

# Accomplishment Highlights

## ***Cutting Costs, Increasing Efficiencies & Enhancing Management***

*William H. Leighty, Chief of Staff*



# Accomplishment Highlights

## Challenges We Found

- Fortune 100 sized enterprise
- Highly decentralized, fragmented environment
- Change in top management every four years
- Greater collaboration across secretariats needed
- Short-term financial planning & budgeting
- Needed better use of data and metrics to drive decisions
- Redundancies, overlaps and some organizational sprawl
- Use of technology not cost efficient
- Workforce resistant to risk & change



# Accomplishment Highlights

## Re-engineering Business Operations

**Objective:** Culture of continuous improvement, based on best practices that track progress, measure success against benchmarks & reward performance.

**Goals:** Cost reductions, operational efficiencies, programmatic effectiveness.

**Principles:** Collaboration, sustainability & accountability.



# Accomplishment Highlights

## Key Re-engineering Initiatives

- Performance Management
- Information Technology
- Procurement
- Financial Management
- VDOT Reform
- Real Estate
- School Efficiency



# Accomplishment Highlights

## Performance Management Process Consists of:

- Executive Agreements
- Governor's Management Scorecard
- Leadership Communiqué
- Strategic Planning Process
- Performance Leadership Committee



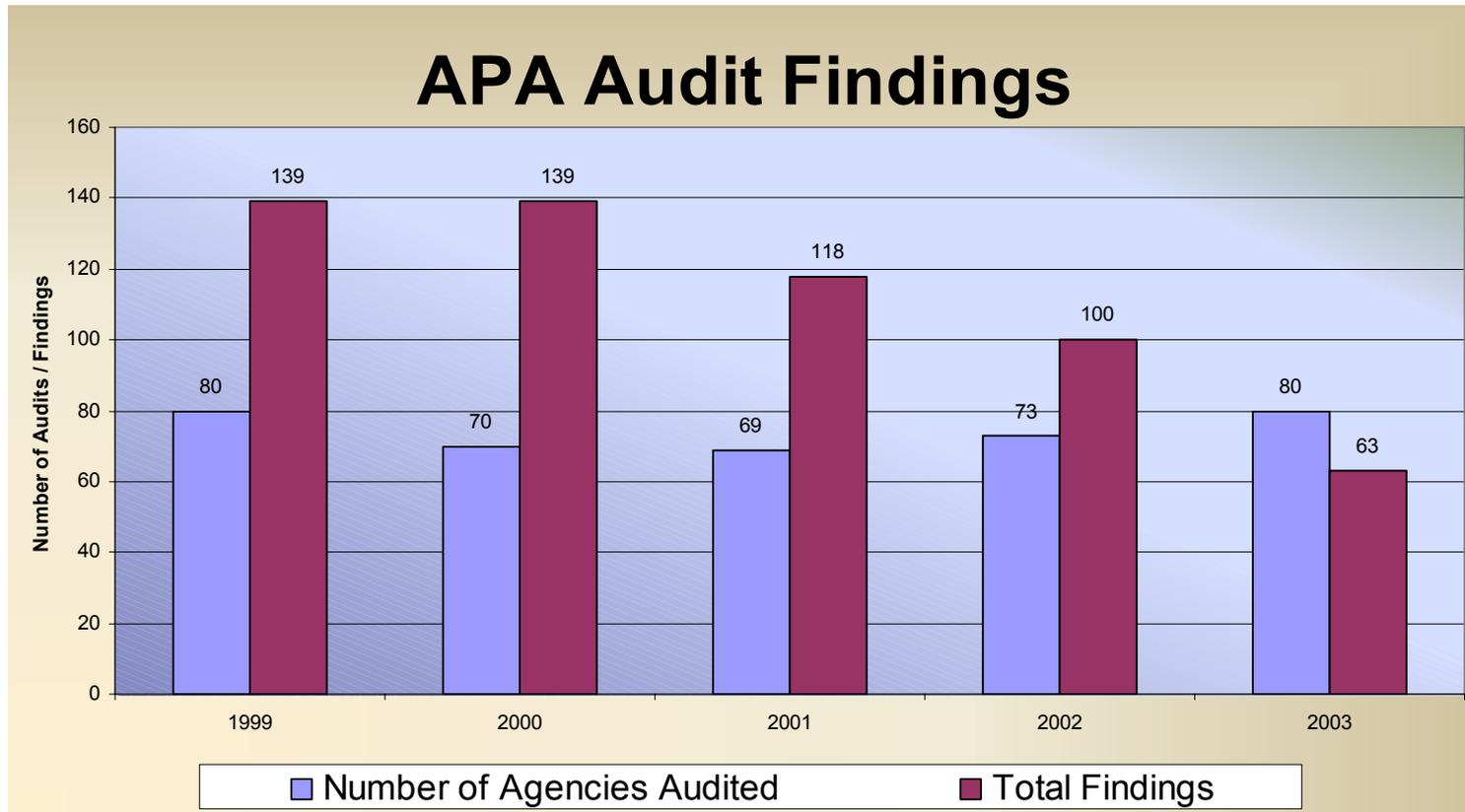
# Accomplishment Highlights

## Governor's Management Scorecard

<b>Human Resources Management</b>	<b>Government Procurement</b>	<b>Financial Management</b>	<b>Technology</b>	<b>Performance Management</b>
<b>Workforce Planning</b> <b>Employee Attraction &amp; Retention</b> <b>Fairness &amp; Diversity</b> <b>Employee Performance Management</b> <b>Training &amp; Development</b> <b>Safe Work Environment</b>	<b>eVA Usage</b>  <b>SWAM</b>	<b>Budget Plan</b>  <b>Internal Controls</b>  <b>APA Audits</b>  <b>Prompt Pay</b>  <b>Disbursement Policies</b>	<b>IT Planning</b>  <b>IT Investments</b>  <b>IT Project Management</b>  <b>Policy Adherence</b>	<b>Communicating Priorities</b>  <b>Measuring Results</b>



# Accomplishment Highlights



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For Details Visit:

[www.vaexcels.governor.virginia.gov](http://www.vaexcels.governor.virginia.gov)



# Accomplishment Highlights

**Cost savings.** A reduction in costs for which funds are currently budgeted.

**Cost avoidance.** Actions to avoid higher costs in the future.



# Accomplishment Highlights

## Information Technology Transformation

### **JLARC said that without VITA . . .**

Virginia would spend at least \$1.1 billion over the next decade in duplicative, stand-alone administrative systems.

Virginia would likely see major project failures in excess of \$120 million over the next six years.



# Accomplishment Highlights

## VITA Savings Report

	<b>FY 04 Savings</b>	<b>FY 05 Savings</b>	<b>FY 06 Savings</b>	<b>Six-Year Cumulative Baseline Benefit</b>
Cost savings (11 initiatives)	\$15,665,000	\$25,130,000	\$26,316,000	\$156,710,000
Cost Avoidance (2 initiatives)	\$ 875,000	\$ 995,000	\$ 615,000	\$ 4,070,000
<b>Total</b>	<b>\$16,540,000</b>	<b>\$26,125,000</b>	<b>\$26,931,000</b>	<b>\$160,780,000</b>

# Accomplishment Highlights

## Electronic Procurement

Proven Benefits: reduced cost of goods/services, reduced processing time/costs, increased competition & sourcing, access to information

eVA developed with a private partner; self-funding; continuous development; multiple awards

Benefits enhanced by full use of all tools i.e.Quick Quote, reverse auctions...



# Accomplishment Highlights

## Electronic Procurement

Since inception: \$4.6 Billion in purchases; 455,000 orders

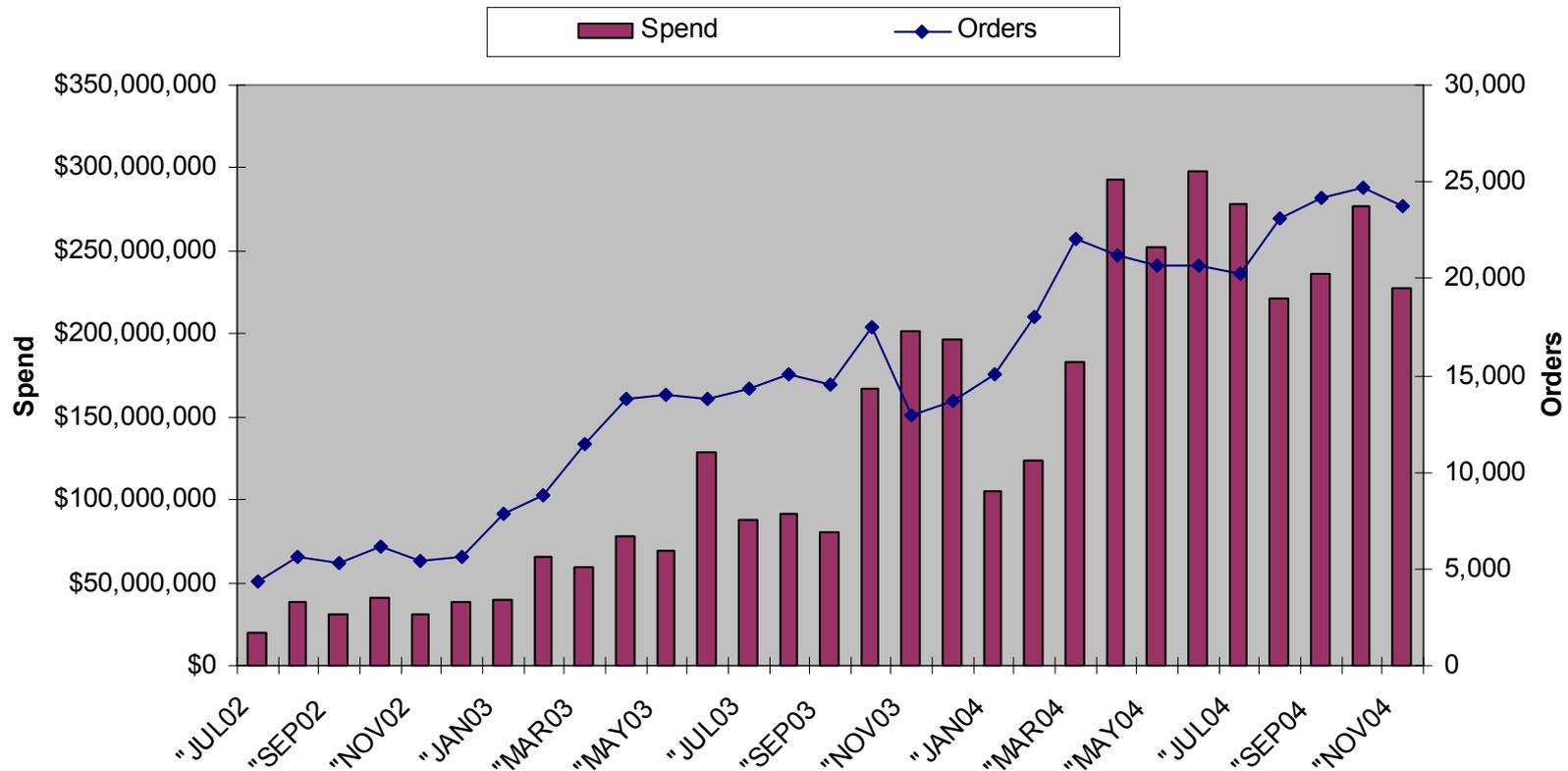
Challenges: digital divide; education; systems improvements; ....



# Accomplishment Highlights

## eVA Summary Activity

July 2, 2002 - December 1, 2004



# Accomplishment Highlights

## Leveraged Purchasing

(aka: spend management, strategic sourcing)

### Virginia Partners in Procurement (VaPP) Project

- Private Sector Partner
- Participants include agencies, universities, local governments
- Contracts in place for 15 categories
- Implementing third wave now



# Accomplishment Highlights

## Leveraged Purchasing

- Benefits: reduced costs, new skills, enterprise collaboration, monitoring systems
- eVA provides critical data support
- Spending on new statewide contracts is exceeding projections by 40-45%
- Increasing interest by local governments in eVA/VaPP



# Accomplishment Highlights

## Financial Management

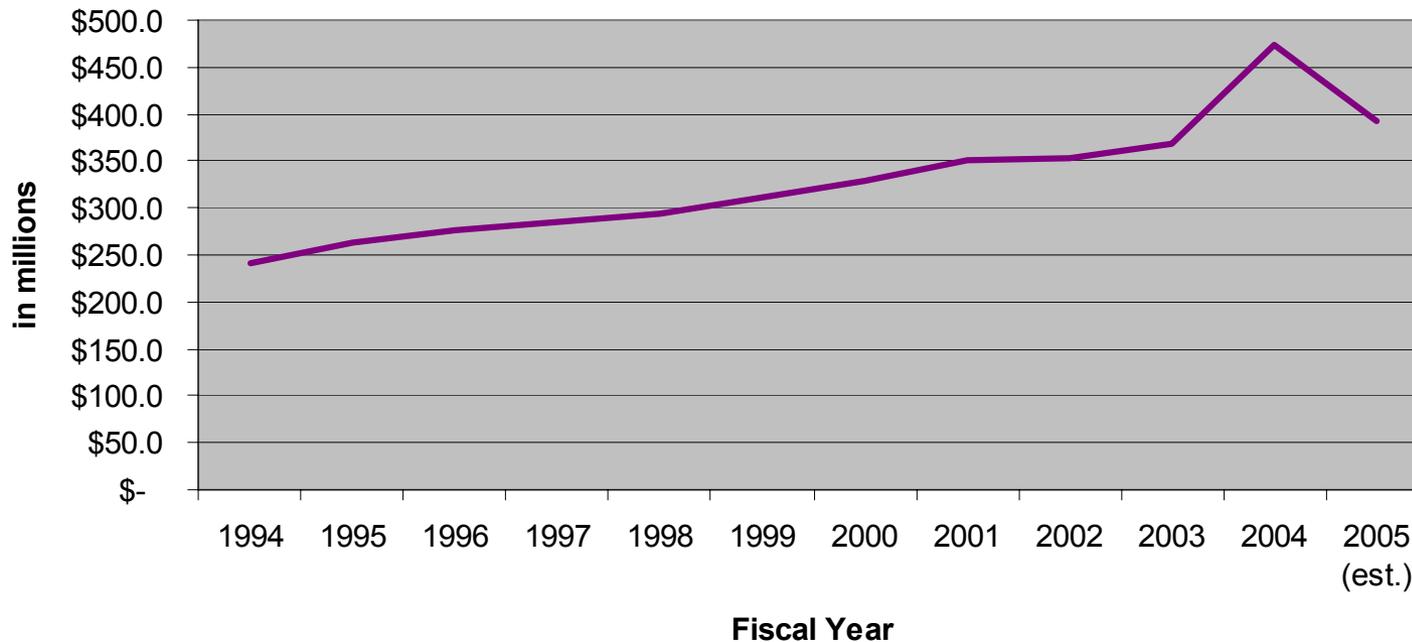
- Developed 6-year Financial Plan
- Reforming Budget Process
- Augmented Collection of Receivables
  - Tax Amnesty 2003: \$94.9 million
  - Tax Compliance Initiatives, Federal Debt Set-Off, Vendor Registration



# Accomplishment Highlights

## Financial Management

### Compliance Collections



# Accomplishment Highlights

## **VDOT Reform**

The time required to complete a typical construction contract decreased from 185% of the scheduled time FY02 to 136% through the third quarter of FY04.

The actual expenditures on a typical construction contract decreased from 124% of the budget in FY02 to 115% through the third quarter of FY04.



# Accomplishment Highlights

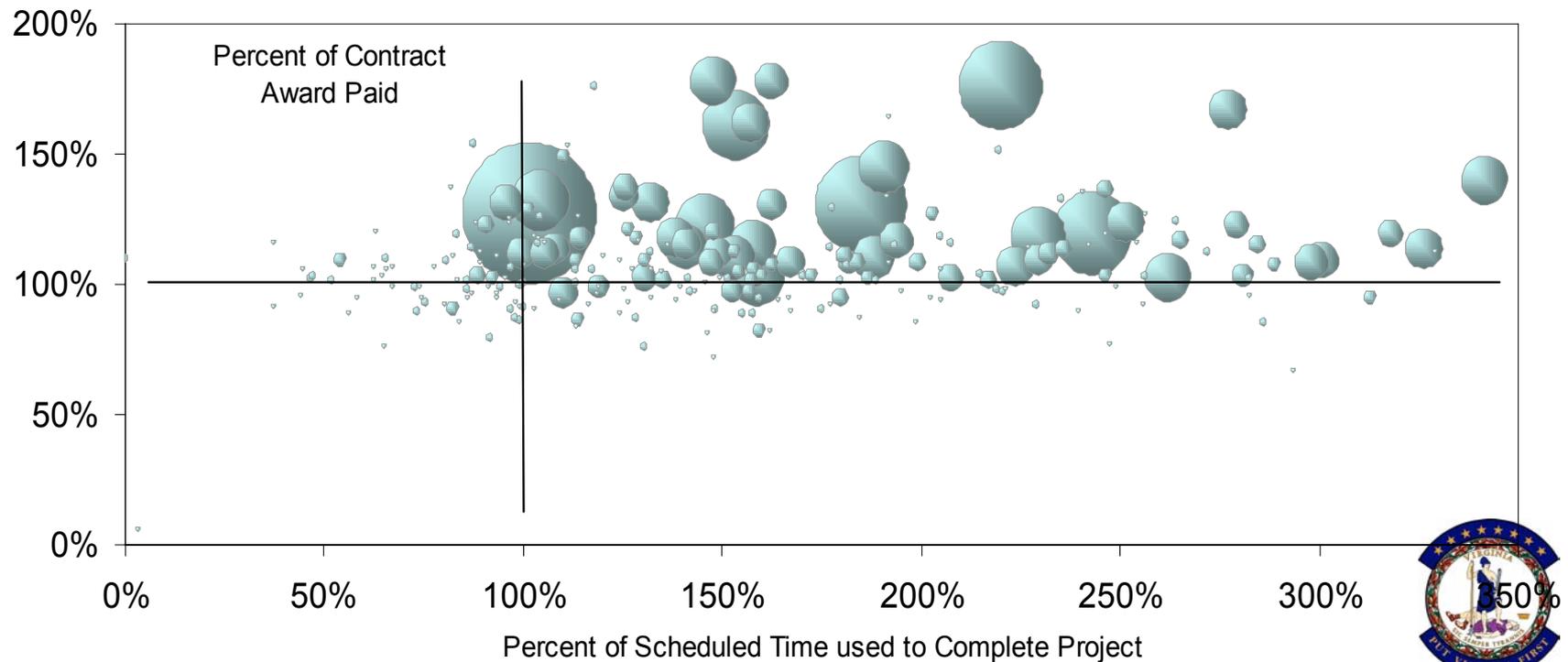
## **VDOT Reform**

On Tuesday, 12/7/04 VDOT recorded the 97<sup>th</sup> on-time project completion for FY05. Which includes 60% of all construction projects scheduled to be complete in FY05.



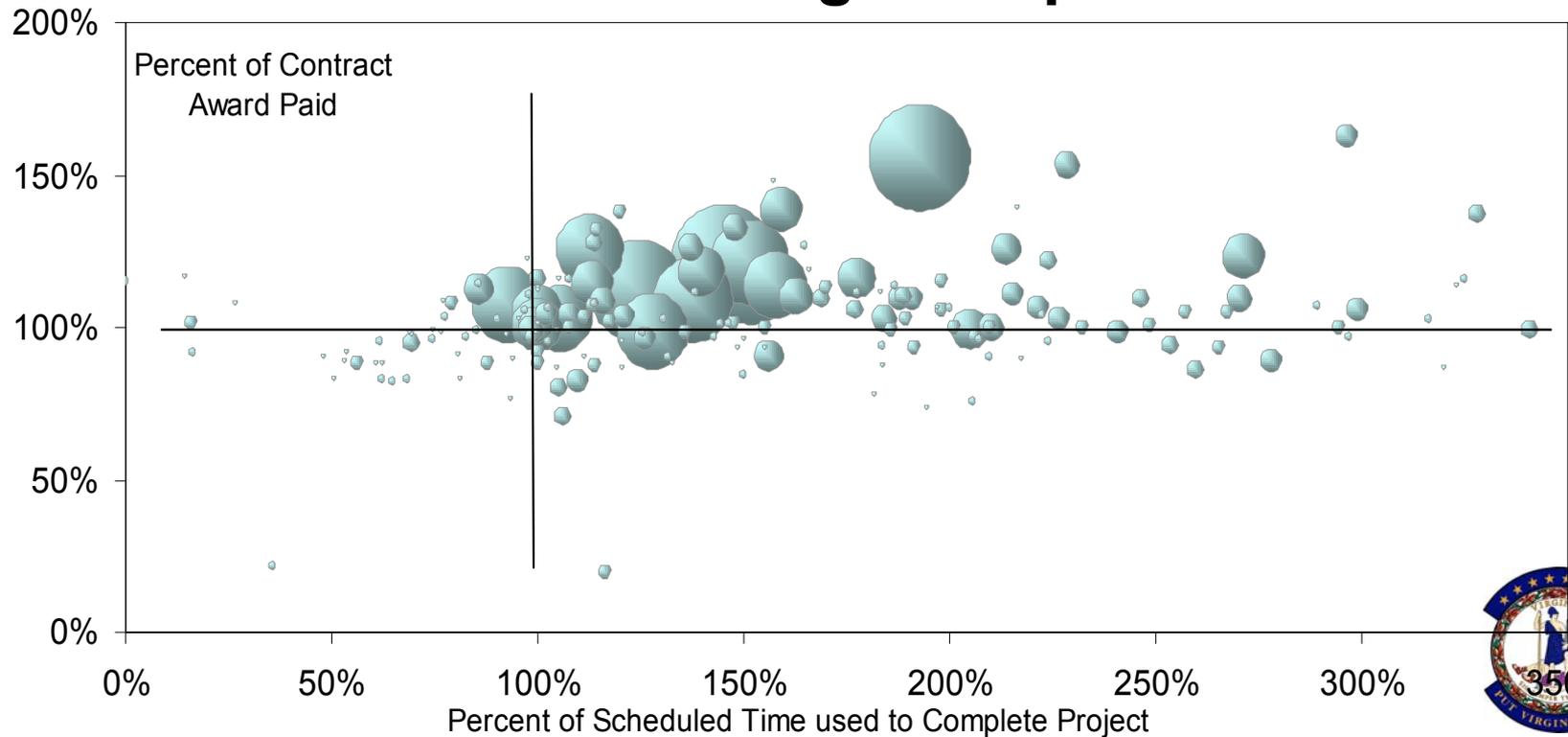
# Accomplishment Highlights

## Contracts Completed in FY02 Time - Budget Graph



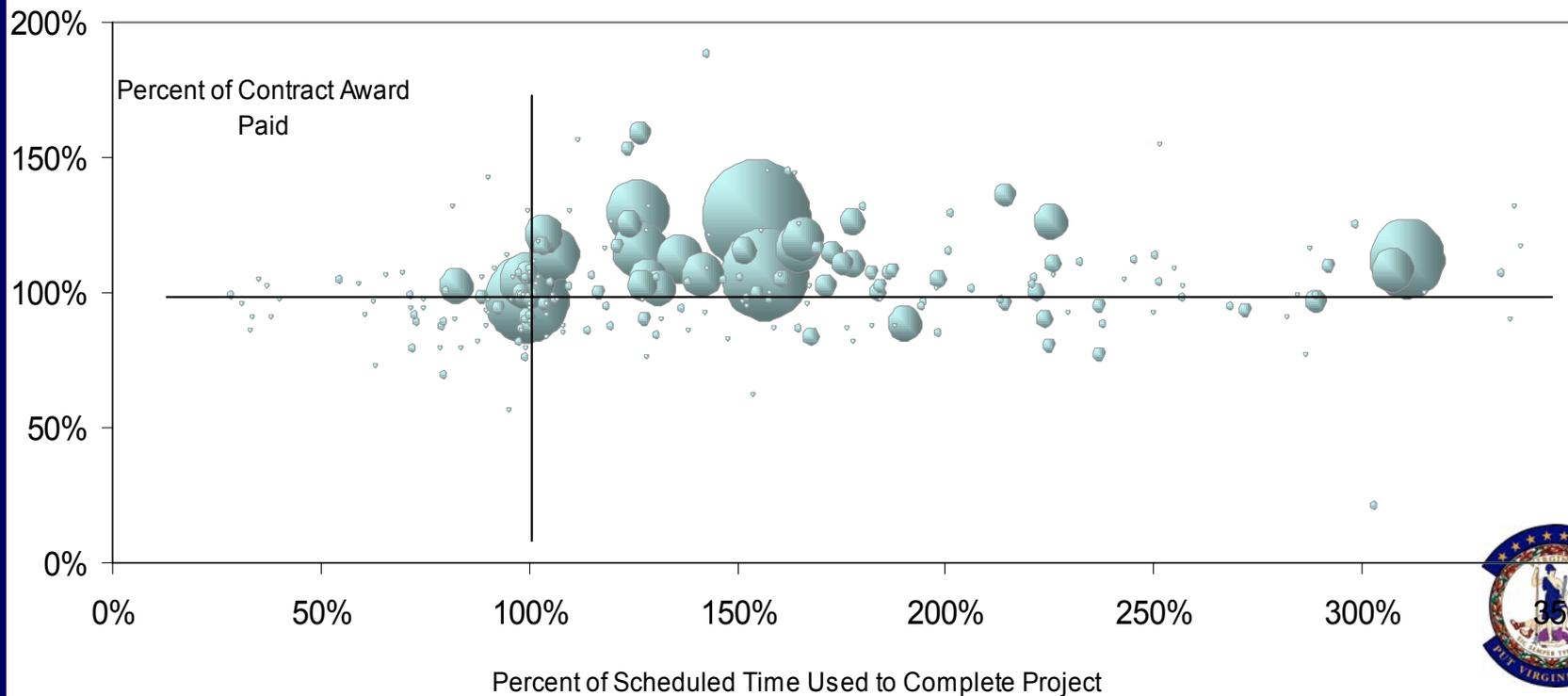
# Accomplishment Highlights

## Contracts Completed in FY03 Time - Budget Graph



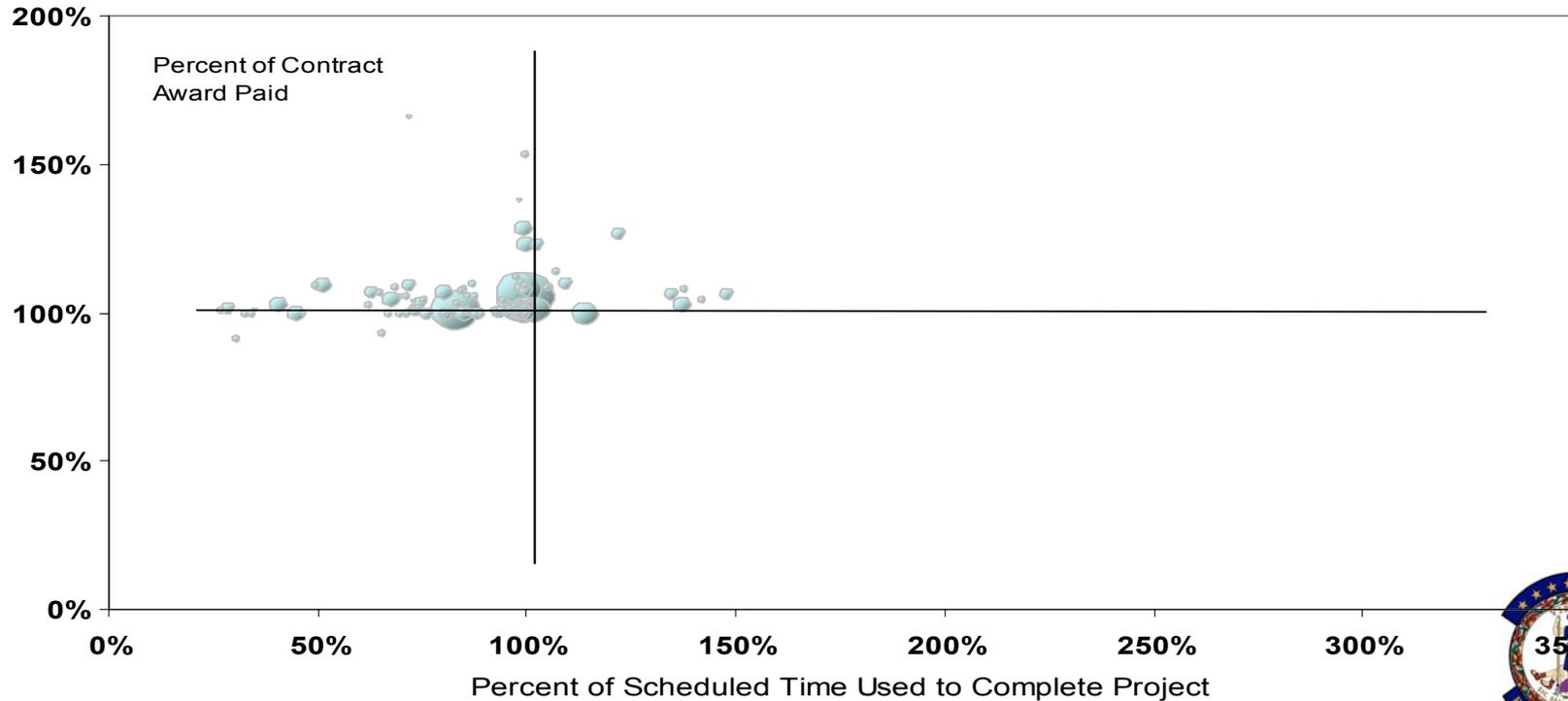
# Accomplishment Highlights

## Contracts Completed in FY04 Time-Budget Graph



# Accomplishment Highlights

## Contracts Completed in First Quarter FY05 Time-Budget Graph



# Accomplishment Highlights

## Real Estate Initiative

- Background
  - Efficiency & Effectiveness Commission
  - Governor's Executive Order 75 (2004)
  - CBRE Studies: Phase I & Phase II
- Project Overview
  - Portfolio Management Strategy
  - Organizational Restructuring
  - Business Process Redesign
  - Data Integration & MIS Strategy



# Accomplishment Highlights

## Real Estate Initiative

- Completely Different Business Model
- Transforming from Fragmented, Regulatory System to Customer Focused, Service Providing System
- Enterprise-wide Focus
- Significant Benefits with New Real Estate System
- Good Start - Accomplishments to Date



# Accomplishment Highlights

## School Efficiency Reviews - Results

### New Kent County Schools

Savings identified totaling up to \$239,000 per year (about 5% of the division's non-instructional operations budget.)

### Roanoke County Schools

Savings identified totaling up to \$295,000 per year.

### City of Richmond Schools

\$2.1 million in potential savings identified.

**Currently conducting school reviews for:**

**Stafford, Portsmouth, Campbell, Surry, Spotsylvania, Williamsburg/James City County**



# Accomplishment Highlights

## Other Initiatives Underway

- Alternative Dispute Resolution
- Mail Consolidation
- Fleet Management
- Energy Consumption
- IT Infrastructure PPEA
- Business Integration PPEA



# Accomplishment Highlights

## **WAVE II Re-engineering Initiatives**

Improve business processes in individual or limited number of agencies.  
For example:

- Licensing & Professional Certifications
- Medicaid Client Information
- Wastewater System Certifications
- Federal Grants

