

STATE of MINNESOTA



TIM PAWLNTY
GOVERNOR

EXECUTIVE ORDER 05-07

PROVIDING DIRECTION TO STATE DEPARTMENTS REGARDING STRATEGIC SOURCING

I, TIM PAWLNTY, GOVERNOR OF THE STATE OF MINNESOTA, by virtue of the authority vested in me by the Constitution and applicable statutes, do hereby issue this executive order:

WHEREAS, as Governor, it is important that I provide clear direction to commissioners and state departments to take important steps, consistent with applicable law, to implement strategies that will make the provision of governmental services more efficient and cost-effective; and

WHEREAS, the Drive to Excellence Reform Initiative provides the State of Minnesota with a unique opportunity to fundamentally change the operation of state government; and

WHEREAS, the Drive to Excellence and the strategic plan set forth in the Transformation Roadmap outline methods for state government to provide faster, more reliable, and cost-effective services to Minnesota's citizens and businesses; and

WHEREAS, state departments and services need to be viewed as an integrated whole and as an enterprise, working together to support Minnesota as one organization with overall goals and objectives; and

WHEREAS, state government annually purchases over \$1 billion dollars worth of goods and services; and

WHEREAS, Minnesota, as well as other states and private sector organizations, has taken steps to reduce spending on goods and services through the use of strategic sourcing methods including product standardization, contract consolidation, multiple jurisdiction purchasing alliances, reverse auctions, lifecycle costing, and other techniques; and

WHEREAS, Minnesota has the opportunity to further reduce spending through a more comprehensive and coordinated use of strategic sourcing methods; and

WHEREAS, materials developed through the Drive to Excellence document the improved effectiveness and efficiency that can be gained from an enterprise orientation to the provision of government services;

NOW, THEREFORE, I hereby order and direct state departments to support implementation activities of the Drive to Excellence Reform Initiative by taking the following specific actions:

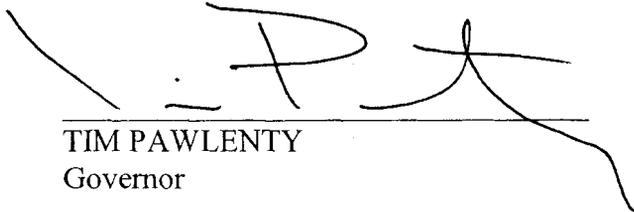
1. Consistent with the Commissioner of Administration's responsibilities and authority under Minnesota Statutes Chapters 16B, 16C, and 16E, the Commissioner will, in consultation with other state departments, develop and implement policies, procedures, and/or standards ensuring the optimal use of strategic sourcing techniques.
2. In developing these policies and procedures, the Commissioner of Administration will consider the requirements of Minnesota's procurement laws and seek to amend legislation, as appropriate.
3. All other commissioners, state departments, and employees of the executive branch will work with the Commissioner of Administration to develop and implement strategic sourcing techniques:
 - a. At the request of the Commissioner, departments will appoint representatives who can commit resources and speak with the authority of the department as participants in development of policies, procedures, and standards;
 - b. As directed by the Commissioner, departments may be required to accept delegated authority to procure goods and services intended for the exclusive use of the department receiving the delegation;
 - c. As directed by the Commissioner, departments may be required to relinquish delegated authority to procure goods and services identified to be applicable to the enterprise;
 - d. As directed by the Commissioner, departments will provide resources and assist with the achievement of strategic sourcing objectives; and

- e. Future professional/technical service contracts that represent an opportunity for the enterprise approach will be developed with the cooperation of affected departments and the Commissioner.
4. All vendor selection evaluations conducted under Minnesota's "best value" statutes must consider price to be of significant importance, as prescribed by the Commissioner, unless otherwise provided by law.
5. The Commissioner of Administration, in conjunction with other state departments as appropriate, will develop plans and policies to achieve the following specific objectives:
 - a. Refine vision, roles, and responsibilities for central procurement staff and department staff to include a Chief Procurement Officer, Supply Chain Management Group, User Groups, Category Management Teams, and Source Experts;
 - b. Validate non-enterprise or department-level purchasing within departments as appropriate;
 - c. Define a process to set standards for enterprise-wide procurement of goods and services, with an initial emphasis on IT-related commodities and office supplies, and subsequent attention directed to other high-potential categories;
 - d. Define an exception approval process for purchases inconsistent with established state standards;
 - e. Reduce and sustain a reduction in the number of state contracts and the number of vendors with whom the state does business;
 - f. Use reorganization orders, statutory changes, and other agreements consistent with the law to achieve the goals of this order; and
 - g. Ensure compliance with statutes, best practices, and high ethical standards.
6. All commissioners and state departments will utilize the state's enterprise-wide contracts.
7. On or before December 15, 2005, and annually thereafter, the Commissioner of Administration will summarize and report to the Governor regarding the results of this initiative, including information regarding:
 - a. The number and nature of enterprise-wide contracts awarded by the state;
 - b. Savings attributable to enterprise-wide contracts and other strategic sourcing strategies; and

- c. Any conclusions or recommendations regarding Minnesota's success with strategic sourcing and further system improvements.

Pursuant to Minnesota Statutes 2004, section 4.035, subdivision 2, this Executive Order will be effective fifteen (15) days after publication in the State Register and filing with the Secretary of State and will remain in effect in accordance with Minnesota Statutes 2004, section 4.035, subdivision 3.

IN TESTIMONY WHEREOF, I have set my hand this 4th day of April 2005.



TIM PAWLENTY
Governor

Filed According to Law:



MARY KIFFMEYER
Secretary of State