memorandum

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| to: | b (deleted)  |
| from: | c (Deleted) |
| subject: | admg 471 Assignment #9 initial organizational analysis |
| date: | march 3, 2015 |
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OVERVIEW

In the Procurement and Contract Services Department (PCS) of the Public Utility District No. 1 of Chelan County (District), all District purchasing and contracting is funneled through us. PCS is a service provider, and we provide support by establishing and maintaining good relationships with our internal customers and other agencies, along with a broad base of suppliers, contractors, and consultants. We try to get to know the particular needs of our internal customers so we can efficiently and cost effectively assist the District with procuring labor, materials, services, software, etc. in a manner that supports the District’s strategic plan and is in line with statutory and internal policies and guidelines.

RESULTS OF INTERVIEWS

Point 1

Our contract development boilerplates are valuable tools that benefit the District in many ways. Bruce, you pointed out that our boilerplates create efficiencies because we have established language that has been reviewed and approved by various departments that need to have input into making sure our statutory and internal requirements are met. Our end users/departments can feel comfortable that we’ve included pertinent requirement language and risk coverage. They know that we have them covered. The boilerplates provide a solid foundation to work from. My peer interviewee, Lou Pratto, believes that our boilerplates allow us to quickly put together agreements for our internal customers because we can focus solely on what our customers need the agreement to accomplish. Customers don’t have to wait for us to start from scratch each time we develop an agreement. We don’t have to involve our customers in establishing language that is not pertinent to their interest in creating agreements for services.

Point 2

Our efficiencies and accuracy can be improved by changing the format and content of our service agreement boilerplates, and the initiative supports the District’s strategic objectives of proactively committing to continuous improvement and achieving efficiencies and high performance. You shared that you envision less errors and a faster agreement and development and execution timeline, and the number of agreements needing legal review being reduced. Additionally, our contractors and consultants will be pleased to see a quicker turnaround. Lou recognizes that our current templates have been in place for several years and are the only templates that have had no modifications or updates, although there have been many statutory, organizational and process change.

Point 3

As with any change process, there are a concerns about changing the service agreement process and/or templates. You stated that the new templates, as with any templates, will not always meet our needs, and in special circumstances we will need to develop unique language to meet the needs of a particular agreement. Because of this, we will need to educate our Contract Specialists to help them understand that extra work, language development, and reviews may still need to be done – as it is now. Also, contractors and consultants who are familiar with our current language may push back on the new agreement language. Lou voiced concern that some of our staff would like to be able to just fill in the blanks, and not put too much thought into agreement development. Unfortunately, that will never be an option. We will see improvements and efficiencies, and the new templates will probably provide better instruction, but we still have to apply our expertise and treat each individual agreement as unique.

FOUR FRAMES

Structural: Our processes and templates are a great benefit to the District. Our contracting staff and our customers have worked together to put together hundreds of successful agreements that have helped enhance long term value of the District while acting with transparency. The service agreement boilerplate revision process can take into account the rules, policies, and procedures that have changed over the last several years. The current service agreement process and templates are outdated and are not as effective as they could be. The templates and process don’t fit our organization, environment, and technology. The agreements are based on the dollar level of the agreement, when the agreement language should be based on the complexity and risk associated with the services the District is requesting.

Human Resources: Using anticipatory thinking and the skills and expertise of our contracting staff, the service agreement development process can be built upon to achieve even better results. The current process and templates have caused some customer confusion and frustrations. Our customers seeking agreements for technology-related services have become discouraged because after we have put together an agreement using the appropriate template, our Legal department completely revises the agreement, bringing in language from documents and sources that only Legal can access. We can work on tasks that can help us to provide better service to our technology customers and help reduce the heavy workload of our attorneys. If we seek to improve our templates and processes, a technology customer, along with Legal, should be involved so that language that is tailored to the unique needs for technology agreements can be made readily available during the initial development process.

Political: Some staff, many from within our department, tend to only see one way of doing things and they want definitive rules and processes to follow, and so long as they are within the box of those rules and processes, they do not desire to think any further. They truly believe that since they are following the processes and general guidelines that have been laid out, someone else needs to do things faster or better in order to fix a problem. When the services agreement development process does not go smoothly for them, they tend to look at technical or external causes, when a lot of their issues are the result of cultural, personal or internal causes. We need to tread carefully with these employees as we bring the changes forward, and help them understand that there are different perspectives that may bring to light the need for internal improvements.

Symbolic: Our (procurement and contracting) department serves to ensure that our agreements and processes are carried out in accordance with policies, laws and regulations. We are often viewed from within the District as a hurdle to jump over in order for our customers to get what they need. Outdated and inefficient processes and templates just add to this way of thinking. The changes we endeavor to make can help move our department away from being seen as the “police” of the District.

SWOT Analysis

Strengths: Established language; solid foundation; risk coverage; end users focus on what they want out of the agreement.

Weaknesses: Templates based on dollar level, instead of complexity or risk; sometimes extensive changes by legal department; delays when non-standard language is used.

Opportunities: Efficiencies and accuracy improvements by changing the format and content; carries out the District’s strategic objectives of proactively committing to continuous improvement and achieving efficiencies and high performance; error reduction; faster agreement development and execution timeline; number of agreements needing legal review being reduced.

Threats: Employees resistant to change.

AREAS OF POTENTIAL CHANGE

1. Revamping our service agreement boilerplate templates would be an opportunity to improve efficiencies and accuracy, while supporting the District’s strategic goals.
2. Improvements may result in less errors and a faster development and execution timeline
3. Improvements may reduce the number of agreements needing legal review.
4. The new templates, as with any templates, will not always meet our needs, and in special circumstances we will need to develop unique language to meet the needs of a particular agreement.
5. Contractors and consultants who are familiar with our current language may push back on the new agreement language.
6. Some of our staff would like to be able to just fill in the blanks, and not put too much thought into agreement development. A pick and choose language format may be appealing to them.

RECOMMENDED AREA OF CHANGE

I recommend that, by the end of 2015, we develop one template for use for all services, with the exception of agreements involving technology. The single template would display all optional language to pick and choose from, and provide clear instruction and direction from within the actual document, instead of as a separate checklist document. The five Contract Specialists in the procurement and contracting department, would work on development under your guidance as you lead the process. We could gain ideas from our experiences, from your years of experience working for other organizations, and could also refer to Washington State’s templates which we have access to via our master purchasing agreement with the state. The change process would involve significant input from employees who routinely work with us to develop service agreements, such as a representative from Engineering Services and one from Natural Resources. We would also solicit input from Legal, Insurance, Safety, and Accounts Payable.

A separate agreement for technology agreements would allow unique language applicable to only technology-related services, and this agreement could also be implemented by the end of 2015. You could guide this effort, but it could be largely coordinated and carried out by our newest Contract Specialist, A. A. is ideal for this project because she is a J.D. who is licensed to practice law in our state, and she brings two years of experience working solely with technology agreements at her previous job. You and Alex would also work closely with Legal and our Information Technology customers to put together technology-specific language that would also be laid out in a simple, pick and choose format, and include direction within the template.