



SOUTHERN LEGISLATIVE CONFERENCE

STAR TRANSFORMING
GOVERNMENT

State Transformation in Action Recognition

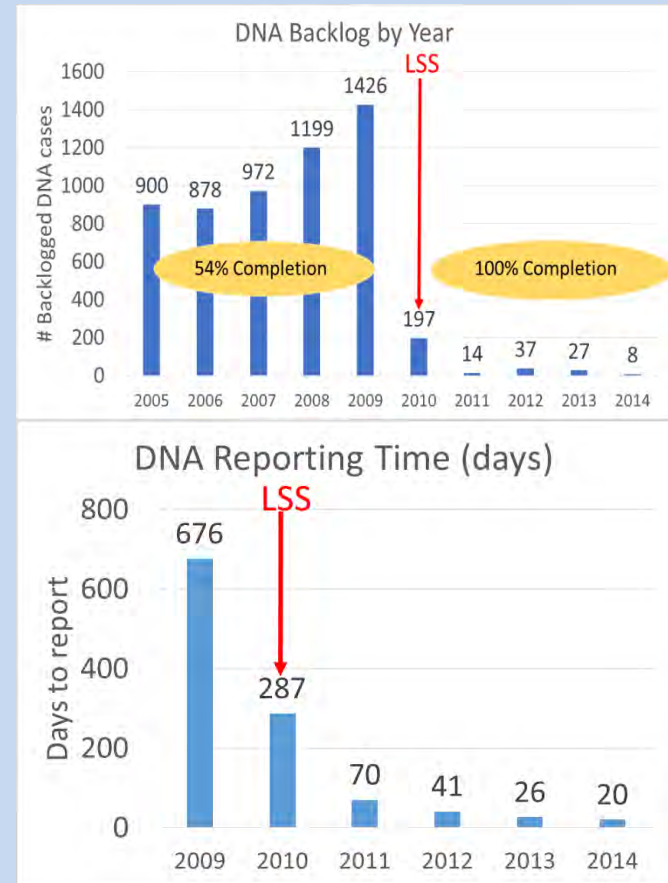
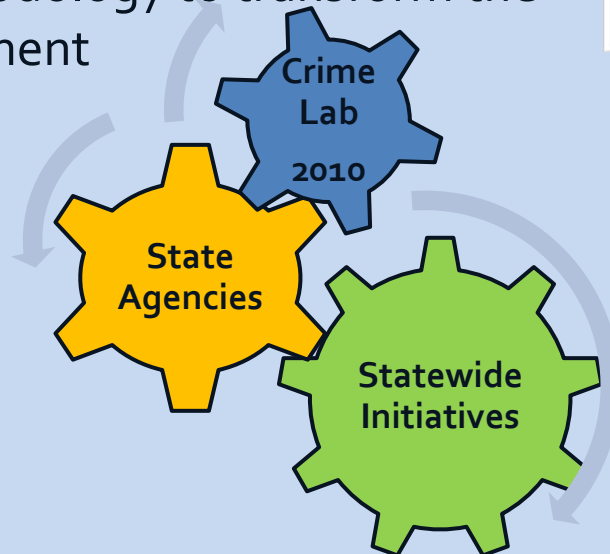
SEMI-FINALIST

**STATE OF LOUISIANA
BUSINESS TRANSFORMATION PROJECT**

**PAULA TREGRE
MENDY RICHARD**

Genesis

- Lean Six Sigma methodology was used to address the LA State Police Crime Lab Backlog in 2010.
- We replicated the methodology to find efficiency gains across state agencies and services.
- In 2013, Louisiana had a \$600 million deficit in a \$25 billion budget.
- As all facets of state government are engaged in procurement, which is a \$1.4 billion expense, it was targeted for transformation.
- We used the LSS methodology to transform the Office of State Procurement for efficiencies.



Louisiana Office of State Procurement Business Transformation

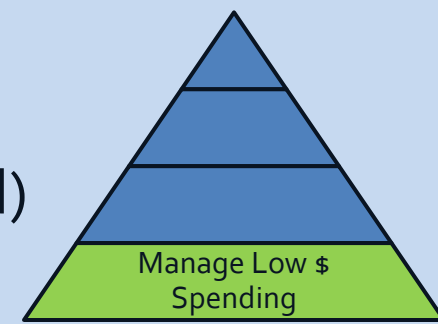


Numbers of Interest

- 88% of the state's financial system purchase orders were for \$ amounts <\$5000.
- Across 13 executive agencies, 339 different staff were involved in procurement.
- Purchases could take from 1 to 114 days to be processed by the state office.
- Professional contracts could take from 1 to 82 days to be reviewed by the state office.
- All submissions were paper with 9 different procurement workflows across the 13 executive agencies.

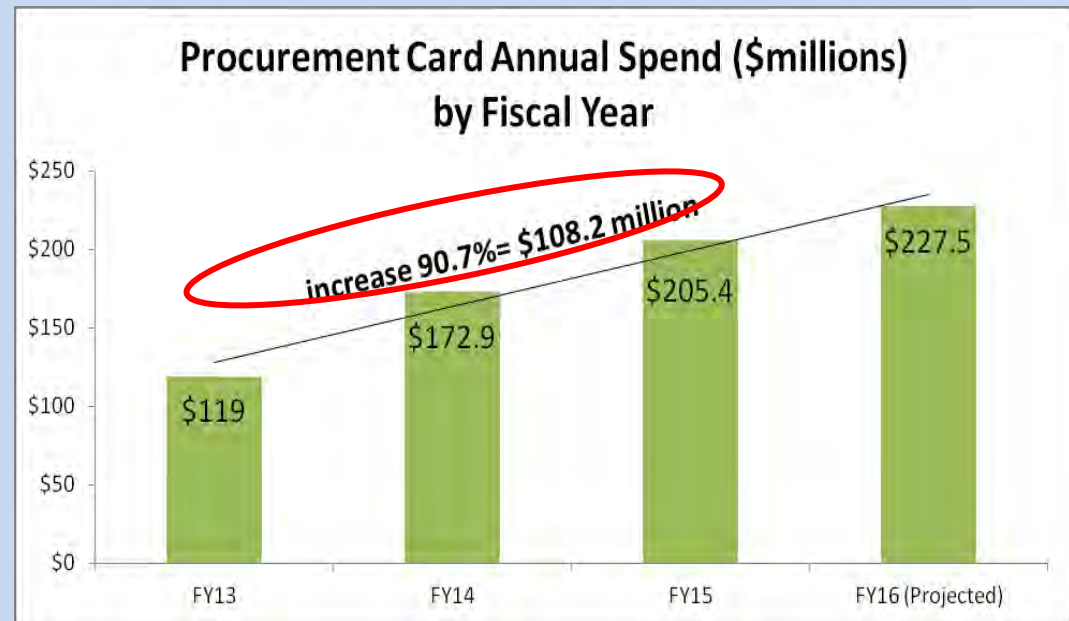
Manage Low Dollar Spending

- Increased state purchasing credit card (P-card) to \$5000 single purchase limit
- Deployed vendor electronic workflow tool
 - Post purchase approval
 - Coding interfaced
 - Electronic attachments



RESULTS

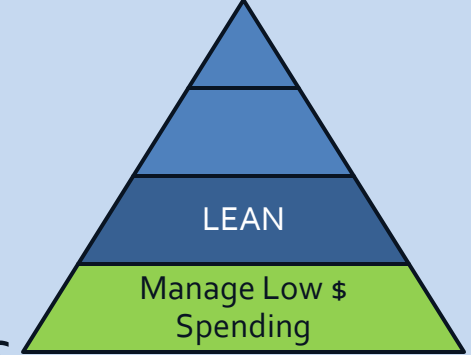
- Reduced the low dollar spending in the financial system
- Increased the P-card spend
- Reduced the # of low dollar transactions in the financial system



NOTE: Louisiana fiscal year= July 1 – June 30

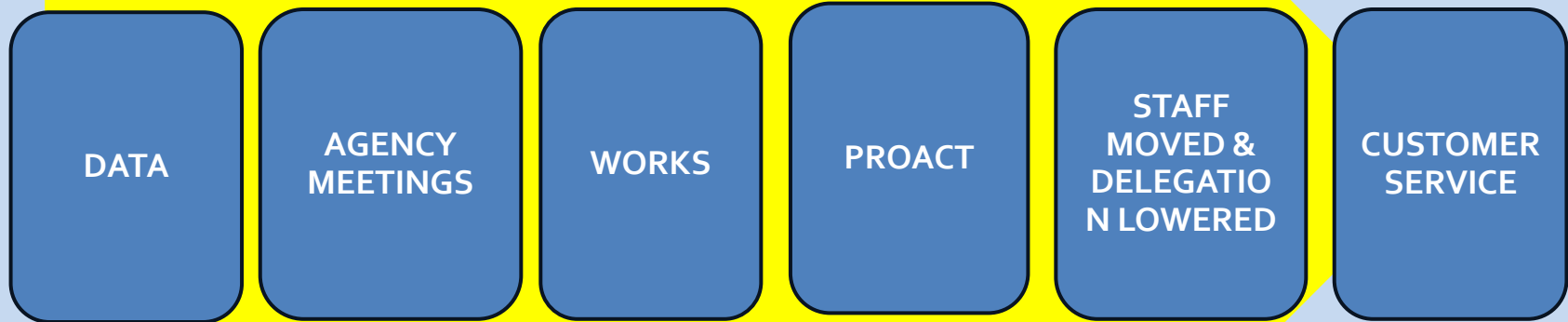
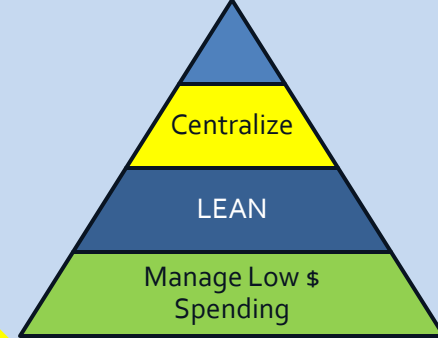
Implement LEAN Management

- Redesigned work assignment
- Implemented daily production meetings



Before	After
1 st in = 1 st out	Teams= by \$/ complexity
Fixed assignments- P= commodity C= submitting agency	\$/ Complexity Skill & experience matched
No balancing	Triaged and balanced daily
Hold to fix (paper)	Return with comment (electronic)
Whole package return	Partial return of wrong part only

Centralize



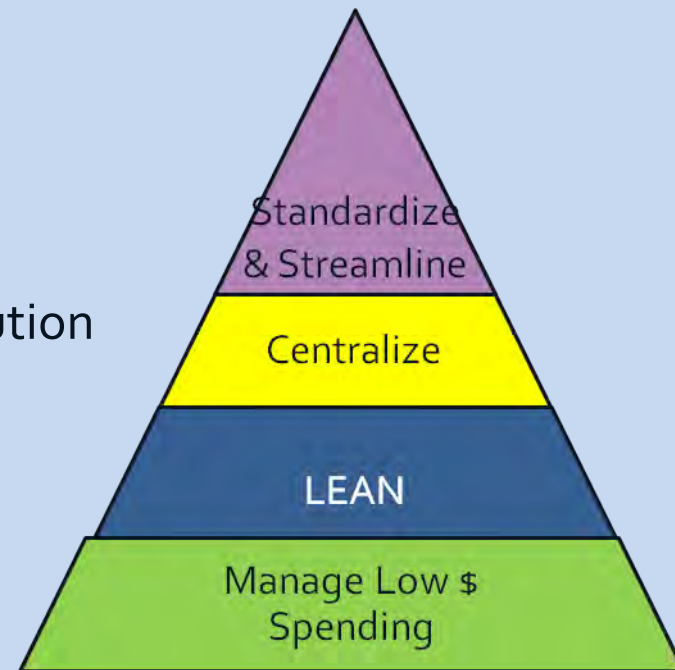
- Data driven strategy
- Face to face transition meetings
- Centralized 13 agencies/ 53 positions/ 16 months
 - Decreased statewide procurement staff by 75
 - Annual cost savings by attrition = \$4.59 million
 - No layoffs
- Lowered delegated purchasing authority

Standardize & Streamline Processes

- Eliminated unnecessary steps
- Created electronic workflow application tools= PROACT

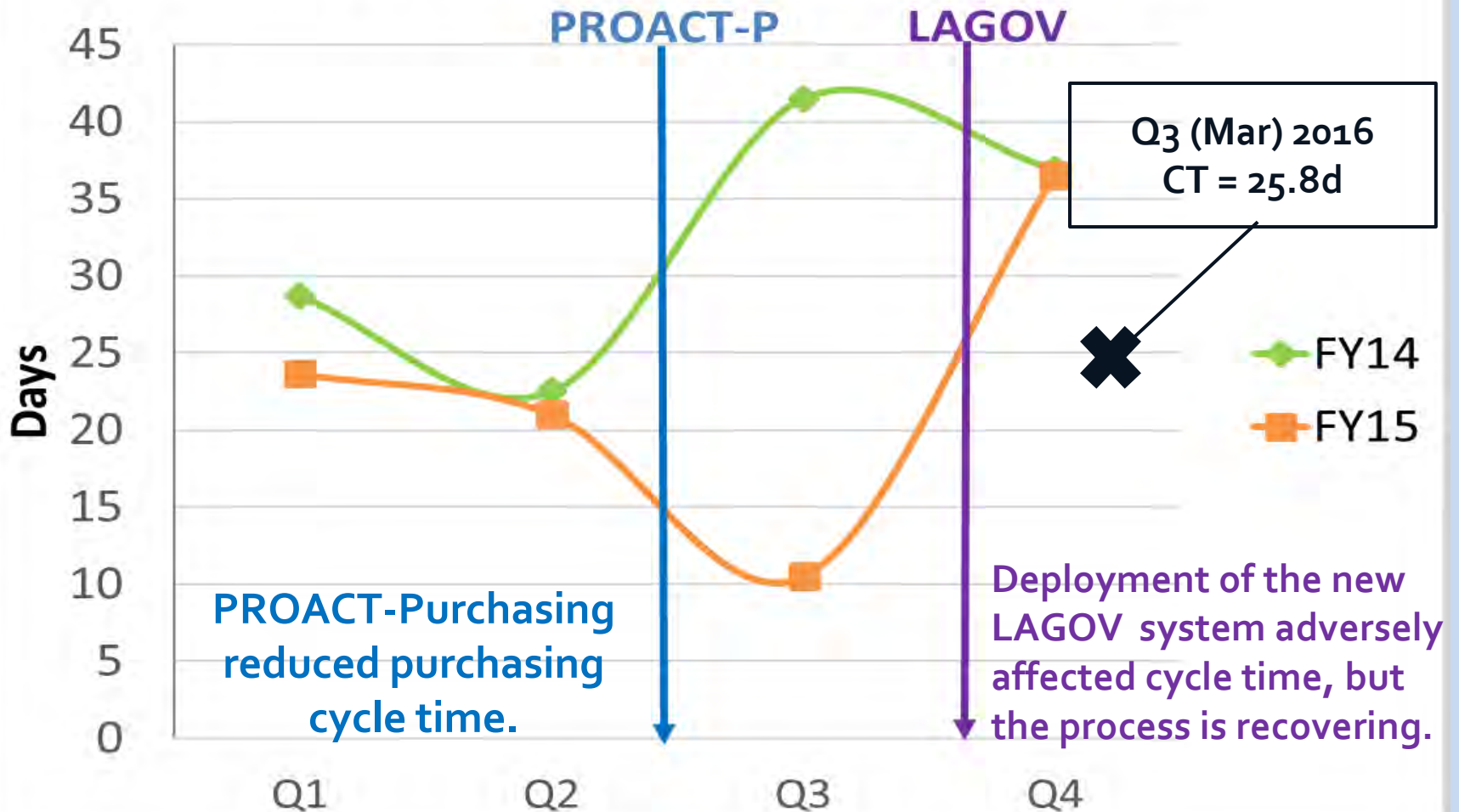


- Web based custom workflow tools
- Two tools: purchasing and contracts
- Provides a checklist of required documents
- Paperless submission and approval
- Triggers work with emails
- Tracking and transparency
- Conduit of communication- expedites resolution
- Metric monitoring
- Audit trail
- Public records request repository
- Trained face to face, computer lab, help scripts
- Provided Support during transition

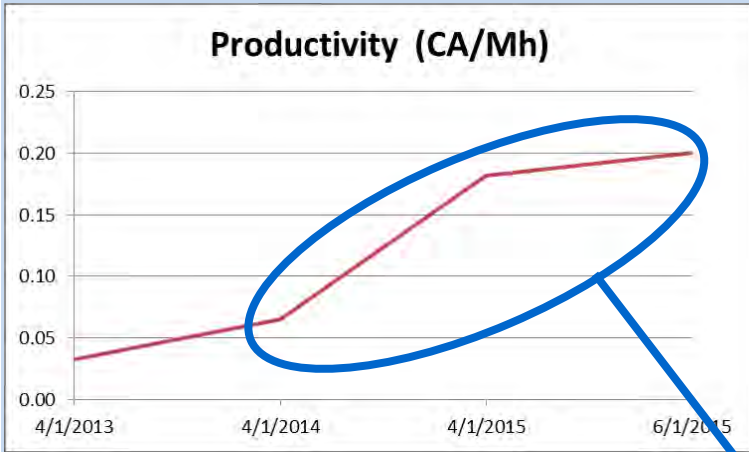


Purchasing: Cycle Time Results

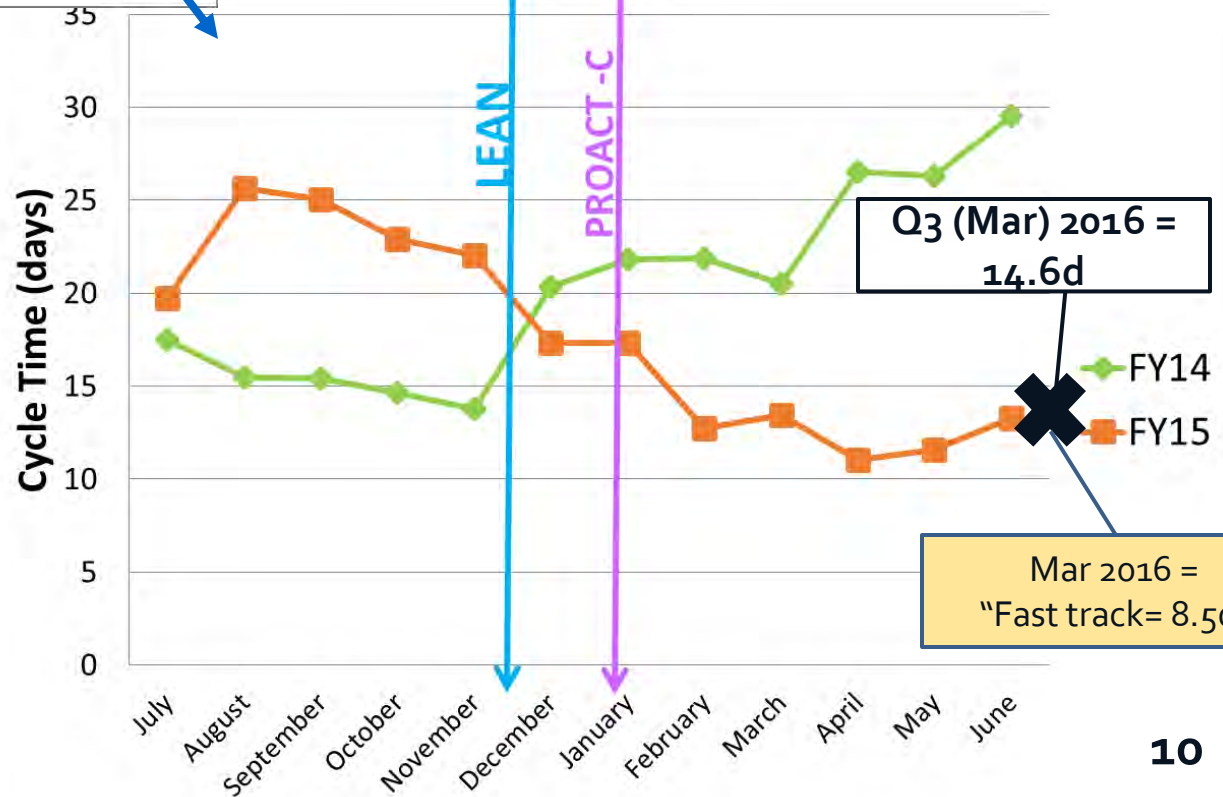
OSP Purchasing Cycle Time (days) Year to Year Quarterly Comparison



Contracts: Cycle Time Results

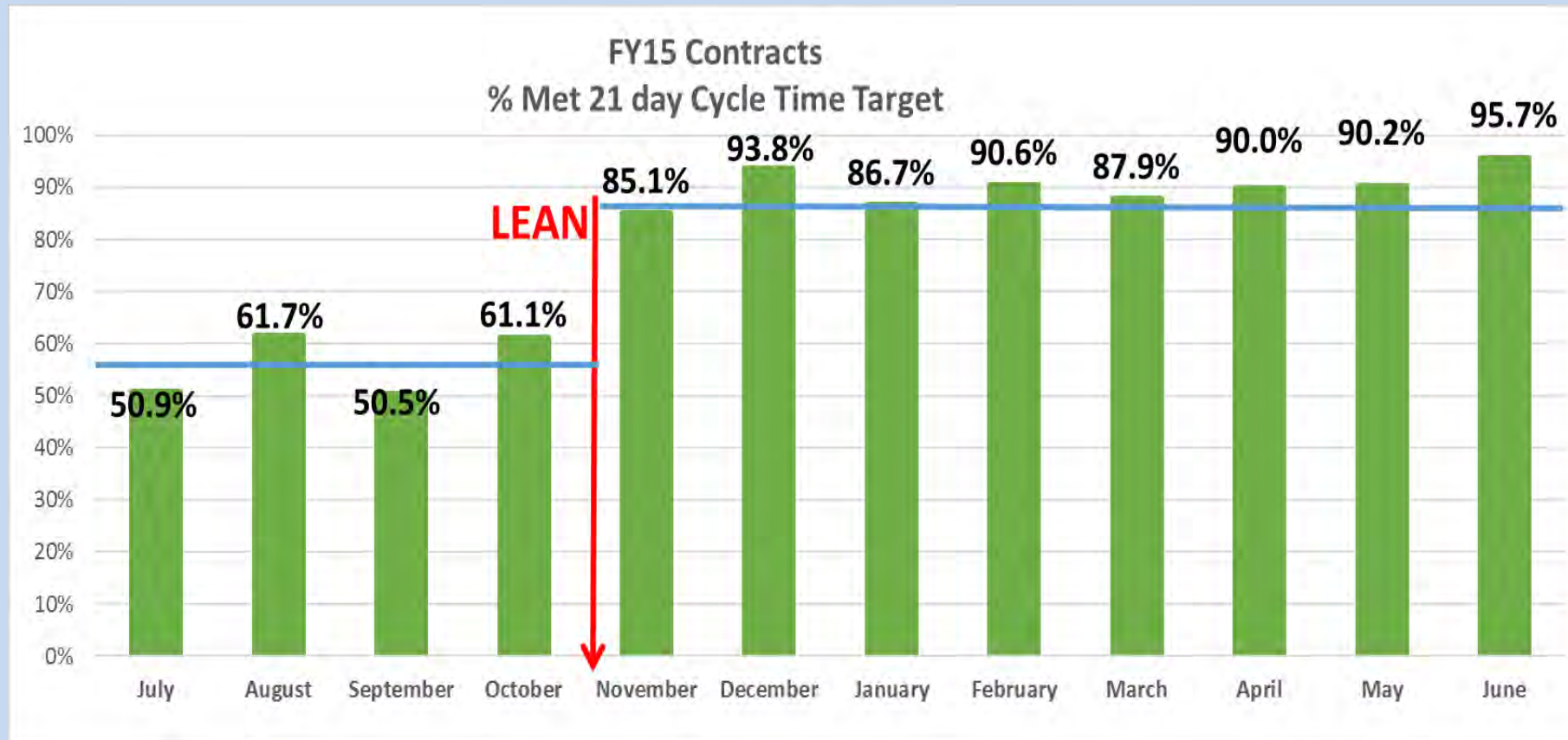


**FY14 to FY15 Monthly Comparison
OSP Contracts Cycle Time
(days)**



- Productivity increased
- Decreased Cycle Time

Contract Performance Indicator Impact



Improvement in achieving the state's target cycle time

Transformation Project Financial Impact

Improvement Area	Phase	Efficiency Gain	Annualized Impact
Manage Low Dollar Spending	1	17.17%	\$1,671,310
Purchasing- LEAN and Process	2 & 4	40.80%	\$310,644
Contracts- LEAN and Process	2 & 4	82.21%	\$3,861,615
Centralization	3	33.97%	\$4,591,863
Business Transformation Total			\$10,435,432

Summary of Cost Analysis

➤ **Annualized efficiency gains= \$10,435,432**

Return on Investment

- Team manhours = 7556 hours over 30 months
- SRB of team time = \$ 461,371
- Cost Benefit Ratio per \$
= Efficiency gains/Team time cost = \$22.62

➤ **Cost Benefit is \$22.62 for every \$ invested**

Cost to Procure per \$1000

- Purchasing + Contract Spend/ 1000= 1000s procured
- 1000\$s procured/ Employee SRB
- Cost to procure per 1000\$
 - Before= \$2.21
 - After= \$0.60
 - 72.88% reduction

➤ **Cost to procure \$1000= \$0.60**

Contact information

- Paula Tregre

Interim Director, Office of State Procurement
State of Louisiana

Paula.Tregre@la.gov

- Melinda “Mendy” Richard

Executive Director of Quality Improvement
State of Louisiana

Melinda.Richard@la.gov