

U.S. Department of Veterans Affairs
Office of Acquisition and Logistics



San Francisco Supplier Relationship Management Forum
Summary Report

Submitted by:
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Strategy. Execution. Results.

Ambit Group, LLC, a Service Disabled Veteran Owned Small Business, is a results-driven, strategic management consulting firm. We draw on proven methodologies and a commitment to our client's success to provide services and solutions that deliver meaningful, measurable and sustainable results.

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Executive Summary

When: September 13, 2011

Where: Crowne Plaza Hotel, Burlingame, California

Number of Attendees: 45

Industry Breakout Groups

- Construction, Design, and Engineering
- Management and Business
- Healthcare Services and Drugs
- Medical Equipment
- Other

Key Findings

Processes

- There is bias to the incumbent, when it comes to bidding on work.
- There are many problems with the original solicitation. The technical specifications are often outdated and reused. (Copy and paste from past solicitations)
- Many people come in with low bids knowing they can put in change orders. There is no accountability on the VA side to regulate change orders.
- Poor debrief for bidders is the rule. Suppliers often have no idea why they were unsuccessful.
- There is no standardization of information coming back on awards and no single place to look up data on awards.
- Many Contracting Officers (CO) are being elusive. There should be consistency on how information is being reported and the value of these contracts.
- The Department of Veterans Affairs (VA) is at risk for soliciting quality work when the economy recovers.
- Pre-solicitation, the only contact is with the CO. And they do not know the answers to many of the questions being asked.
- Working with VA is often confusing and inconsistent compared to working with other agencies. There are differences from region to region in the way business is conducted and how VA relates to Suppliers.
- Suppliers feel there is often an adversarial relationship between VA and its Suppliers.
- The VA should give a timeline for award. Most participants experience long wait times between submission and the actual award. This uncertainty places an unnecessary amount of strain on the Supplier's resources and should be avoided.
- One Supplier noted a lack of consistency among the Contract Officers Technical Representatives (COTR). Every facility is different. Some are wonderful, and some are terrors.
- The National Acquisition Center (NAC) recently changed structure, which has been difficult. You never seem to work with the same CO, and the process is not streamlined. You have to retrain each new VA contact.

Set-Asides and Certifications

- There needs to be support and help for small businesses to document their representations and certifications.
- It would be helpful if the VA could train large businesses on how to support small business partners in bonding capacity issues.
- Some Suppliers voiced concern about getting on the VA schedule, despite the fact that they qualify as Service Disabled Veteran Owned Business (SDVOB) or Veteran-Owned businesses. They are experiencing a very difficult time “breaking in” to the VA market.
- The certification process for SDVOB is arduous.

Communication and Training

- Often, the answers that come back during the Question and Answer (Q&A) portion of the Request for Information (RFI), are unintelligible and there is no time to resubmit questions.
- Suppliers expressed frustration because there is not a clear process in place for sharing new and innovative ideas with VA.
- VA needs to invest in hiring experienced and knowledgeable COs and provide them with appropriate training. They are, for the most part, the Supplier’s main liaison and line of communication to the VA.
- VA needs to have a standard process in place for transitioning work among staff that retire or change positions. Staffing changes on the VA side are not communicated effectively and can result in contract delays. Suppliers need to have a knowledgeable contact they can access for assistance throughout the delivery process.
- There is little to no communication between the end user and the CO. As a result the RFP will bear little resemblance to what the end user wants.

Best Value

- Several Suppliers asked if COs actually read submitted proposals or just look at the dollar value. There is a perception among Suppliers that CO’s do not actually read bids. Instead, they scroll to the page with the dollar value to search for the lowest bid.
- It seems to most Suppliers that the quality of product is only important to end-users while dollar amount is of utmost importance to COs.
- All Suppliers find that best value consistently loses to low bids.
- To Suppliers, it appears that VA’s only award criterion is price. They do not take into account the Suppliers’ ability to perform, or what designers and end users specify.
- Low cost does not equal best value and is seen as the root of many of the problems with the acquisition process.

Positive Attributes of the VA-Supplier Relationship

- They are pro-Veteran and continue to have a heightened use of the SDVOB. They have added the element to subcontracting which is both helpful and well received.
- They are interested in improvement and committed to excellence.
- The Suppliers recognize and greatly appreciate the fact that the VA is well known for and has a solid history of paying their bills. This consistent reliability of payment to Suppliers increases the desirability to work with the VA and to be a long standing partner in achieving VA missions.

Recommendations

Processes

- It would be helpful if there were statistics and reasons presented as to why certain companies won to help those who were unsuccessful with their bids.
- There is a shortage of COs, but not of support staff. Support staff could be better used by contracting officers to help make sure accurate requirements are in place. The abundance of support staff can eliminate the problems caused by the shortage of contracting officers.
- Overarching idea is there should be more openness with Indefinite Delivery Indefinite Quantity (IDIQ), Multiple Award Task Order Contracts (MATOC) and other contract vehicles. You should be able to find them all in one location. Clarity of Request for Proposals (RFP) needs to be improved. Reducing ambiguity will better align Supplier responses to solicitations with the actual needs of the VA. It will also reduce the risk taken on by the Supplier or passed on to VA.
- There is a perception shared by the Suppliers that the VA is reluctant to take advantage of the GSA schedules. From the Supplier's perspective, these schedules serve as an effective mechanism to give VA immediate access to Suppliers that are qualified to help them solve their problems.
- Increasing consistency with the solicitations produced by the VA would be an added value to the process as a whole. The Suppliers and VA would benefit from a consistent format and style, resulting in more accurate bids to solicitations.
- VA needs to make a time commitment on modifications and escalate modifications that are not completed.

Set-Asides

- There needs to be a central data source of small businesses and Service Disabled Veteran Owned Small Businesses (SDVOSB) to easily locate them for teaming opportunities.
- Security clearance and SDVOB certification processes are confusing, slow and need to be improved.
- Can SDVOBs still bid if they were certified and in the recertification process?

Communication and Training

- Recommendations from Suppliers include moving all forms to electronic format (similar to eMod) to allow CO's to approve or reject the forms online, thus improving the current communication breakdown between CO's and Suppliers; and ensure that all CO's and Contract Specialists receive the same training throughout VA, avoiding conflicting information on the same matters at different Veterans Integrated Service Network (VISN) or centers.
- Develop communication management plans targeted at timely, thorough communication between VA and Suppliers involving policies, procedures, solicitations, and awards. Also, develop management controls to ensure implementation of communication management plans.
- Communication is very important at award. In some cases after award, Suppliers are discussing something that was not even discussed in the pre-solicitation or bid and proposal process. Some Suppliers show up after award and the hospitals have no idea they were coming because they were not informed about the award.
- There should be a standardized training program in place for all COs.
- VA should consider having a training process in place for Suppliers to help them through the acquisition process.

- Although the management is working hard to improve VA's relationship with its Suppliers, there seems to be a disconnect between the management level and the work that is taking place on the ground.

Best Value

- In order to get the Best Value, VA needs to evaluate commercial best practices that will help build a relationship with Suppliers. VA should look into a business model that helps both parties lower costs and improve product selection for the VA.
- In regards to Best Value and lowest price: VA needs to understand quality of products, not just price.

Building, Construction and Engineering

Facilitator: Harold Gracey

Note Taker: Jennifer Rhea

Key Themes

- There is bias to the incumbent, when it comes to bidding on work.
- There is no incentive for large companies to mentor.
- There needs to be support and help for small businesses to document their representations and certifications.
- There is no standardization of information coming back on awards and no single place to look up data on awards. Many COs are being elusive. There should be consistency on how information is being reported and the value of these contracts.
- We see a lot of Design/Build, and often with small SDVOBs; there are issues with bonding capacities. It holds you back.
- It would be helpful if the VA could train large businesses on how to support small business partners in bonding capacity issues.
- Some attendees believe there is an issue of cronyism within CFM, and that IDIQs should be more widely published.
- There are many problems with the original solicitation. The technical engineering requirements are often outdated and reused (cut and paste from past solicitations)
- Many people come in with low bids knowing they can put in change orders. There is no accountability on the VA side to regulate change orders.
- Poor debrief for unsuccessful bidders is the rule. Suppliers often have no idea why they were unsuccessful.
- VA is at risk for soliciting quality work when the economy recovers.

Recommendations

- There should be a training program in place for all Contracting Officers.
- It would be helpful if there were statistics and reasons presented as to why certain companies won to help those who were unsuccessful with their bids.
- There needs to be a central data source of small businesses and SDVOSBs to easily locate them for teaming opportunities.
- Post Award, bidders would like to see a report on who put in a bid and why they won. It would be beneficial to see what they included in their proposal and what past performances they chose.
- Pre-proposal meetings are helpful. If there are pre-proposal briefings and discussions there is often a better understanding of the requirements and a chance to give input to VA, resulting in a smoother process once proposals are submitted and work awarded.
- The online education system in place is not producing a knowledgeable contracting workforce. Take them out to the field and educate them.
- Poor design and specifications need to be avoided if you do not want a bad end product.

Management Services

Facilitator: Pat Tallarico

Note Taker: Tony DeFreitas

Key Themes

- VA pays their bills, which is appreciated by Suppliers.
- Suppliers are eager and willing to work with the VA because of its important mission. They feel as if everyone is on the same team working for the benefit of Veterans. Many Suppliers have a direct relationship to Veterans or are a Veteran themselves.
- More consistency is needed from VA throughout the acquisition process. This would benefit VA and Suppliers.
- A time frame for awards should be set in advance to reduce uncertainty and alleviate unnecessary risk placed on the Supplier.
- Clarity of RFPs needs to be improved. Reducing ambiguity will better align Supplier responses to solicitations with the actual needs of the VA. It will also reduce the risk taken on by the Supplier or passed on to VA.
- Low cost does not equal best value and is seen as the root of many of the problems with the acquisition process.
- There is often an adversarial relationship with the VA and its Suppliers.
- Security clearance and SDVOB certification processes are confusing, slow and need to be improved.
- Getting a foot in the door to work with the VA is still very difficult.
- Contracting Officers are often disconnected from the process. This may be because some are contract employees and have limited authority, some may be new, and some may not know how to access resources to get questions answered.
- Solicitations with multiple amendments and short time frames discourage suppliers from responding.
- VA's focus on awarding to lowest cost bidders and continued use of unclear requirements in RFPs discourages some Suppliers from pursuing work with VA because of the perceived high level of risk involved.

Recommendations

- The VA should be open to receiving more input from Suppliers on defining their problem similar to the way consultants work in the private sector. Having a more clearly defined problem statement will help suppliers and VA in identifying the right solution.
- Contracting Officers need to serve as more of an advocate for Suppliers after award to resolve issues that may arise during contract execution.
- VA needs to invest in hiring experienced and knowledgeable Contracting Officers and provide them with appropriate training. They are for the most part the supplier's main liaison and line of communication to the VA.
- VA should encourage or at least consider alternate proposals during the bid process, if the RFP is unclear or may not meet VA's needs. This encourages innovative and cost-effective solutions.
- VA needs to establish set time frames for their responses to RFPs. Delays in award mean problems go unsolved and Suppliers lose access to the best people because they have to be assigned to other projects.

Healthcare Services and Pharmaceuticals

Facilitator: Paul Cooper

Note Taker: Ben Rebach

Key Themes

- Participants are appreciative for the forums and the efforts to improve the relationship with Suppliers.
- Suppliers are appreciative that VA knows its patient population and is evolving as needed.
- Improve customer service: make it more consistent, return phone calls and answer emails.
- The end users in VA want our service, but often the process/requirements prevent this; different facilities will often say "This isn't [Area X], we do things differently."
- There are mixed levels of accountability, responsiveness, and procedures across locations.
- Suppliers have had difficulties at the national level, justifying fair and reasonable price. Learning to offer the most appropriate price is difficult without guidance from VA side.
- The NAC recently changed structure, which has been difficult. You never seem to work with the same CO, and the process is not streamlined. You have to retrain each new VA contact.
- VA's commitment to the patients at the clinical level is very, very impressive; often better than in the private industry.

Recommendations

- Continue to focus on improving email and telephone response times.
- Increase the role of end-users in the acquisitions process, maintaining their presence from start to finish, thus ensuring the final contract best meets end-user needs without requiring post-award modifications.
- Post organizational charts and contact lists online, and/or publicize the location of this information.
- Continue contract officer training with a focus on:
 - Roles and responsibilities.
 - Maintaining consistency across VA locations.
- VA seems to be leaning towards small businesses to the detriment of medium-sized businesses. It would be beneficial if VA published a list of Small Business providers to ease the partnership process.
- Buyers often don't know when woman-owned or similar company statuses change. VA needs to make sure staff stays educated and informed.
- Contract modifications are overwhelming, require too much data, and rarely make their 60-day turnaround time. VA should focus on improving the efficiency and timeliness of the contract modification process.
- In the private sector there is often better alignment between price and scope. VA often expects much more than is reasonable. Also, VA often does not include actual end users in the contract review teams when bidding. Actual end users know much better – and care much more – about the actual user needs.

Medical Equipment Group

Facilitator: Lou Kerestesy

Note Taker: Daniel Palcic

Key Themes

- Information provided by different contract officers and specialists is inconsistent; information over time can be inconsistent; information across VISN and hospitals can be inconsistent.
- The costs (audits, IT resources, price reduction clauses, etc.) to do work with VA are outweighing the benefits.
- There is a lack of communication of policies and procedures.
- In regards to Best Value and lowest price: VA needs to understand quality of products, not just price.
- When renewing an FSS contract, there is an inconsistency of information and training of the employees helping the Suppliers. Suppliers deal with multiple contract specialists, instead of just one that was assigned to them.
- When you have an FSS, you have to be in compliance, but it seems as if VA is looking for Suppliers to be out of compliance. The sequence of modifications leads to questions during negotiations about violations.
- There is no commitment from the CO to the Supplier.
- It costs Suppliers more money to do business with the VA. It is not the cost of the product up front; it is the cost of regulation of the FAR, the audits, and all the resources it takes to manage the contract.
- From the VISN and local level, there is no communication. There is no consistency when pre-solicitation notices are used.

Recommendations

- Ensure more consistency across VA facilities and between COs and Suppliers. Recommendations from attendees include moving all forms to electronic format (similar to eMod) to allow CO's to approve or reject the forms online, thus improving the current communication breakdown between CO's and Suppliers; and ensure that all CO's and contract specialists receive the same training throughout VA, avoiding conflicting information on the same matters at different VISNs or centers.
- Develop communication management plans targeted at timely, thorough communication between VA and Suppliers involving policies, procedures, solicitations, and awards. Also, develop management controls to ensure implementation of communication management plans.
- In order to get the Best Value, VA needs to evaluate commercial best practices that will help build a relationship with Suppliers. VA should look into a business model that helps both parties lower costs and improve product selection for the VA.
- In terms of negotiation, VA needs more experienced contract specialists with an open mind. Suppliers often have to explain what a cost/benefit analysis is to the contracting specialist because they just do not understand.
- VA needs to do a better job of having a fair playing field before the pre-solicitation comes out.
- The VA needs to do a better job of marketing and educating the buyers. CO's need to know about the technology they are dealing with.

Other

Facilitator: Doug Black

Note Taker: Amy Clifford

Key Themes:

- Suppliers believe VA simply looks at price when evaluating bids, not Best Value.
- Most RFI/P/Qs are too general and often copied and pasted from previous RFPs. In addition, Suppliers have noted that the RFPs are written with little attention to detail and often contain obvious errors.
- It is only after the award of a contract that a Supplier finds out what the job actually entails and therefore what change orders they need to ask for.
- There is a lack of transparency regarding the number of bids, range number and timeline in VA. COs seem to think that the contracts personally belong to them, when in fact they are property of VA and intended for an end user.
- The CO has no knowledge of what the awarded work will actually entail. When a Supplier has questions regarding the RFP, the CO or VA representative will simply reference the FAR. Suppliers see this as a signal that the CO has very little knowledge as to what the RFP entails, nor have they involved a Subject Matter Expert (SME) or the end user in creating it.
- The closer a VISN is to DC the more likely it is to follow policy.
- Suppliers recognize that most of the problems they highlight are cultural changes, as well as policy issues and realize it takes a significant amount of time to change the culture of an institution. There needs to be quality control.

Recommendations

- Expand the specifications in RFPs to invite more competition from bidders.
- The RFPs and scope of work need to be clearer. They are currently written in terms that are too general. Most problems that arise down the line in the contracting process could in fact be mitigated with a properly written, specific RFP.
- VA must stop over-regulating.
- Suppliers propose basing proposal evaluations on technical requirements first, meaning bids are sorted by (1) by tech approach, then (2) past performance, and finally (3) price.
- The end users must be on every award evaluation team. Suppliers hope this will ensure best value, rather than best price wins.
- There should be rewards for Suppliers that perform well and penalties for poor job performance.

APPENDIX A: Agenda

Time	Session
8:30 AM – 9:00 AM	Registration and Networking
9:00 AM – 9:30 AM	Opening Remarks in General Session Room
9:30 AM – 9:45 AM	Participant Survey
9:45 AM – 10:00	Break
10:00-12:15 PM (With a ten minute break)	<p>Supplier Focus Group Sessions in Assigned Break Out Rooms</p> <ol style="list-style-type: none"> Thoughts or impressions about working with VA <ul style="list-style-type: none"> How would you characterize your experiences? What have been some of the high points? The low points? What changes have you observed (if any) over the past 18 months? What has gotten better? In what ways? What has gotten worse? In what ways? Feedback on the stages of the acquisition process Develop questions for VA Leadership
12:15 PM	Lunch
1:30 PM	Plenary Session: Report from Breakout Groups and Cross-Group Observations
3:00 PM	Break
3:15 PM	Ask the VA: Question and answer session with panel of VA leaders
4:15 PM	Participant Survey Feedback on this summit; ideas to improve future forums
4:45 PM	<p>Closing Remarks</p> <ul style="list-style-type: none"> Next steps Final thoughts Adjourn
5:00 PM	<p>Reception</p> <p>Informal networking opportunity.</p>

APPENDIX B: Attendee List

Last Name	First Name	Organization or Agency
Althouse	James	Althouse Construction Group, Inc.
Baggott	Christopher	Medlinks Cost Containment
Bautista	Mayra	TeamPersona
Besser	Jacqueline	DAJA International LLC
Boyd	Kurt	PCL Construction Services
Brandt	Cher	Combined Effort
Cambardella	William	Baush + Lomb
Coe	John	Booz Allen Hamilton
Crenshaw	Nicole	Bio-Rad Laboratories
Gaisor	Ross	SimplexGrinnell
Gallagher	Trever	PCL Construction Services, Inc.
Gannon	Jennifer	Steelcase
Gaudio	Louis	Sterling Heritage
Ginn	Jeff	Schneider Electric
Grogg	Karen	Genomic Health, Inc.
Heinen	Bob	RHCE
Henry	Bob	ICU Medical
Holmes	Christopher	Technical Media Productions
Hughes	Josephine	Josephine's Personnel Services, Inc.
Jorgensen	Mark	ICU Medical
Juston	Amanda	Myriad Genetic Laboratories
Keeffe	Cynthia	Leo A Daly
Kowalski	Mark	Nihon Kohden America
Kurrasch	Terrie	Ratcliff
Lalka	Naina	IRIDEX Corporaiton
Linsmeier	Gerard	Secure Transportation
Monciardini	Matt	Ossur
Mooney	John	Wave Form Systems
Nic	Trudy	Bausch & Lomb
O'Neal	Renato	
Peck	Mark	Medlinks Cost Containment
Pitpit	Rudy	BVB Construction, Inc.
Puterbaugh	David	Toshiba America Medical Systems
Reynolds	John	iNtervox Group
Rios	Lorenzo	Advance Design Consultants, Inc
Robinson	Brock	Department of Veterans Affairs

Rotunno	Maureen	DJO, LLC
Russell, Jr.	Rudolph	RAS Engineering, Inc. and Speedy Incom, Inc.
Thompson	Dan	JEL-Pacific
Uberoi	Vimal	eCIFM Solutions Inc.
Valenzuela	Benjamin	BVB Construction, Inc.
Verney	Mike	Biocare Medical
Walsh	Sue	Sterling Heritage Corporation
Welch	AnnMarie	eCIFM Solutions Inc.
Winslow	John	Neopost Inc.

APPENDIX C: Focus Group Protocols

Morning Session: Facilitated Breakout Session

Thoughts or impressions about working with VA

Prompts

- How would you characterize your experiences?
- What have been some of the high points? The low points?
- What changes have you observed (if any) over the past 18 months (Since the SRM Initiative began)?
- What has gotten better? In what ways?
- What has gotten worse? In what ways?

Feedback on the Acquisition Business Process

Prompts

- RFI / RFP: When you look at the way VA considers bids and proposals, what would you say works and what doesn't work?
- Bids / Proposals: When you look at the way VA administers its awards and kickoffs, what would you say works and what doesn't work?
- Award and Kickoff: When you look at the way VA administers its awards and kickoffs, what would you say works and what doesn't work?
- Delivery: When you look at the way VA administers the delivery of its contracts, what would you say works and what doesn't work?
- Contract Modifications: When you look at the way VA administers its contract modifications, what would you say works and what doesn't work?
- Closeout: When you look at the way VA administers the closeout of its contracts, what would you say works and what doesn't work?

Industry Discussion

- How could VA do a better job? What practices from other agencies might VA adopt?

Develop a group list of questions to be posed to VA staff during 1:30 Report Out session.

Afternoon Session

The afternoon session consisted of the following presentations:

- **Plenary Session: Report from Breakout Groups and Cross-Group Observations:** A group plenary session in which Facilitators reported on findings from the morning breakout sessions, highlighting significant challenges and promising solutions.
- **Participant Survey:** Provided feedback on this summit and ideas to improve future forums.

Closing Remarks and OALC Leadership Question and Answer Session

OALC leadership hosted a question and answer session with all participants at the conclusion of the SRM Forum. Detailed notes may be found in the *San Francisco SRM Forum Detailed Breakout Session Notes*.