

Strategic Sourcing

One Year In

Strategic Sourcing

Strategic Sourcing is the practice of taking a holistic, data driven approach to the selection and sourcing of goods and services necessary to an organization's operations

Defining Strategic Sourcing

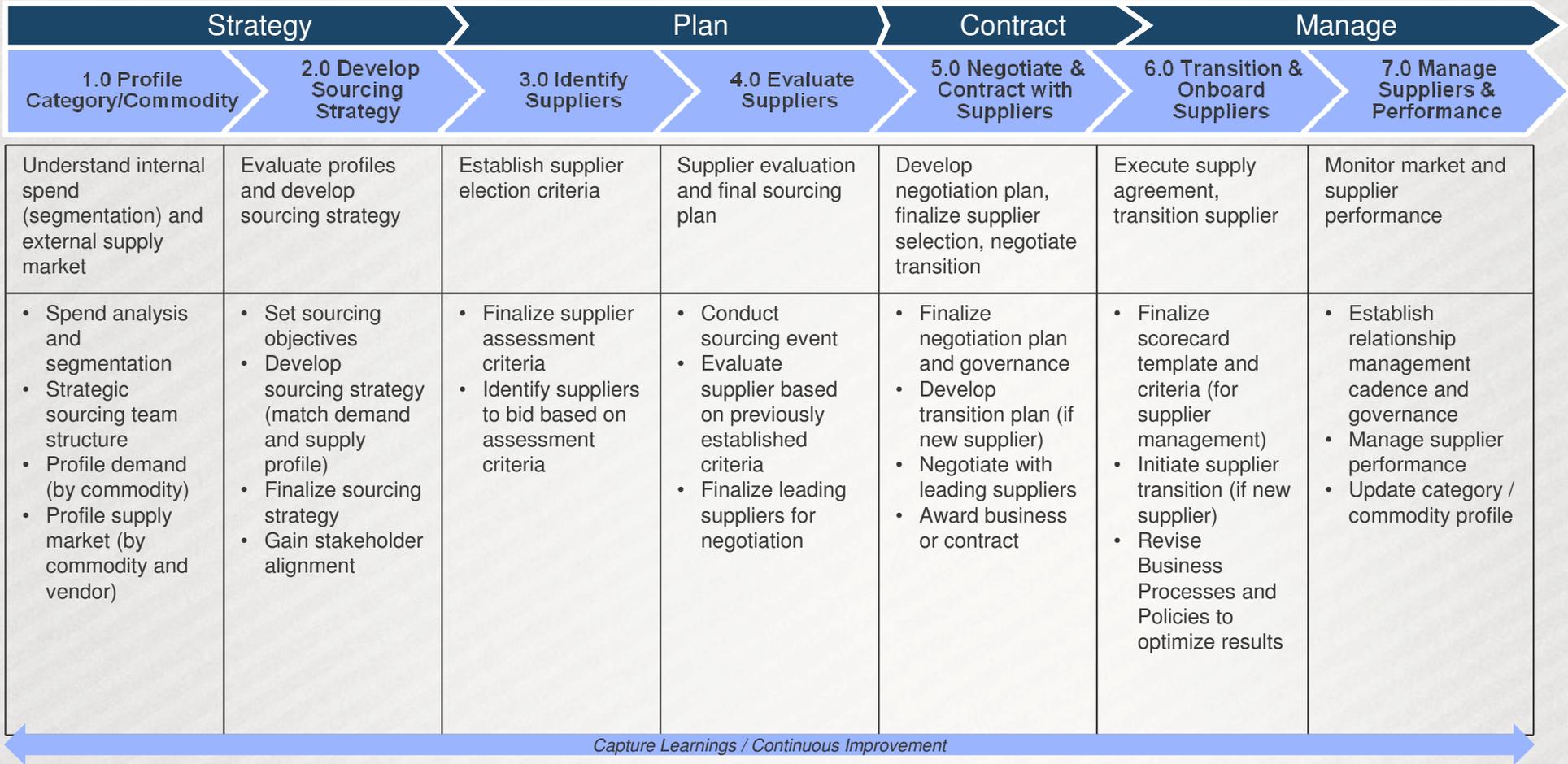
Buying	Strategic Sourcing
Tactical, short-term focus (next purchase)	Strategic, long-term focus (next 1-3 years or longer)
Focus only on price	Focus on total cost of ownership
React to organization needs	Anticipate the market and organization needs
Focus on Transaction	Focus on Organization strategy

Key Tenets of Strategic Sourcing

Strategic Sourcing includes several key tenets or procurement best practices:

- Consolidating spend across all buyers so that the best prices can be achieved.
- Considering the total lifecycle cost of a product and service (not just the purchase price) when making a procurement decision.
- Building beneficial strategic relationships with key suppliers.
- Leveraging the capabilities and services of supplier partners to reduce internal operating costs.
- Leveraging technology to reduce operating costs, better manage spend, and achieve better prices.

Key Elements of Strategic Sourcing



Strategic Sourcing

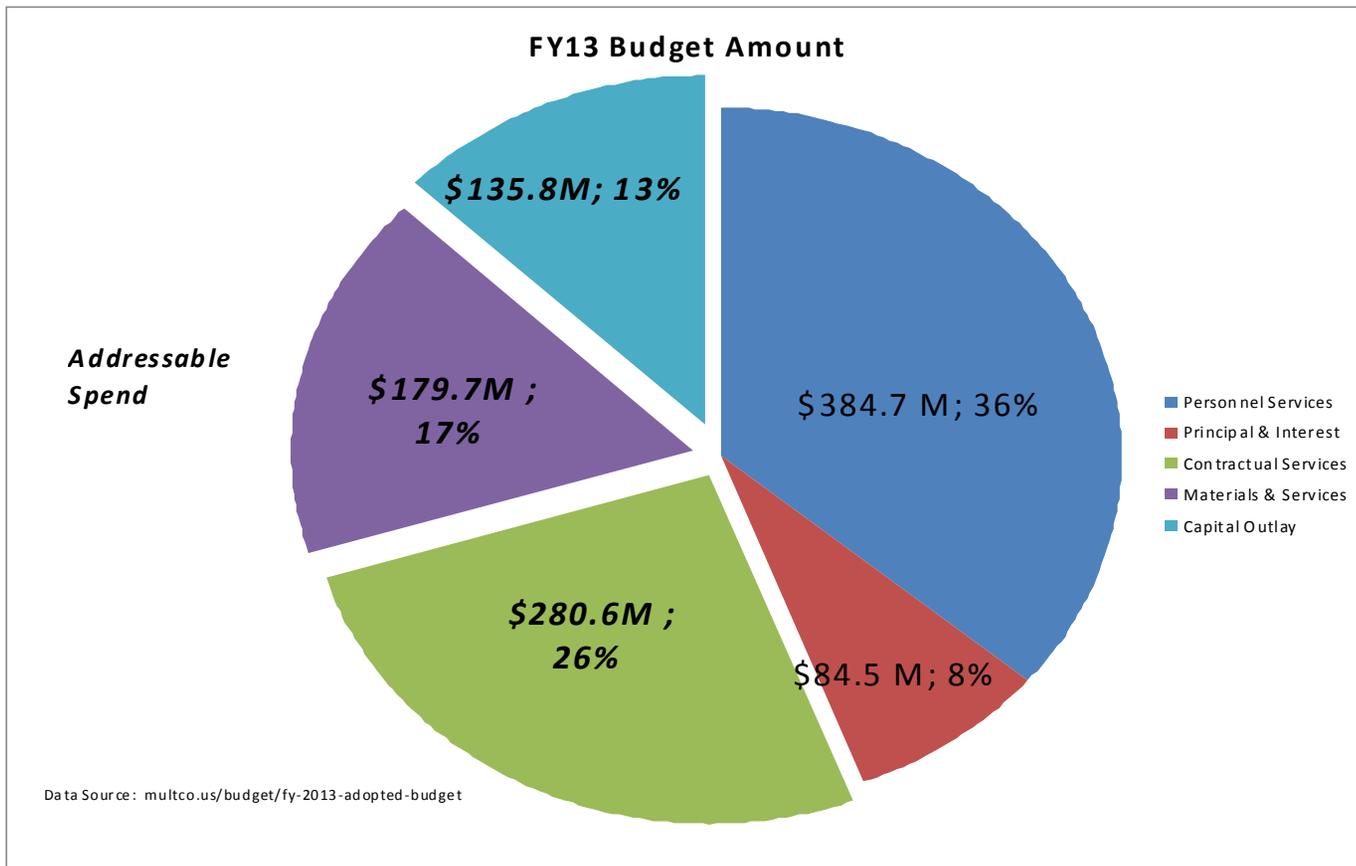
Why is Multnomah County implementing Strategic Sourcing?

- It is the direction of other forward-thinking organizations. Private Sector organizations have employed Strategic Sourcing Practices for years and Government agencies have begun to adopt them as well.
- It is a means of implementing holistic procurement and contracting strategies and practices that support County values.

Strategic Sourcing Council

- The Strategic Sourcing Council contributes to the formulation of policy, goals, and direction of the County-wide strategic sourcing program.
 - Each Department (plus MCSO, DA and Non-Ds) have a representative on the Council. In most cases, the members are Department Business Services Management.
 - In addition to the Departmental representation, subject matter experts with expertise and responsibility for County-wide policies, procedures, and processes are also regular members of the Council.

Strategic Sourcing Scope



Strategic Sourcing Plans

- For each Strategic Sourcing Initiative, a written Strategic Sourcing Plan is developed. These “sourcing plans” are used to define the scope of the Sourcing Initiative, record all of the strategies and findings, document decisions, capture historical information, and plan for the next cycle in a consistent and transparent fashion.

Strategic Sourcing Plans



Strategic Sourcing Accomplishments

- First Year Accomplishments
 - Strategic Sourcing Council formed and operating
 - Program staff hired and actively pursuing initiatives
 - Initial “Pipeline” report of current and future initiatives created
 - MultcoMarketPlace (MMP) eProcurement tool implemented for tactical purchasing of goods

Strategic Sourcing

- Successes & Challenges
 - Weighing and prioritizing competing values
 - Mobile devices since the beginning of the Carrier Consolidation and re-centralization of oversight represents \$600k savings over prior year
 - Initially using the County's existing contracts (from Central Stores) in MultcoMarketPlace for price consistency and stability.
 - Tailoring the Strategic Sourcing best practices to work at Multnomah County.

MultcoMarketPlace

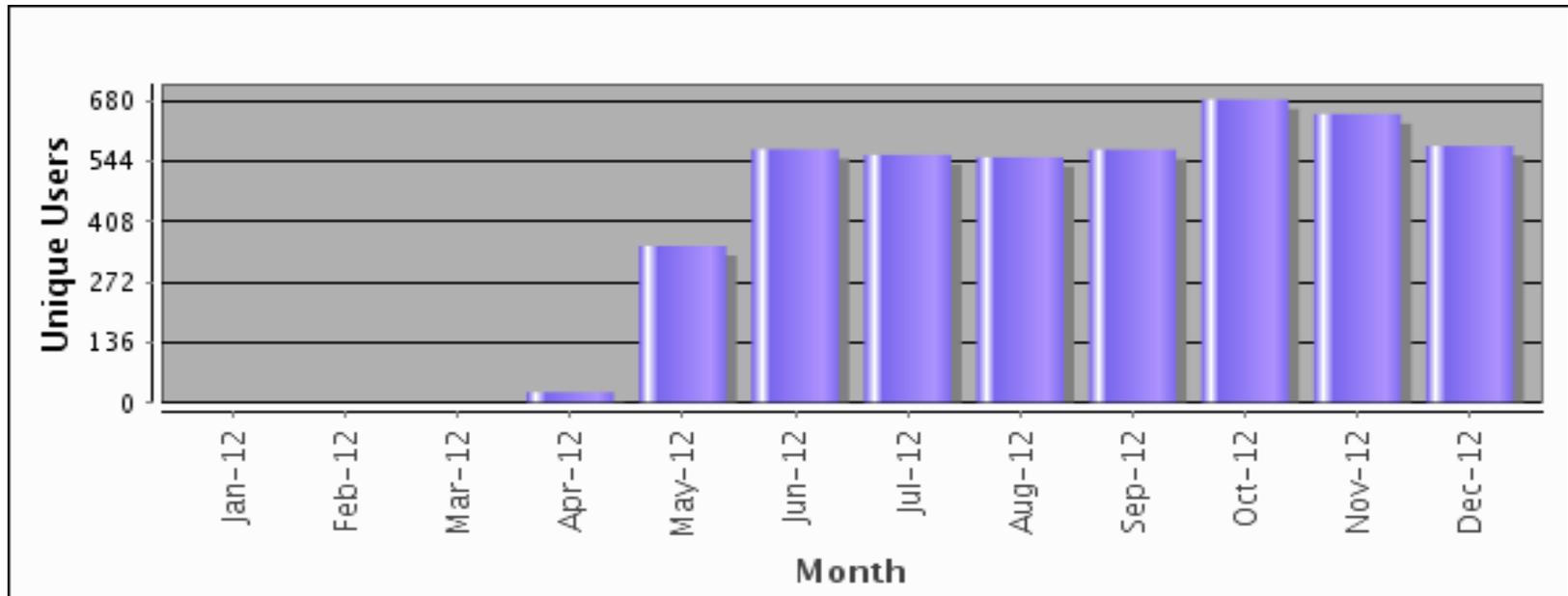
- The MultcoMarketPlace (MMP) is a Vendor Hosted private marketplace tool which is used to complete tactical purchasing of goods/services which have been pre-defined and made available to all County employees.

MultcoMarketplace

- Makes it easy for employees to make the right purchase
- Enables purchasing that reflects the County's values (i.e. No bottled water, Recycled paper, No Hazardous Chemicals, Directing spend to specific Suppliers).
- Strategic Sourcing creates this environment based upon the County's values and needs.
- Improved visibility of spending via the MMP

MultcoMarketplace

Initial Adoption of MMP by County Employees



Next Steps

- *Strategic Sourcing*
 - *Integration of Downtown Transportation needs assessment strategies into County Fleet Replacement sourcing initiatives.*
 - *Enhancements to County-Wide Reuse/Surplus practices*
 - *Consolidating and improving vendor contracts used in MMP*
- *MultcoMarketplace*
 - *Training: Just in Time Purchasing/consolidating orders, etc.*
 - *Delivery Optimization activities*
 - *“Instant Gratification” pilot(s) – (Introducing Vending Solutions)*