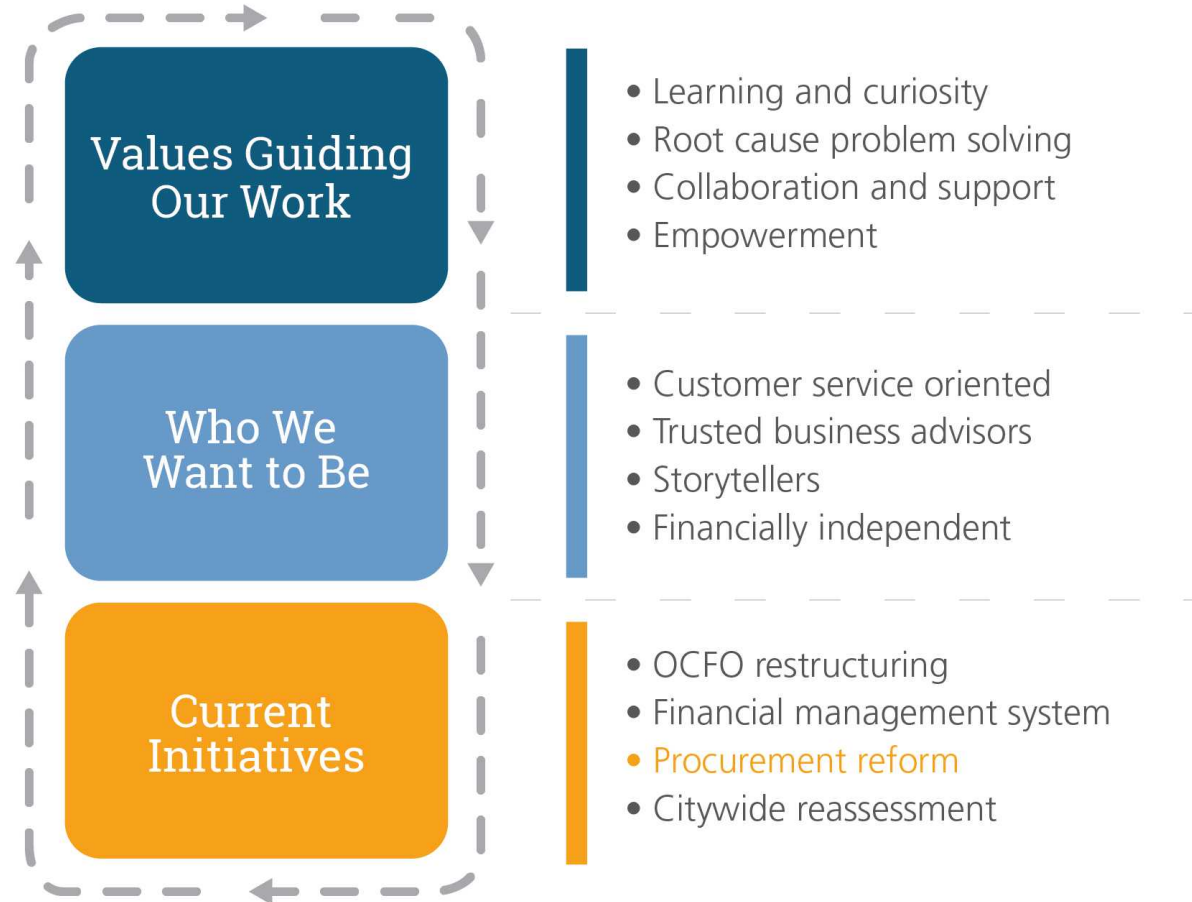
Date	Vendor	Qualification	Approve / Deny
Sep 28, 2017 7:15:54 AM MDT	Eastern Market Corporation	Accounts Receivable Clearance	Approve / Deny
Sep 27, 2017 11:33:51 AM MDT	Tenmile Creek Excavating LLC	Accounts Receivable Clearance	Approve / Deny
Sep 22, 2017 11:52:33 AM MDT	Cross Renovation	Income Tax Clearance	Approve / Deny
Sep 21, 2017 11:59:04 AM MDT	FIS	Income Tax Clearance	Approve / Deny
Sep 06, 2017 2:06:05 PM MDT	YWCA of Metropolitan Detroit	Accounts Receivable Clearance	Approve / Deny
Nov 21, 2016 12:07:54 PM MST	Restaurant Opportunities Center of Michigan	Income Tax Clearance	Approve / Deny

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Detroit's Reform Approach

Detroit's Reform Approach

OFFICE OF THE CHIEF FINANCIAL OFFICER'S VALUE-DRIVEN CHANGES



Detroit's Reform Approach



Implement robust technology tools

Filled the gaps of the existing system by procuring, configuring, implementing, and supporting BidSync/Novatus



Improve and standardize processes

Rebuilt processes to support best practice procurement and a more strategic staffing structure



Establish strong internal controls

Built in data monitoring practices and audit friendly internal controls (e.g. electronic approvals and signatures) to make sure every purchase is in compliance



Buy, strategically

Gave managers the tools to anticipate and coordinate procurements needs, both short term and through an annual procurement planning process

Detroit's Reform Approach



Implement robust technology tools

Filled the gaps of the existing system by procuring, configuring, implementing and supporting an eProcurement and eContracting system

Why It Worked

Accurately prioritized critical system functions

Redesigned processes first

Strong relationship between technology and business teams

Bent technology to meet business needs

Detroit's Reform Approach



Improve and standardize processes

Restructured procurement team staffing and rebuilt processes to support best practice procurement

Why It Worked

Organizational restructuring addressed root causes

Focus on transparent, value-driven processes

Thorough and accessible SOPs

Eliminated paper

Bite-size process and system toolkits

Detroit's Reform Approach



Establish strong internal controls

Built in data monitoring practices and audit friendly internal controls (e.g. electronic approvals and signatures) to make sure every purchase is in compliance

Why It Worked

Prioritized active monitoring

Automated internal controls

Established Compliance and Audit team

Detroit's Reform Approach



Buy, strategically

Gave managers the tools to anticipate and strategically coordinate procurements, both short term and through a budget driven annual procurement process

Why It Worked

Shifted to commodity driven buying

Consolidated contracts for temporary staffing, office supplies, and MRO

Data-driven procurement planning

Best Practices

Keep it clean.

Dedicate resources and expertise to ensure data quality.

How do I use this thing?

Technology gives you the information you need to manage your procurement organization, but if managers don't know how to use it, it won't help.

Give the full picture.

Make sure training provides both *process* and *system* information.

Be "all in."

Get strong buy in from your organization's executives, and show your staff how it will help them.

Phone a friend.

Acknowledge your internal capacity, get the resources you need to manage implementation, and leverage your Periscope community.

Up Next

Continuous Improvement Efforts

Citywide
Procurement
Planning

Data Driven
Process
Compliance

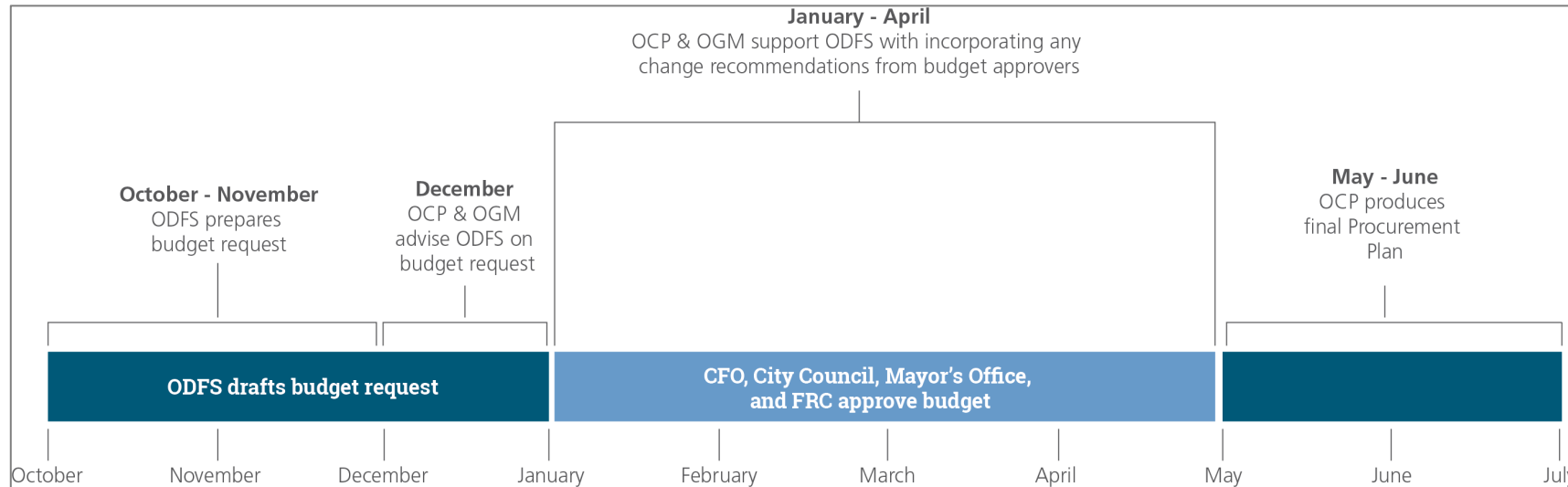
Networking and
Collaboration
Across Agencies

Supply
Schedules

Department
SLAs

Problem-Based
Procurement

Sneak Peek: Annual Procurement Planning



- **In process** – Detroit is working with the City’s biggest departments to document their known procurement needs for the remainder for FY18, to provide OCP with the lead time needed to procure and contract
- **End goal** - Detroit is committed to, ultimately, linking procurement planning and budget development processes to use data to drive the process

Contact Us



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