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'Spend Analysis' Receives National Award from State Procurement Officials' Group

The National Association of State Procurement Officers (NASPO) has bestowed its highest honor – the George Cronin Gold Award for Excellence in Procurement – on Minnesota's "Spend Analysis" system.

The system, in use for about a year, is the enabling tool for Minnesota's Strategic Sourcing initiative under the Drive to Excellence government reform program.

"Spend Analysis has proven critical for better strategic decision-making in

purchasing, from establishing standards for common goods and services to enhancing contract management," said Dana Badgerow, chair of the Governor's Drive to Excellence Sub-Cabinet and Commissioner of Administration. "The Cronin Award is indeed a great honor and further validates the importance of aggregating and analyzing disparate data to ensure

National award

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Representatives from the Department of Administration's Materials Management Division accept the National Association of State Procurement Officers' Cronin Gold Award for Minnesota's innovative 'Spend Analysis' system. From left are Betsy Hayes, Kent Allin, Denise Lee of NASPO, Rose Svitak and Brenda Willard.

From the Director

*"Waste not, want not."
– Benjamin Franklin*

*By Kathy Sibbel
DTE Project Director*

The Drive to Excellence Sub-Cabinet is endorsing Lean Enterprise as the preferred process improvement tool for reforming state government. Lean Thinking philosophy involves all employees in the elimination of waste and the addition of value to the processes necessary to deliver a product or service to customers – in our case, the citizens of Minnesota.

What is the least possible amount of material, time, space, facilities, capital, energy and effort necessary for developing and delivering a given service to the customer? Obviously, to give customer what they need, one would want to use only what is crucial to that effort. The definition of waste is any activity that uses resources but that creates no value for the customer. Lean Thinking is all about eliminating these wastes, but first it is necessary to identify and understand the waste – in everything we do.

Although it sounds simple, like taking out the garbage, the tricky

From the Director

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Q&A with Grants Management Coordinator Kristin Batson

Kristin Batson was recently named Grants Management Coordinator of the Office of Grants Management, which was created through Drive to Excellence (DTE) legislation enacted in 2007. After joining state service on Sept. 19, we asked Kristin a few questions about her background, her first impressions and her goals.



Kristin Batson

Please tell readers a little about yourself, your career and your interests.

My career has been in the nonprofit and philanthropic sectors; prior to coming to the state, I managed two nonprofits and worked at the McKnight Foundation. I have worked as both a grant-maker and as a grant-seeker and am interested in how grantor and grantee can work together towards the best use of increasingly scarce resources.

On the personal front, I live in downtown Minneapolis with my husband and our nephew and I am an avid reader.

What appealed to you most about the Grants Coordinator position?

I was most interested in the opportunity to work in a change initiative and to be able to work across state government to create efficiencies and increase the effectiveness of outgoing grant dollars. I was also eager to find a position in which I could put my experience in organizational change, group facilitation and process improvements to good use.

How is the work so far? What has been most surprising during your first few days on the job?

I have really enjoyed my first week on the job. I have met with many great people who are already working hard to improve their grant-making programs. I have been most encouraged by the significant work that the Drive to Excellence Grants Management Steering Team and the Enterprise Grants Management Community have already done. And even though I expected it, I have been surprised by how complex state government is and how many acronyms I have to learn!

What do you see as the biggest challenge and opportunity for enterprise grants coordination?

The biggest challenge for this position is to determine standard practices for grant making that will be consistent across agencies, yet not overly prescriptive. And to get the best input from participants in this process, we need to constantly communicate the vision and logic of the enterprise model. The good news is that many best practices already exist at individual agencies and just need to be shared enterprise-wide.

The biggest opportunity for enterprise grants coordination is creating a process that gets the best return on investment for Minnesota through increased process efficiencies and improved grant outcomes.

What are some of your initial expectations and goals for the Grants Management Office?

My initial goals are to:

- Talk to as many people as possible, and with stakeholders both inside and outside government, about their ideas for increased grants coordination.
- Identify potential process efficiencies that would be relatively quick and easy to implement.
- Develop a website that provides a centralized listing of state grant opportunities for grant seekers and a resource bank of forms, guidelines and best practices for agency staff involved in grant making.

How will state government grants management differ a year from now? Five years from now?

A year from now, state employees will be more supported in their grant-making duties so that they can process grants more efficiently and get the money to grantees faster. It will also be easier for grant seekers to find information about all state grant opportunities in one centralized location.

Five years from now, we will have improved grants processes and information systems that lead to better grant outcomes for Minnesota.

The Excellence Report

The Excellence Report is a monthly publication of the Drive to Excellence Program Office for individuals and organizations interested in this ongoing initiative to reform business and technical processes in the Executive Branch. More information is available at www.excellence.state.mn.us. Address comments to excellence@state.mn.us.



This information will be made available in alternate format upon request by calling 651/201-2558.

National Award: 'Minnesota System Has Huge Potential'

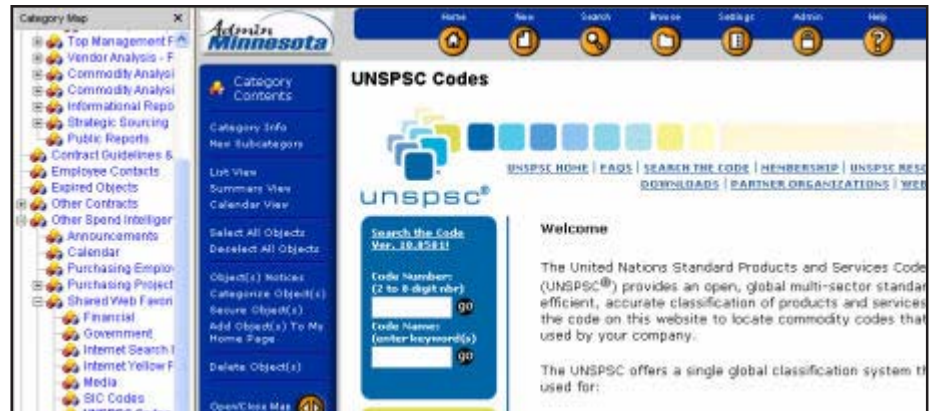
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effective, efficient and economical government purchasing decisions."

Kent Allin, State Procurement Officer at the Department of Administration's Materials Management Division, added: "Minnesota's Spend Analysis system has opened a door to an unprecedented quantity and quality of relevant sourcing data. Our challenge is to utilize it creatively and effectively to drive even further efficiencies and savings in what we buy."

The web-based system utilizes internationally recognized standards to identify, integrate and classify data from numerous sources. These sources range from the state's various accounting systems to contract activity and purchasing card data. The system then provides a portal to this consolidated information as well as analysis tools. A key feature is the availability of third-party vendor-related details, such as parent/subsidiary relationships between businesses and diversity program information.

"Minnesota's system obviously will improve services by providing access to useful reporting information based



A screenshot shows part of the UNSPSC Codes page of the Spend Analysis system. The codes are what make spend analysis possible.

on actual data, not just painstakingly developed estimates," NASPO stated in making the award. "It took little imagination to conclude that the Minnesota system has huge potential to generate substantial cost savings by making the state more able to target candidate expenditures strategically." NASPO's recognition also received endorsement from the American Bar Association.

"On behalf of the Section of Public Contract Law of the American Bar Association, please allow me to extend our congratulations to the procurement office of the State of Minnesota for its selection as this year's Cronin

Award winner," said Patricia Meagher, the Section's chair.

"Effective procurement reform initiatives are dependent on a complete, accurate picture of a state's procurement expenditures," Meagher added. "We recognize that there is a problem in that states often have many disparate systems, each having different pieces of the overall picture of procurement spend; rarely is there a consolidated system capable of providing information that is meaningful to strategic sourcing and other procurement improvement initiatives."

From the Director:

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part is that sources of waste can be and often are everywhere. Seven classic forms of waste typically affect the day-to-day service environment:

1. **Defects:** Does the process result in anything that would be unacceptable to the customer?
2. **Waiting:** Are people, parts, systems or facilities idle while waiting for the completion of a work cycle or handoff?
3. **Transportation:** Is there unnecessary (non value-added) movement of parts, materials or information between steps?
4. **Overproduction:** Is production resulting in delivery that is

sooner, faster or in greater quantities than the customer is demanding?

5. **Inventory:** Are there raw materials, work-in-process, or finished services that are idle?
6. **Movement:** How much are materials, people and equipment moving around within a process step?
7. **Extra processing:** How much extra work is performed beyond the minimum standard required by the customer?

Lean Thinking provides tools for examining each of these forms of waste and understanding the root causes behind them. One of the tools already in use is Value Stream Mapping (VSM), a

process of diagramming functions in a way that creates a clear picture of the entire beginning-to-end process. VSM offers the opportunity for everyone to observe, analyze and improve each step.

Future articles in *The Excellence Report* will delve further into the mechanics of Lean, but suffice it to say for now that Value Stream Mapping universally leads to waste elimination by reducing paperwork processing flow time, floor space and handoffs, while significantly improving on-time performance. In fact, VSM occasionally features some of those forehead slapping, "Duh, why didn't I see that?" moments of lucidity that Ben Franklin undoubtedly experienced daily.