

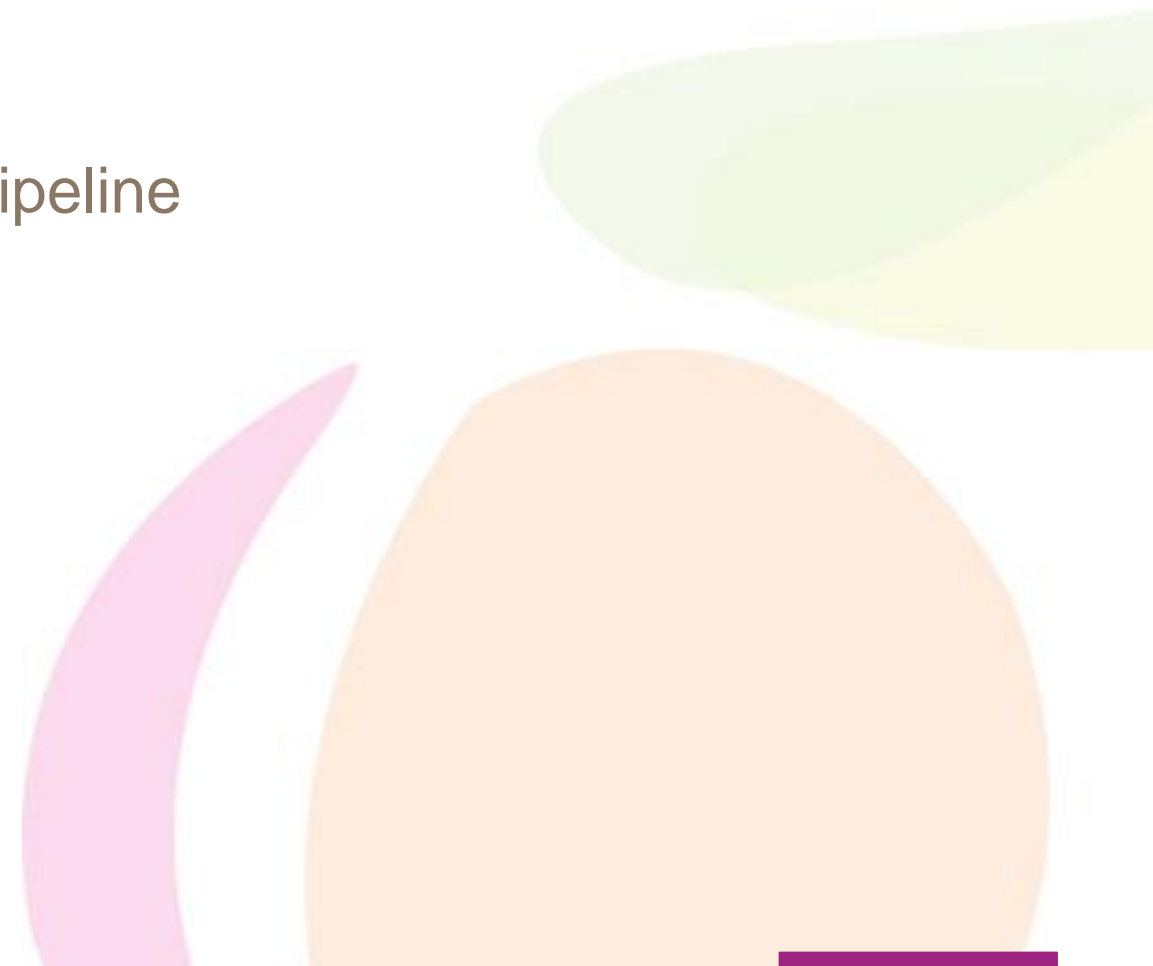


State Purchasing Update

Fiscal Management Conference

September 30, 2014

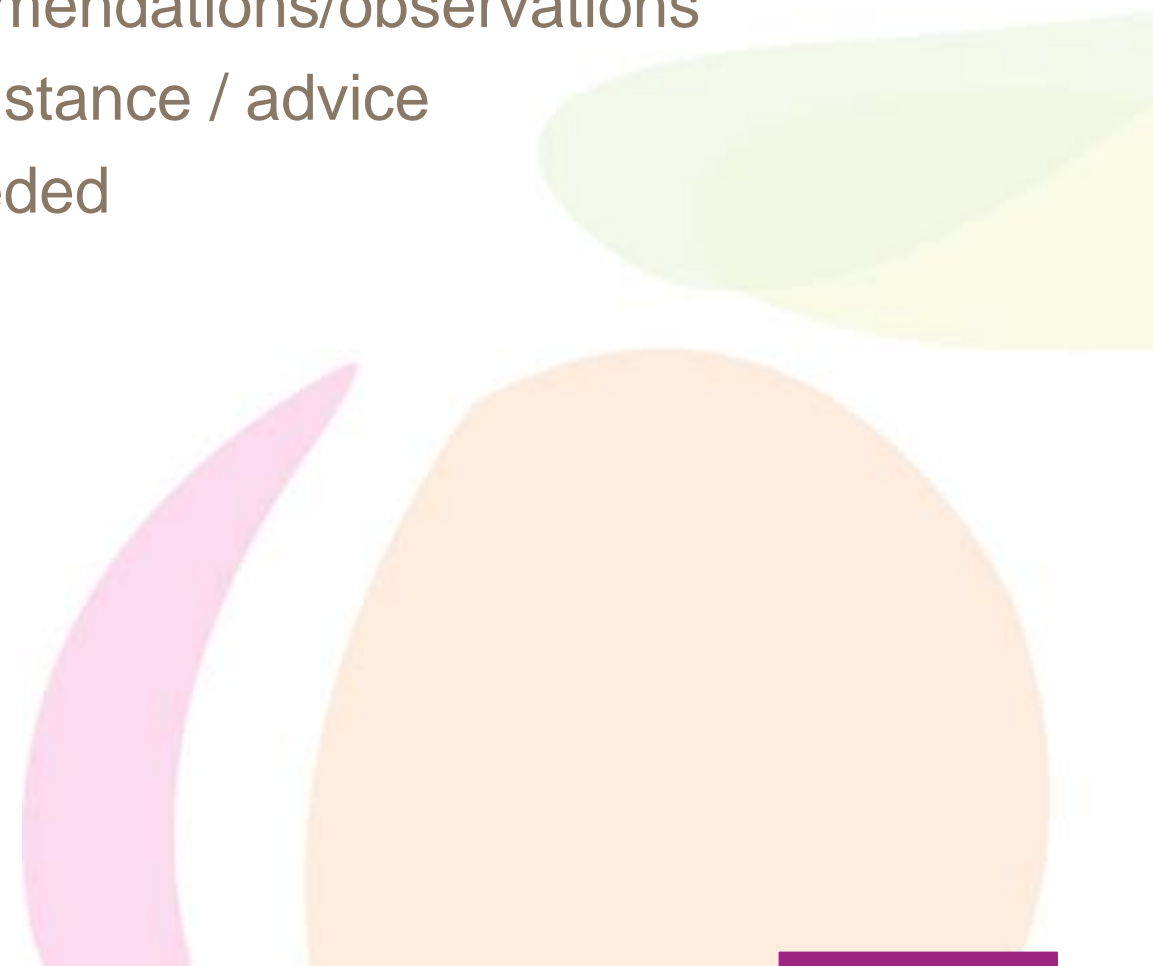
Topics

- Winners
 - Audits/Training
 - Legislation
 - FY 14 and FY 15 Pipeline
 - Spend Analytics
- 

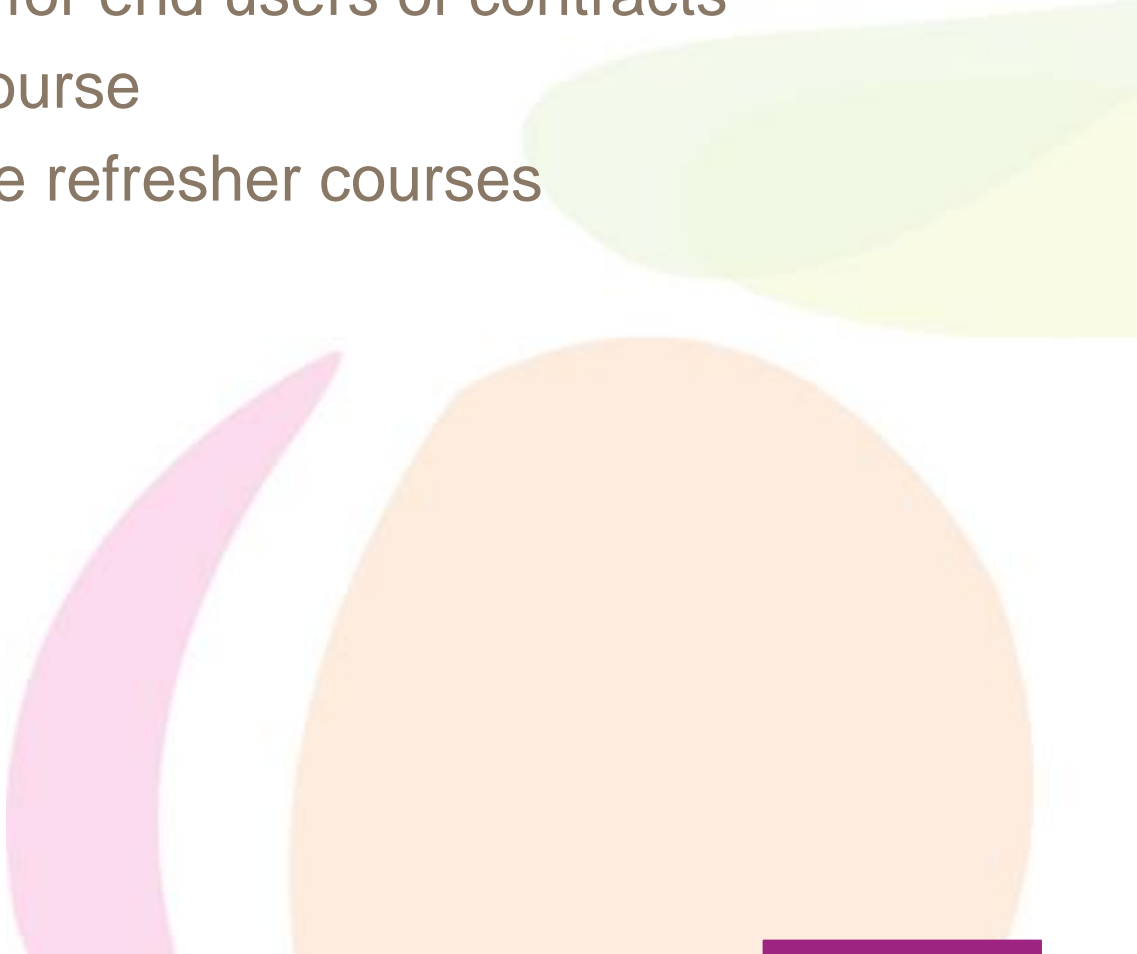
Winners – FY 2014

- \$478 M in spend in TGM (26 %)
- \$278 M in spend in TGM (15%)
- 1.3 days from Requisition to PO dispatch (5 users)
- 2.1 days from Requisition to PO dispatch (46 users)
- 822 TGM users (13.3%)
- 778 TGM users (12.6%)

Procurement Audits

- Change to performance review
 - No findings, recommendations/observations
 - More technical assistance / advice
 - More training if needed
- 

Training

- New 2-day course on contract administration
 - New on-line course for end users of contracts
 - New negotiations course
 - Several short on-line refresher courses
- 

Legislation

- \$25,000 no bid limit expires June 30, 2015
- Stay tuned for more communication on this

Strategic Sourcing– Pipeline Update

FY2014

\$10.2 M in Benefits

COMPLETE

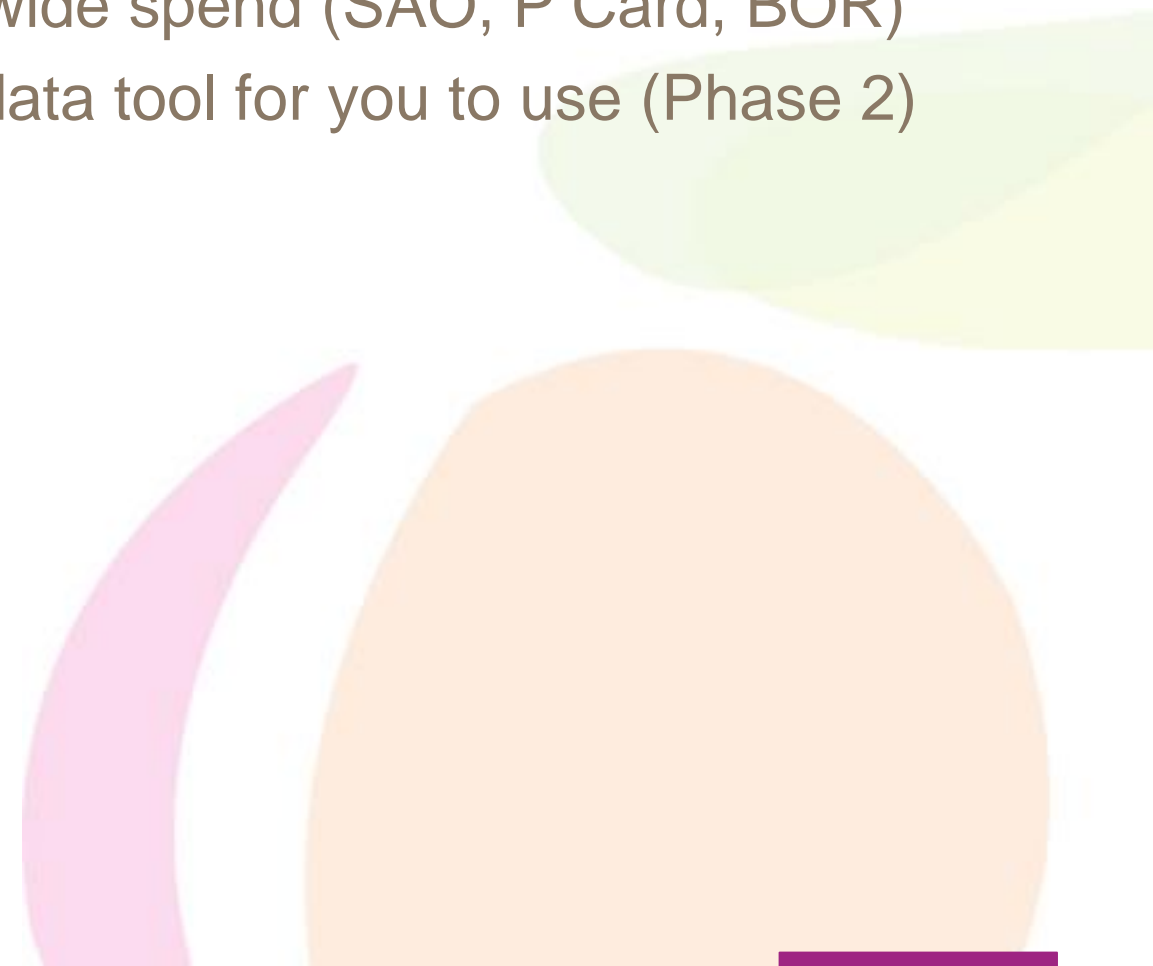
- Administrative Vehicles - 8.6%
- Natural Gas, Firm Service - 7.4%
- Natural Gas, Interruptible Service - 0.2%
- Printing Services - 21.2%
- Herbicides - 32%
- Furniture - 3.7%
- Tractors & Mowers - 2.9%
- Office Supplies - 17.1%
- Tires & Tubes - 5.4%

FY2015

Projected \$12.5 M in Benefits

- Specialized Network Equipment
- Computer Peripherals & General AV
- Servers & Storage
- Auto & Bus Parts
- Motor Vehicle Maintenance Management
- Milk & Ice Cream
- Background Investigative Services
- MRO
- Fuel Card
- Purchasing Card
- Temp staffing
- Rapid Copy
- Paint
- School Buses
- Mass Transit Vehicles
- Petroleum (Gas and Diesel)
- Two-way radios
- Document Destruction

Spend Analytics

- New tool being implemented in FY 2015
 - Reporting on statewide spend (SAO, P Card, BOR)
 - Agency access to data tool for you to use (Phase 2)
- 



DOAS Human Resources Administration Division

GFMC Presentation

September 30, 2014

DOAS

HUMAN RESOURCES ADMINISTRATION (HRA)

GOALS

Provide effective talent management solutions so that agencies may attract and retain talent in an efficient manner

Provide a framework of governing standards so that customers may minimize HR risks

- Job Classification / Pay Structures / Variable Pay Management
- Flexible Benefits Administration
- Nonmonetary Benefits: Faithful Service; Employee Assistance; SCCP
- Talent Management Programs & Tools
- Statewide Policy & Compliance Assistance
- Workforce Data

Statewide HR Assessment Findings

- HR professionals administratively focused
- Lack tools to shift focus to more strategic HR functions
- Low adoption of current HR technology investments: E-performance
- Inconsistent policy application & interpretations
- Agencies investing in common initiatives

Recommendations: Establish service delivery basics

3-Year Statewide HR Improvement Plan

Reestablish Governance	Standardize Ops	Talent Management	Employee Self-Service
<p><u>Foundational</u></p> <p>Executive Governance ✓</p> <p>HR Advisory Team ✓</p> <p>HR Enterprise Projects ✓</p>	<p><u>Foundational</u></p> <p>Statewide Policies / Best Practices:</p> <ol style="list-style-type: none"> 1) Board Rules ✓ 2) HR Audit ✓ 3) Model Policies x 4) Advisory Opinions ✓ 5) Restore Job Class & Comp Structures ✓ 6) HR Transactions ✓ (data integrity) 7) Background Checks x 	<p><u>Foundational Tools</u></p> <ol style="list-style-type: none"> 1) Profile Manager ✓ 2) App Tracking ✓ <p><u>Operational</u></p> <ol style="list-style-type: none"> 1) Flex Ben rebids ✓ 2) Turnover rate ✓ 3) Statewide EAP ✓ 4) Benefits / SCCP ✓ Admin Costs 5) Total Rewards Picture ✓ 6) Perf Mgmt improvements ✓ 7) Workforce Analytics ✓ 8) Metrics ✓ 	<p><u>Foundational</u></p> <ol style="list-style-type: none"> 1) Portal alternatives x 2) Knowledge Db x 3) Job Aids x 4) Train Help Desk/HR/ Mgrs/EEs x

Legend: ✓ Completed ✓ In progress and on Target x Not Started

A Systems Vision: Integrated Talent Management



Job Classification & Career Path Project (JCCP)

WHY?

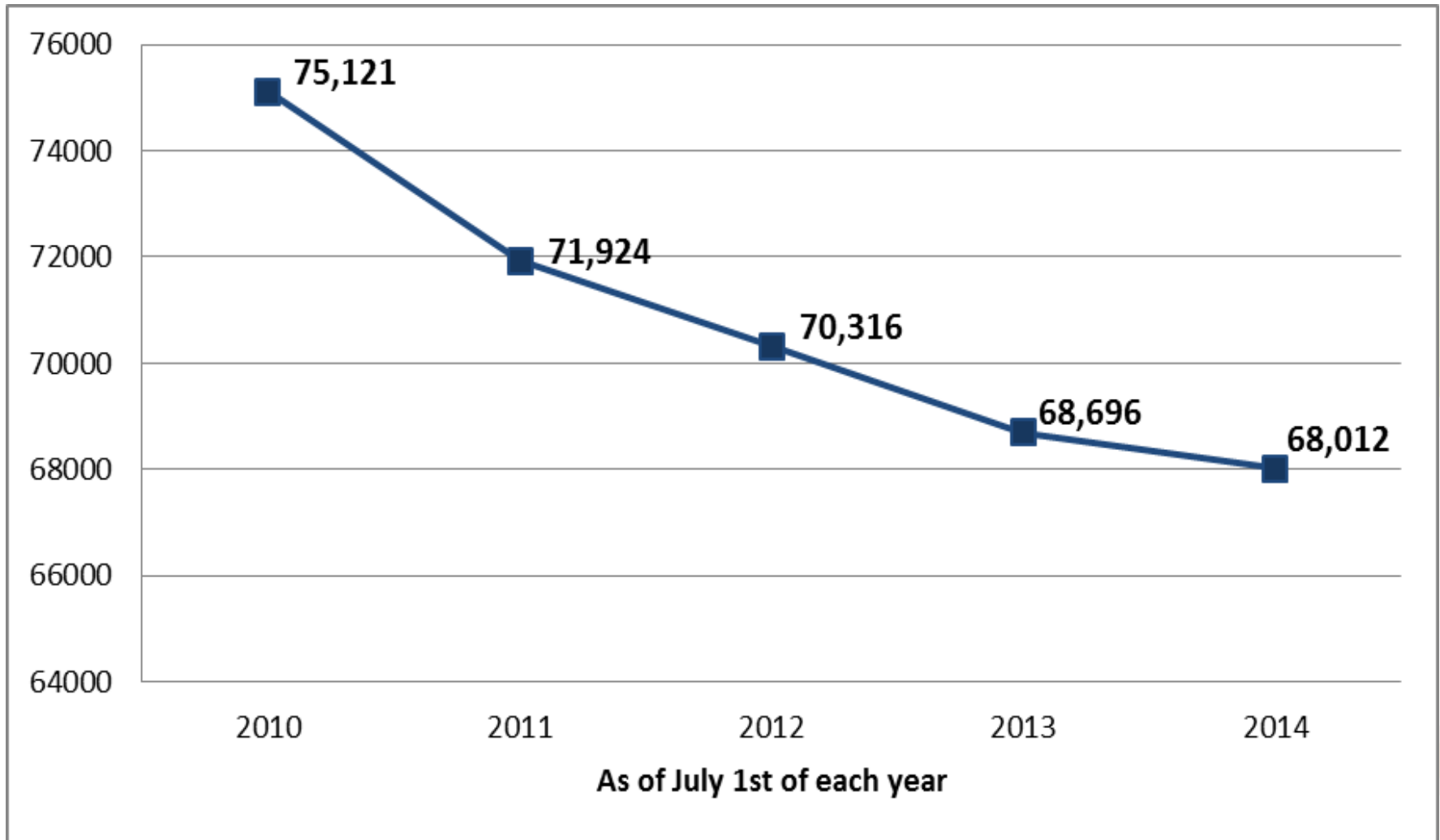
Foundational to Effective Recruitment & Retention

- Efficient Management: Single Job Classification Structure
- Job Titles & Descriptions: Recruitment
- Address Internal Job Hierarchy: Retention
- Misaligned Job Qualifications: Retention
- Updated Job Structure: Recruitment & Retention
- PS Profile Manager (Career Paths & Future Talent Management Technologies): Recruitment & Retention

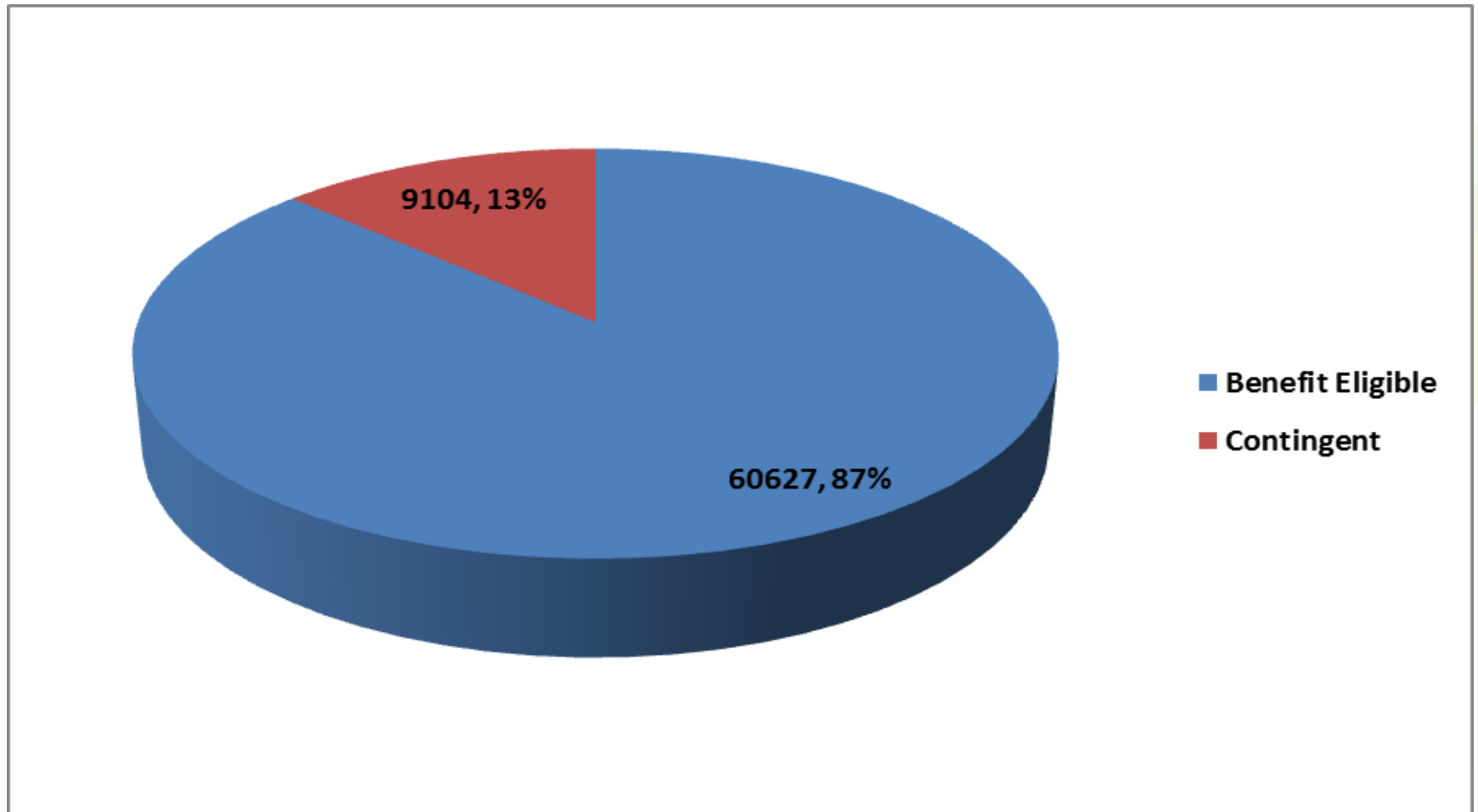
3 Ways Attracting & Keeping Talent Will Impact Your Bottom Line

- Growing reliance on contingent workforce
- Cost of Turnover
- A lot of hiring, but....

Benefit-eligible Headcount Continues to Trend Downward



Significant & Growing Reliance on Contingent Labor



Affordable Care Act Penalties Add Up

■ ~~Duration of Employment~~ → 30 Hours or More on Average

1 eligible employee not offered & qualifies to purchase from Exchange

100 FTE: Penalty = **\$140,000**

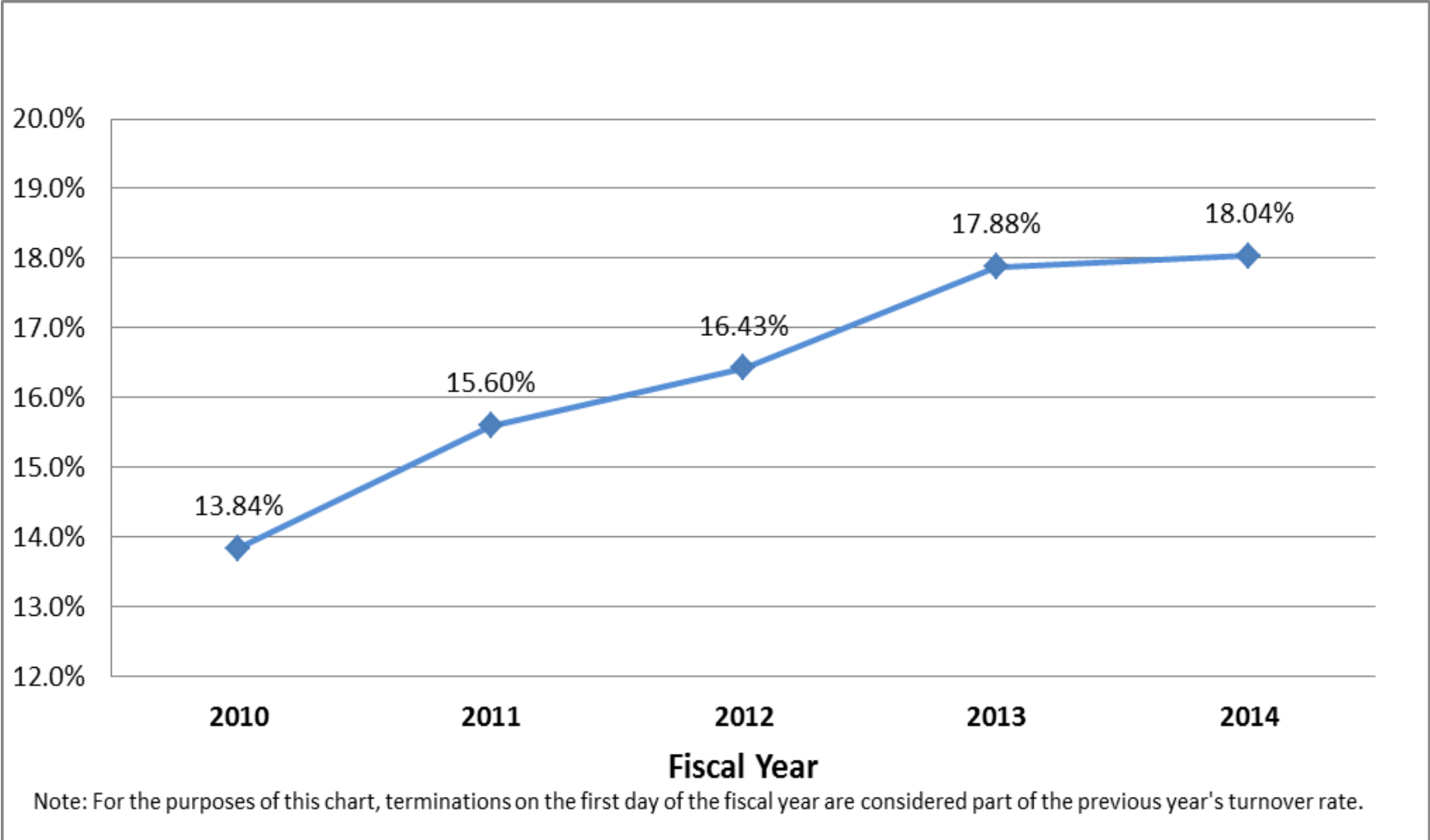
$$\$2,000 \times 100 \text{ FTEs} - 30 = \$2000 \times 70$$

10,000 FTE: Penalty = **\$19,940,000**

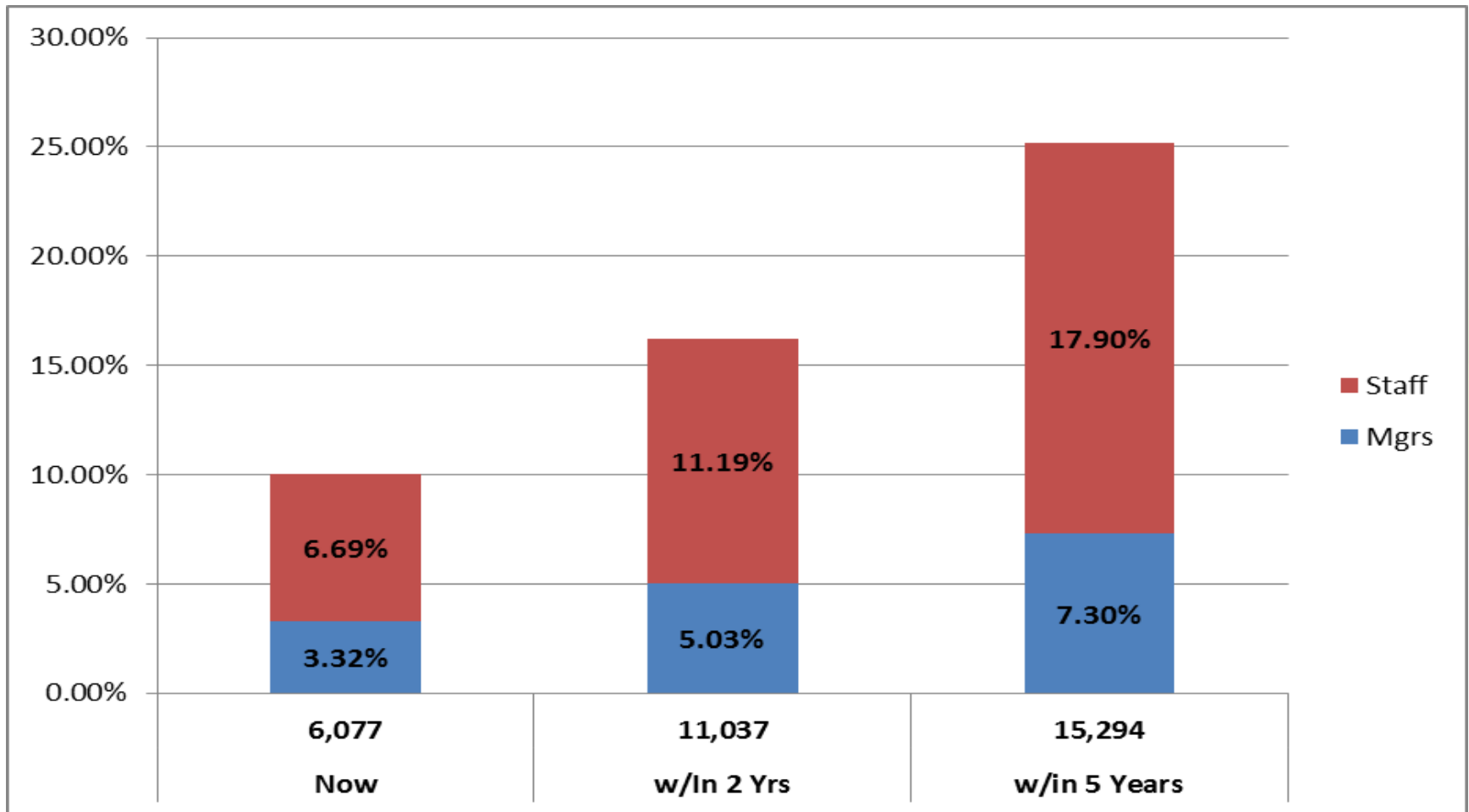
$$\$2,000 \times 10,000 \text{ FTEs} - 30 = \$2000 \times 9970$$

TAKEAWAYS: Count Correctly; Manage Hours; Be Conservative

General Turnover Continues to Climb



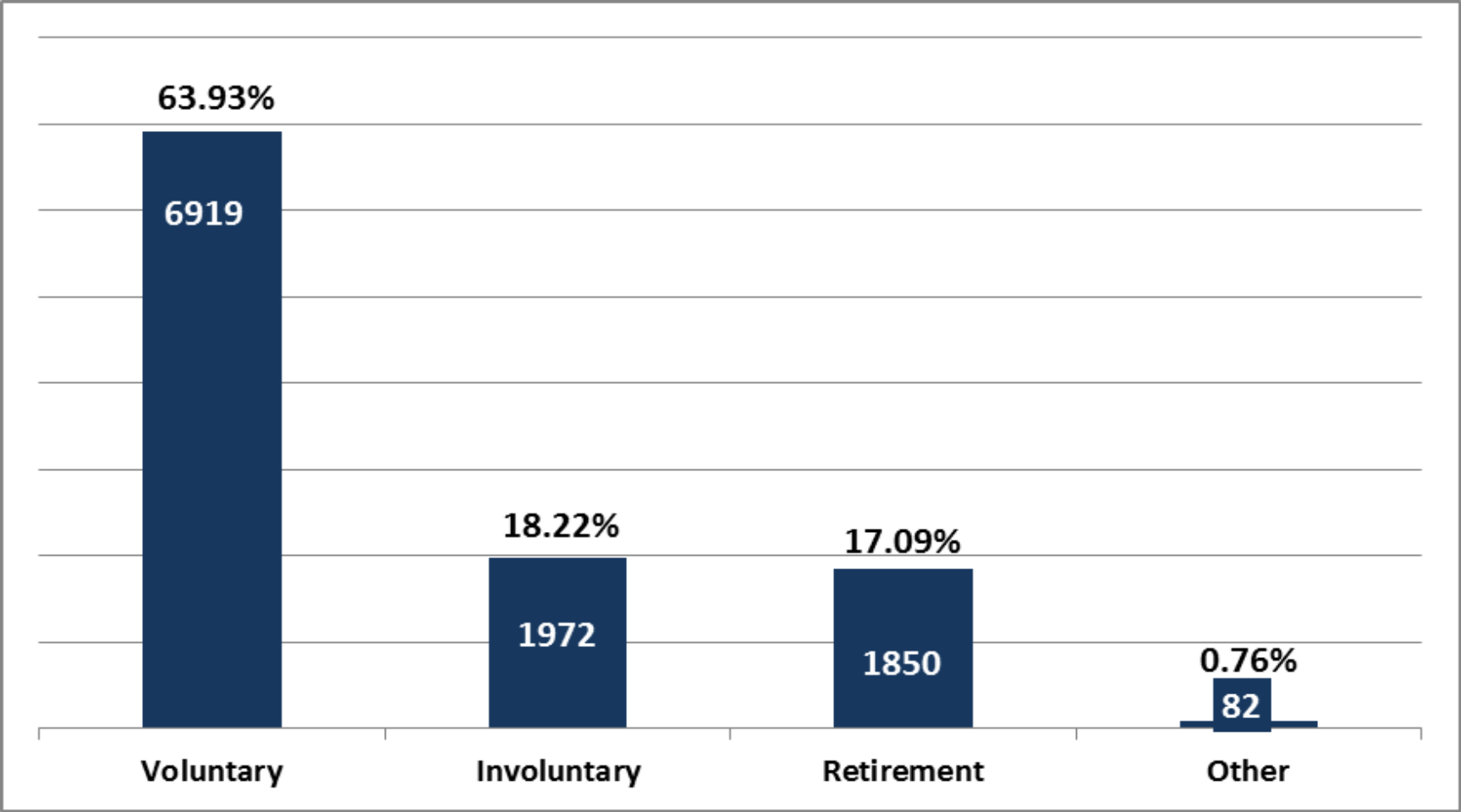
10% of Executive Branch Workforce can Retire Today



1 in 4 Eligible to Retire Within 5 Years

....with minimal notice

2 of Every 3 Employees Initiate Separation



Cost of Turnover

Industry Rule of Thumb: 20% of Vacating Salary
Higher if Skilled
Higher if Labor Shortage
Higher if Manager Position
Executives: Up to 200% of Salary

$$\$35,000 \times 20\% = \$7,000 \times 100 \text{ Hires} = \$700,000$$

Why Are Employees Leaving?

Don't Know due to:

- Inconsistent Data Input
- Inconsistent Off-boarding Processes

Various Surveys Report that Employees Leave Due to:

- Lack of Advancement
- Work / Life Balance
- Money
- Management

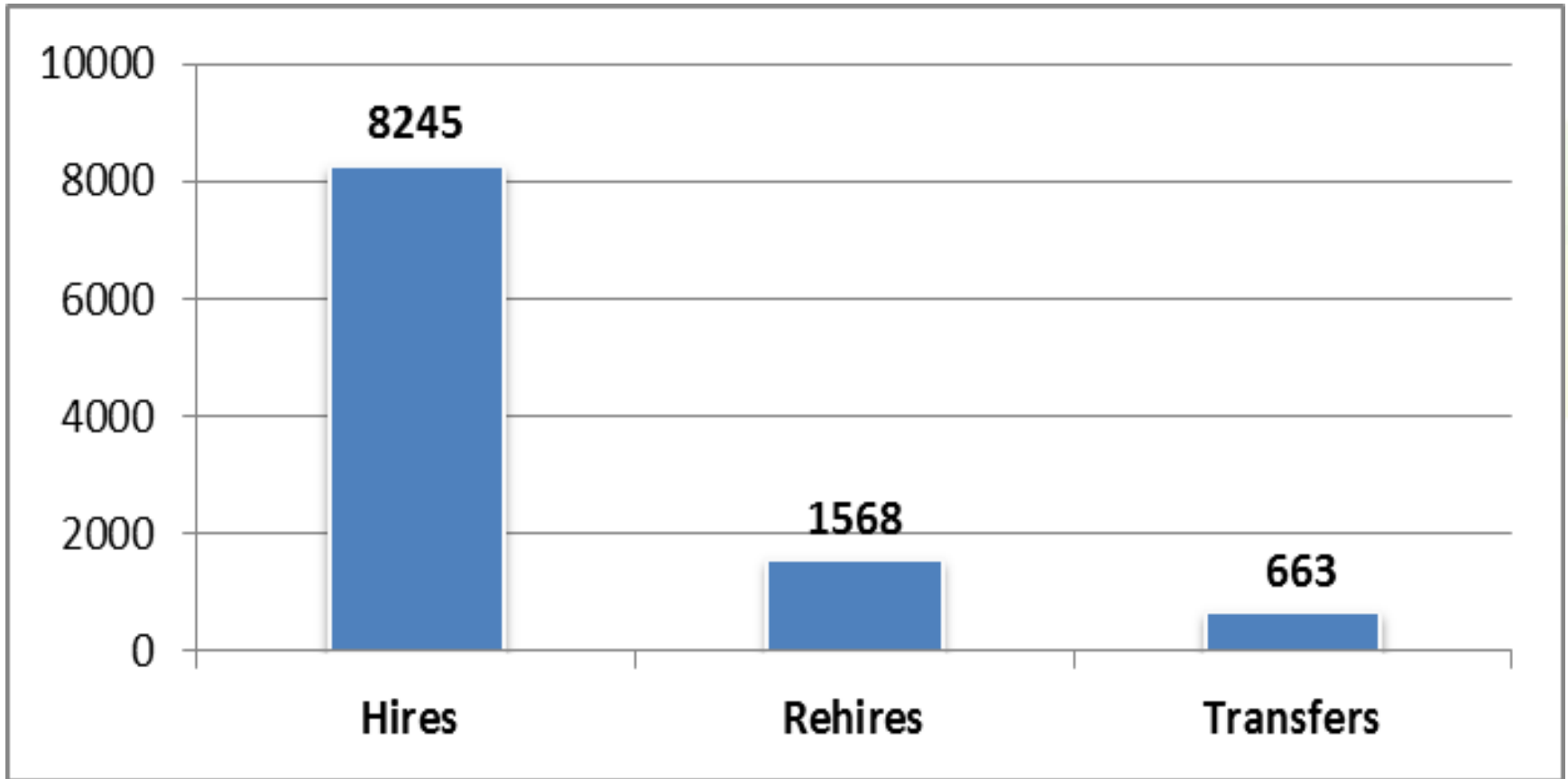
Sample Sources:

<http://www.forbes.com/sites/louisefron/2013/06/24/six-reasons-your-best-employees-quit-you/>

Talent.linkedin.com

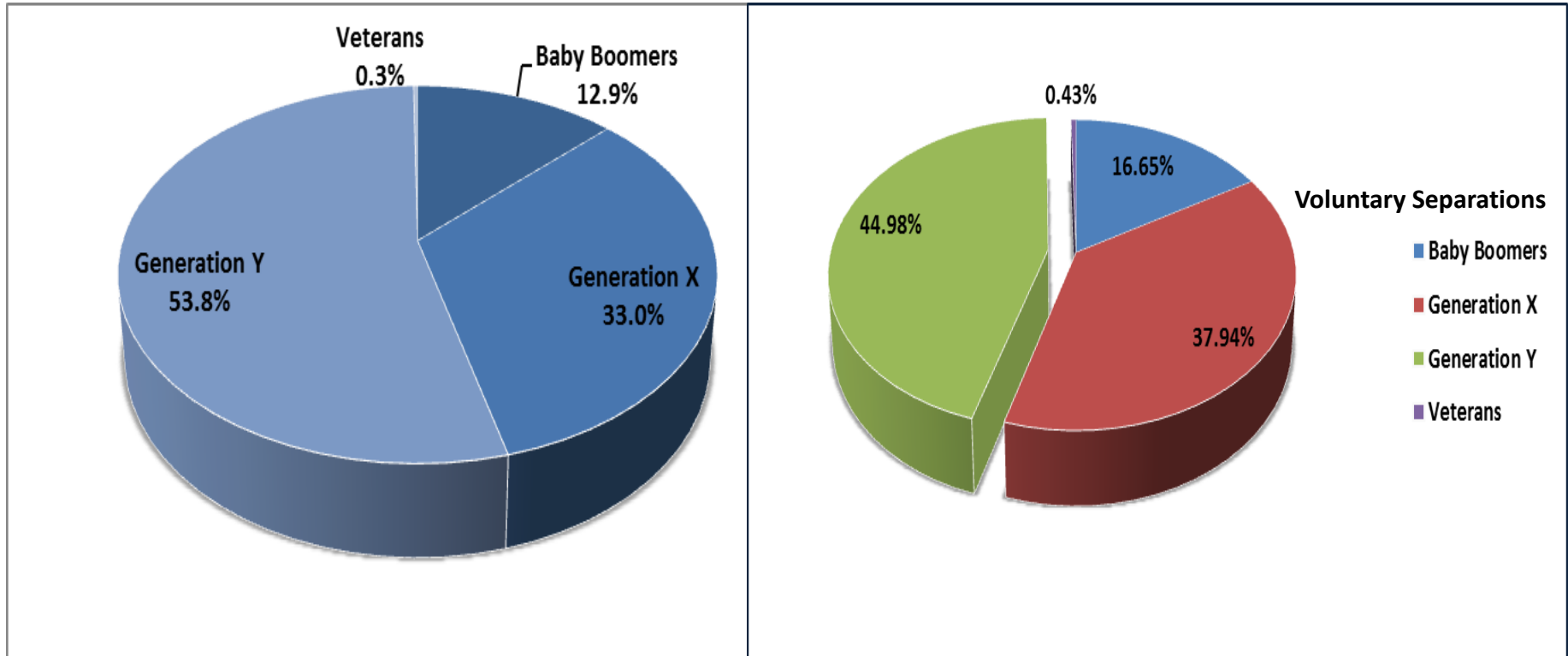
http://www.shrm.org/publications/hrnews/pages/cms_017619.aspx

Executive Branch Hiring Activity FY14



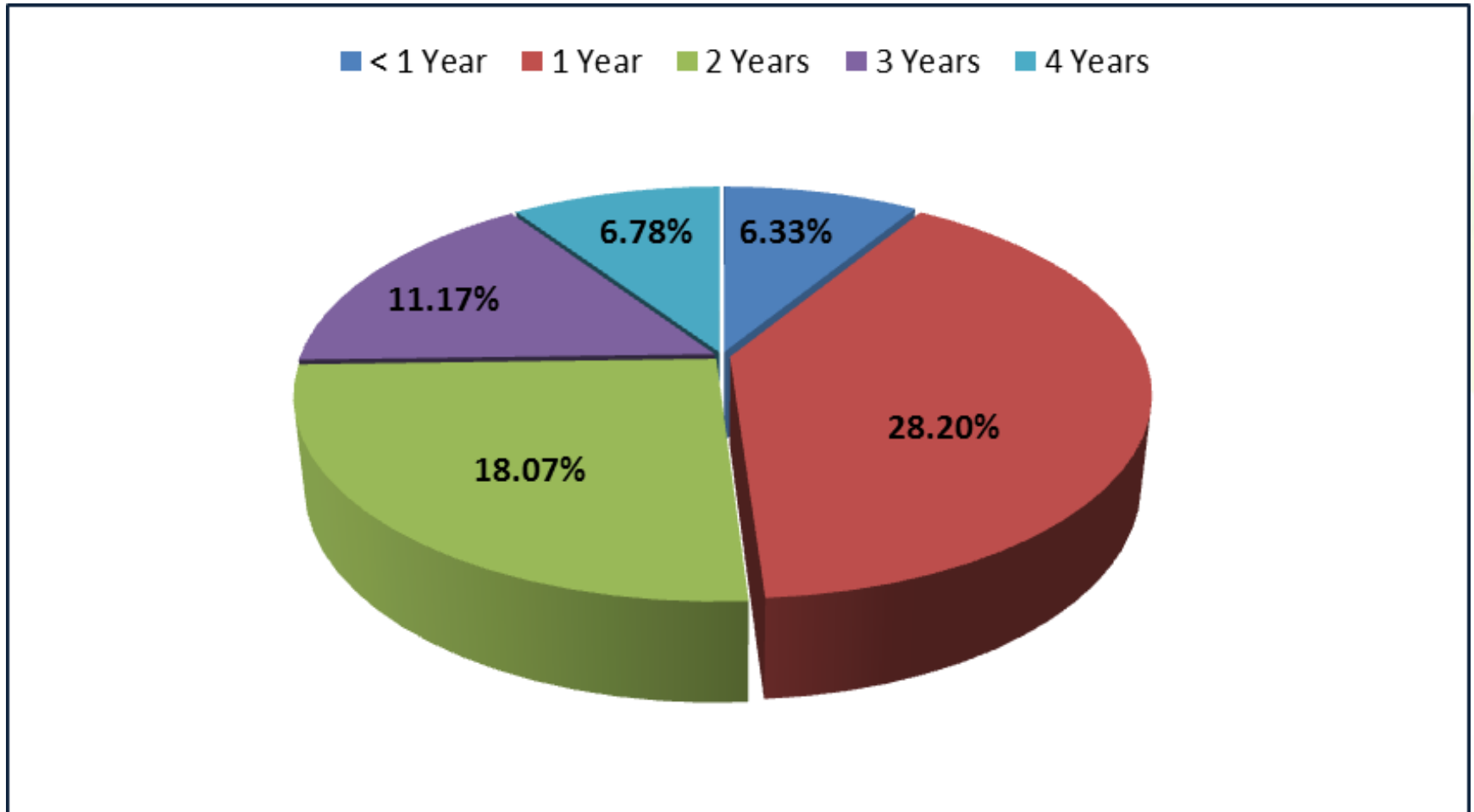
Gen Y = 54% of Hires

Gen Y = 45% of Quits



Losing More Baby Boomers & Gen X than hiring

Nearly 50% of Quits in Years 1 and 2



What HRA is Doing

1) Recruitment: Applicant Tracking

What: IT tool to automate hiring activities

Why: Shift focus to strategic recruitment & data-driven hiring
Need more than a job board

When: January 2015

2) Retention: LMS Business Case by December 2014

What: IT tool to automate training administration

Why: Insight into training ROI; Workforce % trained & promotable

When: TBD

What HRA is Doing

- 3) Retention: Data for targeted and measurable strategies
Standardized transactions & off-boarding processes
- 4) Retention: Share strategies for two top jobs w/ highest T/O
- 5) Retention: Common Manager Training Curriculum & Leadership
Competency Model
- 6) Retention: Learning Management System Business Case by
December 2014
- 7) Retention: Performance Mgmt System Solution vetted FY16
- 8) Retention: What do the four generations want?

What You Can Do

- 1) HR leadership called to duty to immediately identify retiree risk and develop knowledge transfer strategies
- 2) Be Open to Change. Focus on the right fit, keeping people, and developing
- 3) Know your numbers. Promote Data curiosity and data-based decisions
- 4) Partnership: HR – IT – Budget
- 5) Communicate. Communicate. Communicate



QUESTIONS?



Human Resources Administration

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