

Using the Principles of Competitive Contracting to Drive Performance

Or

How We Are Preparing To Win

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Asking the Tough Questions

- **How Might We Be Asked to Compete**
 - On the Basis of Cost – Can others provide our service for less money?
 - On the Basis of Value – Do we represent a real value for the dollar to our customers?
- **Are our customers so loyal that they would never ‘go shopping’?**

On The Question of Cost

- **What do we know about our costs:**
 - We pay our employees a modest living wage
 - We pay our employees full benefits
- **What do we know about our competitors costs?**
 - Private contractors traditionally pay their employees minimum wage
 - Private contractors do not (usually) pay their employees any benefits. Never at the level provided by the state.

Conclusion:

**In 'head to head competitions,
Our costs would be higher**

We needed to Change the Playing Field

- **We could not expect to win on the basis of cost alone.**
- **We would need to focus on performance and value, rather than cost and we need to be the Better Value.**
- **We should try to avoid competitive contracting by winning our customer's loyalty now.**

Better Value

- **What does real “Value” mean to our customers?**
 - Assured Quality Performance.....Consistently
 - Convenient, hassle free service
 - Better ‘pay back’
 - Getting more for the money
 - Receiving other “added” benefits not available from others

Conclusion:

To be regarded as a true “Value” we needed to show that we do more, do it better, do it consistently, offer unique benefits and be able to prove it.

Analyzing Our Position

- **Focusing on performance...**
 - **Could we honestly say our value was better?**
 - **Could we prove It?**
 - **Did we have our Customer's loyalty?**
 - **Do our customers know the unique value we offer over others?**

Assessing What We Knew

- We knew the size of the areas we service.
 - Our work assignments are in line with industry standards
- We knew the promised level of service
 - Our contracts spelled out what services were supposed to be provided and when.

What We Didn't Know

- What services were actually being performed and when
- Our quality measure
- The level of service we were actually delivering
- Our customer loyalty
- How to safeguard work schedules in light of absenteeism
- Where corrections were needed or how to make them.

Conclusion:

We needed to find a way to measure our work, our quality and our value, determine where improvement is needed and how to make corrections.

Steps We Took

- We asked our employees for service delivery information
 - Mostly anecdotal
 - Everybody had a different way
 - Services varied from person to person, area to area, regardless if the contracts were the same.
- Surveyed our customers
 - Identified consistent strengths and weaknesses (learned that our weaknesses were very consistent)
 - Found out we were missing the quality mark
 - Learned that our customers wanted to like us
- Looked for proven ways to gather information
 - Consulted with others with successful, large, in-house service providers

What We Learned

- Our employees wanted to provide quality services
- They were working hard
- Our work process was the problem:
 - It did not allow for measurement of what we did
 - It was actually preventing us from fulfilling our service promises
 - It was causing injury to our staff
 - It was expensive
 - It was frustrating our customers

What Needed To Happen

- Be willing to leave our comfort zones and explore different methods for doing our work
- Be creative in seeking solutions
- Obtain buy-in from management, employees, supervisors, customers, and union for change
- Embrace change....Work as a team!

What We Did

- Identified a process that promised to be:
 - Easier, Faster and safer
 - Less costly (supplies, equipment and infrastructure)
 - Measurable
 - Promoting quality
 - More efficient and Effective
 - Structured to ensure services are delivered as promised
 - Treat employees as first class citizens
- Conducted a pilot
- Measuring results

Results So Far

- Pilot is nearing completion
- Seeing dramatic improvement in quality
- Employees are able to do more
- Reliable work schedules are honored. Customers know what will be done and when. So do we!!
- Employees are happier, safer, have fewer injuries
- Customers are noticing and are pleased
- Work is measurable and provable
- Future is brighter

Other Things We Are Doing

- Preparing professional quality brochures explaining our services
- Meeting with customers to acknowledge our problems and explaining our goals for change and improvement.
- Trying to be pro-active to find and resolve problems
- Promoting the unique benefits that we offer our customers
 - Because we pay our employees a modest living wage and benefits and
 - Because we provide an 'entry avenue' for professionals who seek advancement with the state, we:
 - Have a large pool of quality applicants available to us
 - Have less employee turnover which provides greater security
 - Employ full time professionals who are more reliable, trustworthy and have a sense of ownership of state facilities

Competitive Contracting?

We are not necessarily looking forward to facing competitive contracting situations.

Nevertheless, we are committed to doing all we can to preparing ourselves.

So that, should the time come,
We will be in a position to **win!!!**