

TRANSFORMATIVE THINKING, TRANSFORMATIVE DOING

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ABSTRACT. In recent years, Health Promotion Board (HPB) has made a strategic shift from a traditional health education approach to an eco-systemic approach in health promotion, where the Board engages and harnesses the collective power of the 3 Ps (People, Private, and Public). The procuring of core services is a key enabler to support HPB's focus areas in tobacco control, mental well-being, health screening, obesity prevention, nutrition, dietetic services, chronic disease education, etc. In tandem with the Board's strategic shift, the procurement function has taken on strategic importance and is now functioning as an independent department, reporting to HPB's CEO. Fundamentally, HPB Procurement Department has changed the way it interacts with the business as it stands by the belief that the real procurement value goes beyond compliance (Caldwell & Howard, 2010). "Proper", "simpler", "faster", "closer" and "cheaper" are now its mantra for procurement excellence. The objective of this paper is to highlight the transformation journey that HPB's Procurement Department undertook to deliver the results, impact and value to the stakeholders.

INTRODUCTION

The Health Promotion Board (HPB) was established as a Statutory Board under the Ministry of Health, Singapore with the vision of building "A Nation of Healthy People". It spearheads national health education, promotion and disease prevention programmes as well as creates a health-supportive environment. It actively reaches out to the healthy, the at-risk and the unhealthy at all stages of life – children, youths, adults and older residents through wide-ranging programmes such as nutrition, mental health, physical activity, tobacco control and communicable disease education. It also

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promotes healthy ageing, integrated health screening, and chronic disease education and management.

Within the health landscape, the Singapore Burden of Disease Study 2010 (Epidemiology & Disease Control Division, Ministry of Health, Singapore, 2014) showed that non-communicable diseases (NCDs) are a major contributor to ill health, and nearly a quarter of this burden is attributable to modifiable lifestyle risk factors including obesity, cigarette smoking and physical inactivity. Coupled with the challenges of an ageing population and lifestyles that are increasingly dependent on modern conveniences that promote sedentary living, it is projected that the burden of disease from NCDs will grow exponentially.

In order to make a stronger impact to health outcomes and healthy behaviours by orders of magnitude, HPB has to go beyond its traditional approach of public education to implementing pervasive and affordable healthy living ecosystems across the nation where citizens study, work, live and play. While HPB has experimented with various prototypes and achieved some early successes in past years, the challenge lies in scaling-up and ensuring sustainability. Thus, as the national driver for health promotion and disease prevention, it cannot be business as usual for HPB.

In the next lap of HPB's Excellence Journey towards the Board's Vision Story of "Healthy Living Every Day", HPB has evolved its strategies, operating models, and built new capabilities. This reflects the purposeful shift of HPB's work from mainly education to environmental changes and programmes that influence and effect behaviour change in a sustained way. HPB adopted an eco-systemic approach where the Board engages and harnesses the collective power of the 3Ps (People, Private, Public) partners to co-create the choice architecture, and a diverse ecosystem of healthier options for sustaining healthy living.

Complementing this strategic shift, HPB has also aligned its internal Business and People systems with a view to improve execution quality, focus resources and capabilities, and enable greater teamwork and collaboration. The organisational capabilities were re-aligned to

the HPB value chain where organisational competencies were consolidated and resources focused towards the

design of systemic, sustainable and scalable solutions for priority areas of the Board. Internal processes were redesigned, alongside with the clarification of roles, alignment of Key Performance Indicators (KPIs) and articulation of key behaviours, for a common language to take root to support the desired culture. In particular, to establish focus on interdisciplinary teamwork, cross-divisional matrix teams were formed for priority areas to break across vertical siloes.

All in all, HPB has created a culture shift from structural silos, to a more collaborative one where organisational capabilities and learnings are better leveraged. HPB's organisational change was largely based on the McKinsey 7-S Framework which involves 7 elements, namely strategy, structure, systems, shared values, skills, style and staff (Waterman, Peters, & Phillips, 1980).

CULTIVATING COMMERCIALITY

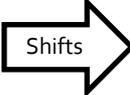
In the past, HPB's Procurement Department was structured as a back-end function. Due to its transactional focus in processing tenders, quotations and purchase orders (PO), staff perceived procurement as merely an administrative function. The team played the role of gatekeeper to ensure that the purchases were made in compliance to the Procurement Policies and would expedite on the PO. This approach was reactive in nature (Moser, 2007) where procurement only responded upon staff requests or needs, resulting in an ad-hoc relationship. There was also a lack of partnership in understanding each other's deeper concern, leading to misalignment of business needs.

As HPB took a strategic shift in business directions, the tempo of operations was also accelerated. Staff had to craft specifications in a broad manner and seek overarching approvals for purchases to meet operational deadlines, resulting in major audit lapses. Users focused on delivering their KPIs and did not consider the merits of Board-wide Demand Aggregation (DA). The silos in operations and lack of collaboration resulted in duplicated efforts in procuring similar services and without economies of scale, leading to operational inefficiency, higher purchasing cost and slower time-to-market (Senft & Gallegos, 2008). The full value of the procurement function was not realized and

therefore not optimally leveraged in achieving the Board's mission and goals.

To align with the Board's evolution to a new matrix organisation where collaboration among divisions is key to its success, the Procurement Department introduced a spend category approach to promote teamwork, standardize best practices and identify Board-wide DA opportunities (O'Brien, 2009). Data analytics is an important capability and the team has integrated it with business needs to formulate effective sourcing strategies and maximise the Return on Investment (ROI). Today, the team is proactively engaging its stakeholders in all sourcing decisions. Early engagement and influencing of stakeholders have led to better sourcing decisions, mutually benefitting both HPB and the public (suppliers) (Thai, 2001). Procurement has proven that the team can create value rather than to slow down the process. HPB's Procurement Department is now accepted by its stakeholders as an integrated partner (Table 1).

TABLE 1
Transformation of Procurement

<u>From</u>	Shifts 	<u>To</u>
Administrative		Strategic Business Partner
Reactive		Proactive
Silo		Collaborative
Episodic		Integrated
Transactional		Value-Creation

LITERATURE REVIEW

The team did a literature review to determine the existing literature in this field of study and integrated some of the more relevant ideas into building its methodology. Firstly, an essential element of procurement transformation across organisations would be the need to

improve supplier relationships. Traditionally, suppliers were kept a distance away from the organisation and were not involved in discussions and reviews. However, strategic procurement differs from such an approach by having the organisations being integrated with suppliers through interactions which will lead to greater cooperation in achieving their shared objectives. This would allow procurement to concentrate on value-adding outputs such as quality, total ownership cost, time-to-market, innovation, and continuity of supply (Rendon, 2005).

Next, people, namely the staff, are also an essential pillar towards the successful transformation of procurement. Sveiby (2001) mentions that knowledge based strategy should begin with the 'primary intangible resource - the capability of people' (Sveiby, 2001). Individuals create value in the organization by using their competence to transfer knowledge either internally or externally. External knowledge helps to create supplier relationships, reputation and experiences (Coakes, & Young, 2007).

One of the pet peeves that stakeholders have with procurement is that they feel that procurement does not understand their needs. In many cases, the source of failure of procurement organizations lies on their lack of involvement with stakeholders and inadequate understanding of the business. They eventually contracted suppliers that do not meet the needs of the stakeholders or the business (Rudzki, & Trent, 2011).

If procurement takes the effort to involve itself in the business and talks to the stakeholders about changing certain suppliers or processes, it will gain credibility because the stakeholders know that these procurement officers have internalized and understood the business nature and KPIs. Therefore, it is really vital for procurement to establish a strong partnership with the stakeholders (Rudzki, & Trent, 2011).

As reduction in time has been proven as a relevant driver, e-procurement is a rapid efficient method of finding and connecting new sources, being a lean channel for communication (Eadie, 2007; Knudsen, 2003). A significant amount of time is spent on paper invoicing which includes writing, filing and postal communication. E-procurement helped to set aside sufficient time for staff to engage on

strategic issues of procurement. E-procurement reduces maverick buying, where staff purchases from other suppliers instead of those with whom a purchasing agreement has been negotiated (Matunga, 2013).

Some leading commercial companies studied by The United States Government Accountability Office (GAO) in 2003 reported achievement and expected achievement of billions of dollars in savings by developing company-wide spend analysis programs. This analysis is meant to discover basic insights – amount spent for each service, the respective suppliers and whether there are opportunities for leveraged buying to reduce purchasing cost and improve performance. This analysis also identifies cases where several suppliers are providing similar services. Spend analysis is a critical tool for strategic planning and execution, along with the creation of lower-cost aggregated contracts. Significant cost reductions have been reported among the private sector, with some achieving reported savings of 10 to 20 percent of their total procurement costs through this strategic approach to purchasing goods and services (United States Government Accountability Office, 2003).

Pandit and Marmanis (2008) had also outlined some specific benefits of conducting spend analysis, which include: (1) Broad-based visibility into corporate spending, (2) Accuracy and Consistency of Data,(3) Reduced cycle time in generating custom report and (4) Faster identification of saving opportunities through supplier consolidation and bulk purchasing.

METHODS

HPB's Procurement Department has adopted these key approaches in the transformation journey to create value and deliver results:

- a) Re-branding procurement to change staff perception
- b) Simplifying procurement processes to enable business agility
- c) Early engagement and influencing stakeholders to achieve resource optimisation (Rudzki, & Trent, 2011).

- d) Using data analytics to drive strategic sourcing decisions (United States Government Accountability Office, 2003).
- e) Promoting collaboration across divisions to achieve Board's shared objectives
- f) Strengthening supplier relationship to maximise ROI (Rendon, 2005).

Clear Vision, Mission and Procurement Insight to Energize the Team towards a Common Purpose

No one denies that procurement needs to follow the right process, but should this be what defined the function? HPB's Procurement Department created a new brand with a clear vision, mission statement and insight to align their commitment with the Board's goals (as shown in Figure 1).

FIGURE 1
Transformation: Framework for Excellence



Legends:

Vision: Creating Values, Delivering Results.

Mission Statement: To be your strategic partner in achieving HPB's commitment and success, and not just dealing with purchasing matters.

Insight: Delivering Values.

In order to transform the procurement brand and move from an operational to a strategic approach, the Department learns to:

- a) think purposefully about the future and consider where the business is focusing,
- b) challenge the status quo and leave no stone unturned,
- c) prioritize importance over urgency. Often, Procurement works on something that is urgent, but not important,
- d) work creatively and think laterally to discover new strategic paths, and

- e) consider all relevant variables and look for market trends and inter-connections.

This brand sets the tone for procurement to be a trusted partner for the stakeholders. It guides the procurement team to focus on value creation beyond their transactional and compliance roles. The new brand increases staff understanding of how procurement can help achieve their goals and fosters stronger and strategic relationships (Arrowsmith & Anderson, 2011).

Balancing Compliance and Efficiency

A key challenge for most procurement officers is to strike a delicate balance between corporate governance and business agility (Cabinet Office Public Sector Team, 2003). A quick win to overcome this challenge is to pro-actively identify sourcing initiatives and spend consolidation opportunities through spend analysis and market benchmarking. This approach helps to:

- a) Achieve business strategies and goals within proper governance framework,
- b) Shorten procurement lead-time, and
- c) Reduce unit price with savings re-invested to conduct more health programmes to increase public outreach numbers.

There is no perfect plan for transformation. The Procurement Department needs to make a start, and adjust the wheel along the way while having the end objective in mind. They need to take risks, dare to try and accept that failure is sometimes inevitable when they try. In fact, the team adopted this broad principle: "Think Big, Start Small, Act Fast".

Adopting a Holistic Approach to Deliver Value Procurement

Strengthening control and compliance is a conventional approach to instil in staff the key procurement principles (South African National Civic Organisation, 1995). While this may increase staff awareness on potential lapses, the awareness alone is insufficient to help staff to internalize the procurement principles. Moreover, this approach does

not help Procurement to build its stakeholder relationships (Dobson & Dobson, 2011). The team has integrated these four core pillars in its transformation approach to bring about the paradigm shift from tactical to strategic roles:

Leveraging on Data Analytics to Drive Spend Category Strategies

The Department introduced a category spend approach to strengthen partnership with stakeholders, focus on data analytics in each spend category to improve business intelligence and enable complex DA opportunity, as well as standardize best practices on category sourcing across the Board (e.g. provision of services for physical activity, nutrition & dietetic, tobacco control, mental well-being, health screening, communicable disease education, etc.) (United States Government Accountability Office, 2003). Feedback from stakeholders are also collected to assess procurement priorities and check on its performance.

Building Stakeholder Partnership

A large part of procurement job involves persuading, challenging and influencing the business so that better decisions can be made. The procurement success is somehow defined by how well it shapes and manages the web of relationship. It is therefore crucial that every partnership starts with a good conversation (Servaes, 2007). The Department designed a new stakeholder relationship matrix for the team to engage in productive dialogues with their key stakeholders, aligning commitments with their expectations.

In order to build rapport with stakeholders, it is essential to make it easier for others to come to Procurement and have a fun and interactive experience with the Department. Despite Procurement being a mandatory part of the purchasing process, the approachable nature of the Department makes people want to come to them instead of having to, as set by the policy.

The stakeholders want these values from Procurement – Savings, Speed, Quality and Governance. The team stays close to the ground, listening to various stakeholders with empathy to understand their

deeper concerns when it may not be possible to impose a one-size-fits-all solution.

Improving Supplier Relationship

The Department has also implemented a new and user-friendly Supplier Performance Feedback e-Form to solicit user feedback on the strategic suppliers. It promotes active interaction between both parties to:

- a) drive continuous improvements,
- b) ensure timely corrective actions and
- c) maximise ROI (Rendon, 2005).

The team awarded longer-term contracts with volume commitment to motivate suppliers to invest more so as to become an integral part of HPB's business. Procurement should drive innovation by collaborating with suppliers. If Procurement is concerned about cost savings, it may diminish the supplier's ability to innovate. This becomes counter-productive, and may damage working relationship with the supplier.

Simplifying Process and Driving Programme Excellence

Simplicity means speed (Hall, 2015). The team has rolled out many Board-wide DA Contracts for staff to buy directly from these contracts' schedule of rates, which resulted in overall administrative & operational efficiencies.

On programme excellence, an online risk assessment matrix has been launched as a tool for staff to identify potentially high risk procurement projects for management approval prior to the calling of tender. In addition, the Department had designed a simple, well-paced and structured Procurement e-Learning courseware with voiceover and animation. Staff are required to complete an online quiz that seeks to dispel or clarify some myths of procurement. This courseware provided a stage-by-stage scenario walkthrough of the procurement processes, highlighting the key concepts and pitfalls to look out for at each procurement stage. This courseware was recognised at the HPB Innovation Award 2016.

RESULTS, IMPACT AND VALUE CREATION

With this transformation, the average cycle time for HPB's Quotation process (i.e. total time taken from approval of requirements to contract award) is 19 working days which is about 2.3 times faster than the public sector global average of 44.2 working days (National Institute of Governmental Purchasing, Inc, 2012). Next, the average cycle time for HPB's Tender processes is 39 working days which is again 1.8 times faster than the global average of 72.3 working days (National Institute of Governmental Purchasing, Inc, 2012). In addition, HPB has established many Board-wide DA contracts to further shorten the procurement lead-time so that the staff can meet their operational deadlines. Prior to the establishment of Board-wide contracts, 14,800 man days were incurred for processing procurement transactions such as tenders and quotations. With the establishment of Board-wide contracts, the processing time has reduced to 13,800 man days. Overall, this translates to a productivity saving of 1,000 man-days. In addition, the staff adoption rate for DA contracts also increased from 70% in FY14 to 94% in FY16 and there was a monetary savings of about 5%.

Also, the Department has consolidated the top 90% spend within 80 suppliers, which is comparable with the industry benchmark. Notwithstanding the above, the Department continues to maintain a robust governance framework, passing the Auditor-General Office's (AGO) Audit with no mention in their published report to The President and Parliament of Singapore in FY14/15.

The annual HPB's Customer Satisfaction Survey of Procurement based on a scale of 6 (6 = Excellent, 5 = Very Good, 4 = Good, etc.) has shown marked improvement over the years (2015: 4.98, 2014: 4.44, 2013: 3.70). Table 2 summarizes the various areas of service that the Procurement Department were assessed on and the respective scores. The final score of 4.98 was attained by taking the average of the 4 scores for each area of service.

More Citizens Adopting Healthier Behaviour

The Board-wide contracts brought savings which are reinvested into various programmes to reach out to more citizens. One example

would include the savings obtained through the Physical Activity DA contract which resulted in an increase from 70 to 75 sessions per

TABLE 2
Customer Satisfaction Survey of Procurement

Areas of Service		Component Score	Area score	Final score
Operational Management	Timeliness of Service	4.82	4.96	4.98
	Quality of Service	5.07		
Account Management	Quality of Consultative Advice	5.22	5.21	
	Listening to Your Needs	5.21		
Strategic Management	Quality of Demand Aggregation Contracts	4.72	4.72	
	Building Strategic Partnerships	4.72		
Compliance Management	Responsiveness to Procurement Lapses	5.04	5.01	
	User Acceptance of Procurement's Corrective Action(s) on Audit Point(s)	5.01		

week for HPB's Fitness@Work programme. These additional 5 sessions per week have successfully reached out to approximately 300 more participants. Overall, HPB managed to achieve 147,000 adult participants in physical activity programme in FY15, far surpassing the FY2015 target of 80,000 adult participants.

More Citizens Adopting Healthier Behaviour

The Board-wide contracts brought savings which are reinvested into various programmes to reach out to more citizens. One example would include the savings obtained through the Physical Activity DA contract which resulted in an increase from 70 to 75 sessions per week for HPB's Fitness@Work programme. These additional 5 sessions per week have successfully reached out to approximately 300 more participants. Overall, HPB managed to achieve 147,000 adult

participants in physical activity programme in FY15, far surpassing the FY2015 target of 80,000 adult participants.

The increase in the number of citizens adopting healthier behaviour can also be seen from the number of meals eaten out that are healthier and the access to healthier meals in schools. There was a quantum leap from 31.2 million in FY2014 compared to 155 million in FY2015 on the number of healthier meals eaten out that are healthier. The percentage of schoolchildren and pre-schoolers with access to healthier meals has seen a jump from 5.3% in FY2014 to 54% in FY2015. By increasing the outreach, more citizens have now benefited from HPB health promoting programmes, which eventually leads to citizens adopting healthier behaviour.

The Procurement Department has also effectively leveraged the digital technology in developing its sourcing strategy and discovered the game-changing innovations to make health promotion programmes more effective. A shift that is beneficial for customers and businesses alike, not only in delighting citizens with an interactive, user-friendly digital experience, but also extending digital transformation efforts to attain operational excellence, realize cost efficiencies and achieve business agility. Testament to this is the roll-out of mobile applications like Healthy 365, Snap & Eat, HealthHub, etc. whereby programme participants would be earning health points by staying active and purchasing healthier meal options. These health points would then allow the participants to redeem grocery vouchers.

Building Up Supplier Capabilities Through Long-Term Contracts

The longer term contracts provide the business driver for suppliers to strengthen their capacities and capabilities, which enable them to undertake more HPB projects and serve HPB's business needs. For example, the contractors serving HPB are now scaling up their resources to support HPB's nationwide physical activity programmes at the schools, communities and workplaces.

Faster Time-to-Market to Meet Dynamic Business Needs

Through Board-wide contracts, the pre-determined schedule of rates and qualified pool of ready service providers have helped in

achieving shorter lead times for the procurement of complex services at competitive prices. This agility allows HPB to roll out and scale up programmes rapidly to meet HPB's objectives as well as speed up the on-boarding process for participating partners.

The Healthier Dining Programme (HDP) has scaled considerably since its launch in 2014, with 45 large-chain F&B partners across more than 1200 outlets in Singapore now offering lower-calorie meals. This rapid scale-up was made possible due to more efficient processes in the procurement of nutrient analysis and meal endorsement services through the new procurement framework. For example, public food court (e.g. Koufu, Kopitiam) operations are highly time sensitive as time between securing a premise to outlet opening is short (1-2 months). The DA contract has helped to reduce the time required for menu analysis and meal endorsements from 3-4 weeks to 1-2 weeks. This efficiency improvement has strengthened commercial partners' confidence in the programme and its ability to scale at a rapid pace. Through establishing strong partnerships and refinement of key processes, HPB is able to bring more lower-calorie meal options to consumers within a shorter time. In her testimonial to Procurement Department, Dr. Annie Ling, Director of Obesity Prevention & Management Division, HPB, stated the following:

Partnering F&B operators to offer healthier menu options is a key thrust of HPB's food strategy. Such partnerships call for agility in provision of services (menu analysis and endorsement) to support business needs in a highly competitive market. The Food and Nutrition Service mega tender has more than halved the time taken to procure menu consult and design services. This reflects professionalism and instils confidence in the support provided by HPB. Testament to this is the unprecedented growth in the pool of participating healthier dining partners. Over a short span of two years, 45 household chains with a reach of 1,200 outlets are on board with us offering a good selection of healthier menu choices

Improved Operational Efficiency

With the increase in HPB's adoption rate from 70% in FY14 to 94% in FY16 for buying against Board-wide DA contracts, productivity savings of 1000 man-days have been achieved which can be channelled to more strategic tasks. In addition, this has enabled HPB to reduce its procurement operating cost to 0.4% of annual PO spend, which is significantly lower than the public sector global average of 10% of the PO spend (National Institute of Governmental Purchasing, 2012).

Greater Cost Efficacy Through Board-wide Demand Aggregation

Different HPB programmes use common suppliers' services, such as physical activity, nutrition and dietetic services, to complement HPB's core expertise. Through spend analysis, HPB had identified opportunities to consolidate demand for these services across divisions. With the consolidation of requirements for Physical Activity and Nutrition & Dietetic services, HPB achieved a savings of minimum \$1M per year over the four years contract period, by comparing the Schedule of Rates (SOR) established under the DA contracts against the past purchase prices. This reduction in prices ensured public funds were well utilised to deliver higher quality health promoting programmes and services to more people at various settings (schools, communities and workplaces). (See Appendix A)

Greater Cost Efficacy through Active Market Sourcing

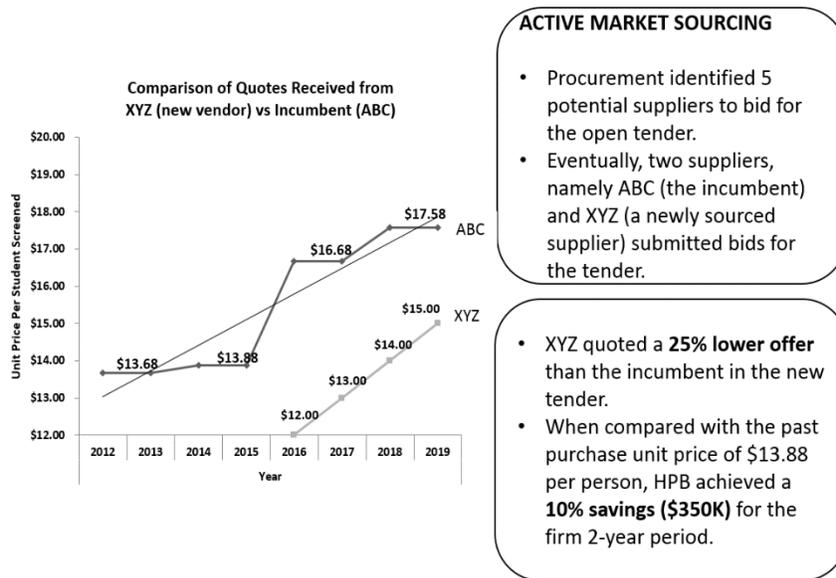
In the face of tight timeline, staff would often attempt to speed up specification development and supplier sourcing by making assumptions such as: a) past purchases are value-for-money and provide good price references for procuring the same services in the current market condition, and b) GeBIZ¹ is the sole platform to attract new and potential suppliers. With the influx of new entrants into the market and existing suppliers developing new capabilities, challenging these assumptions help the team to achieve higher quality of supplier services and better value-for-money. For example, as shown in Figure 2, the Department managed to achieve 10% savings (\$350,000) for the outsourcing of school-based health screening services.

Ensuring Financial Prudence through Sourcing Strategy

To ensure financial prudence in marketing purchases, HPB Procurement improved its sourcing strategy by:

- a) Embarking on early procurement planning (including active market sourcing) to determine the series of campaigns for the year,
- b) Excluding unconfirmed strategic campaigns from the marketing agency’s retainer fee,
- c) Including recurring purchased items under the Schedule of Rates that had been evaluated to be reasonable, and

FIGURE 2
Case of Outsourcing of School-Based Health Screening Services

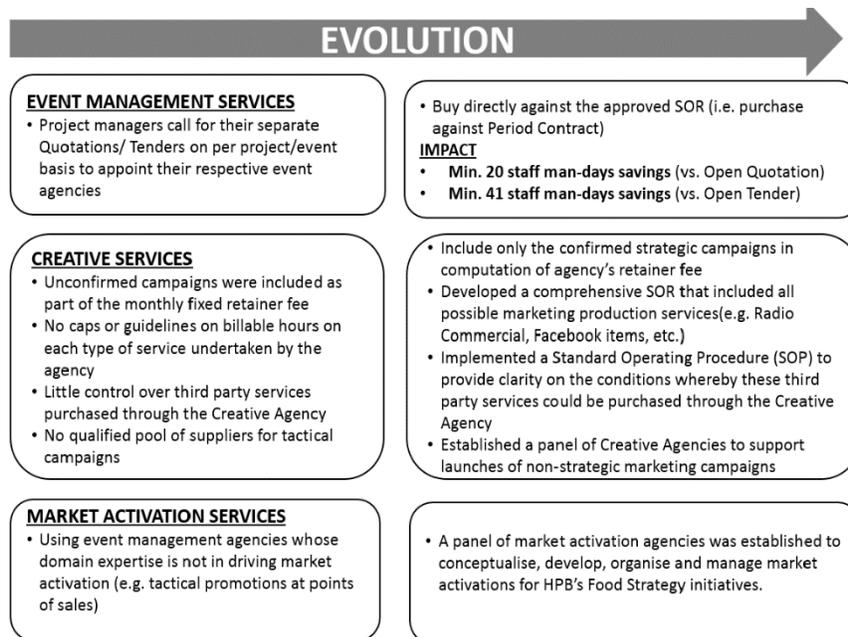


- d) Validating that 3rd party purchases (e.g. photos/images) can only be procured through the creative agency on the condition that these have to be integrated with the original designs or concepts developed by the agency.

Figure 3 shows the evolution of HPB's marketing sourcing strategy. All these measures have resulted in higher quality services and value-for-money for HPB's marketing campaigns. Major cost savings achieved for Marketing Services include the following:

- (a) Creative services: The estimated 3-year cost savings are \$2,484,651 based on the new Agency's charges against the previous year's contract for Retainer Fee and Creative Production Cost,
- (b) Media services: The estimated 3-year cost savings are \$2,485,800, including the Agency Commission Fee and other negotiated savings through Media agency with media owners, and

FIGURE 3
Evolution of Marketing Sourcing Strategy to Deliver Cost Efficacy



- (c) Public Relations services: The estimated 4-year cost savings are \$528,981 based on the new Agency's retainer fee against the past year's retainer fee.

In her testimonial to Procurement Department, Ms. Dawn Lee, Director of Corporate Marketing Division, HPB, stated the following:

By enhancing our sourcing strategies, Corporate Marketing was able to see a significant improvement in the way we work with our creative agencies. Despite reduction in campaign creative budgets, we have been able to negotiate better rates without compromising the quality of services delivered by our creative agencies. Through the streamlining of processes, providing training to our marketing staff, and ensuring that Procurement processes and guidelines are clearly communicated with and adhered to by our creative agency partners, we have been able to save time and resources. This, in turn, afforded our marketing officers more time to focus on developing effective marketing campaigns and optimising the return on our marketing dollars invested.

Maintaining High Standards of Compliance

Despite HPB's challenges in scaling up many programmes and services within short time frames, high standards of compliance are not compromised.

- a) More than 90% of existing staff who handle procurement have completed and passed the procurement e-learning courseware.
- b) A significant reduction in the number of "After-The-Fact" Purchase Orders (retrospective approvals) from 13 cases in FY14 to 1 case in FY16.

In FY14/15, the Department passed the AGO Audit with no mention in their published report to The President and Parliament of Singapore.

TRANSFERABILITY AND LEARNING POINTS

The methodologies used in this transformation framework are generic and can be adopted by other public agencies. All government entities in Singapore are governed by the same procurement principles. The biggest challenge is to overcome the staff's inertia for change. The main best practices are as follows:

Involving Senior Management to Inculcate the Right Values in All Staff

To enable an overall procurement culture change, top level commitment is crucial to instil the right values of accountability and prudence in staff, with management leading the way (Yaffe, & Kark, 2011). HPB's procurement transformation is sponsored by the CEO. Directors are also engaged as project sponsors for Board-wide tenders to provide guidance and commit their staff to operationalise these tenders.

Re-branding Procurement

The Procurement Department understands that once a perception is formed by stakeholders, it becomes a reality and is difficult to change. HPB Procurement's response to its stakeholders is critical as this often drives their perceptions on the Procurement team. It is therefore important that the team re-markets the procurement brand to prove that the real Procurement values go beyond compliance. Thus, it established a clear vision and mission statement for procurement to energise the team around a shared goal.

Creating and executing a new brand plan is only one piece to the puzzle, but ensuring stakeholders are on-board with the plan is an entire different ball-game. In order to transform Procurement to be a critical business driver, the department builds relationships outside of the procurement function.

Establishing Partnerships with Stakeholders

Procurement has a choice when it comes to stakeholder relationship – to be reactive or proactive. In order to transform, the department focused on this ethos to move procurement beyond compliance:

- c) Be CLOSER to stakeholders and suppliers by collaborating and building up market capabilities,
- d) Buy CHEAPER by delivering value for money,
- e) Enable FASTER time-to-market by shortening procurement lead-time, and

- f) Make Simpler by driving process automation and program excellence.

The adoption of a flexible approach to stakeholders is key to stakeholder management. HPB Procurement begins the stakeholder engagement journey with an end objective of a true partnership. Also, it ingrained a new service culture into its procurement “Way of Working” with the aim to be accepted as an integrated business partner (see Figure 4). Collaboration occurs when all parties come together to jointly develop solutions to support shared Board’s objectives, even though it may involve trade-offs for some; but as a whole the Board will be better off. In the spirit of building success together, the Procurement Department learns to frame its challenges as a collective one and draws upon its collective resources and ingenuity to seize the many opportunities.

FIGURE 4
The Procurement Values beyond Compliance



Procurement needs to be revolutionary and leads changes, rather than adapting to change. It is not easy. The single most common issue for the team is the on-going challenge of not only extracting the values,

but of communicating these values to business leaders. Ultimately, value is in the eye of the beholder.

At each stage of the procurement process, the Department strives to deliver value-added services to its stakeholders in order to strengthen procurement best practices (see Table 3).

TABLE 3
Value-Added Services by Procurement

Stages	Value-Added Procurement
Establishing Needs	Implemented a Risk Assessment Matrix to identify high risk projects. Validating Approval Of Requirement to ensure that the justifications to establish genuine procurement needs are included, and only then will the necessary funds be made available.
Determining Procurement Approach	Establishing DA contracts with a qualified pool of suppliers including schedule of rates so that the Divisions can buy off the contracts directly or call a Request for Quotation requiring shorter procurement lead-time as compared to open quotations/ tenders.

TABLE 3 (Continued)

Stages	Value-Added Procurement
Specifying Requirements	Optimising requirement specifications to ensure that they are in alignment with market leading indicators, while also safeguarding the Board's interests. Determining that requirement specifications are not onerous, are unbiased, encourage competition and can be evaluated.
Sourcing	Performing active market sourcing to promote and encourage aggressive competitive bidding against the incumbent. Ensuring forward Procurement planning in order to reach out to more suppliers and encourage them to participate in the tender.
Evaluating	Being an active and valuable member in the tender evaluation process to ensure that Procurement knowledge allows the Board to derive greater value from the offers received from tenderers.
Seeking Approval	Determining that the recommended offers, submitted by Quotation and Tender Evaluation Committees, are value for money.
Contracting	Ensuring timely issuance of Contracts and Purchase Orders.
Managing Contract	Implemented a Contract Monitoring System to trigger advance notice prior to the contract expiry. Carrying out Supplier Business Review with strategic suppliers. Managing complex/critical dispute and crisis resolution to uphold the Board's reputation.

Identifying Quick Wins

The Procurement Department proactively listens to its stakeholders to show that it cares and is willing to get involved – discussing their priorities, challenges, interest areas and pain points. By gaining a deeper understanding of its stakeholders' ambitions, the Department builds a credible position by delivering wins. These wins may be small initially, but will grow as the Department becomes more engaged in the business discussions. There is no magic trick in winning over business confidence. It requires a lot of passion,

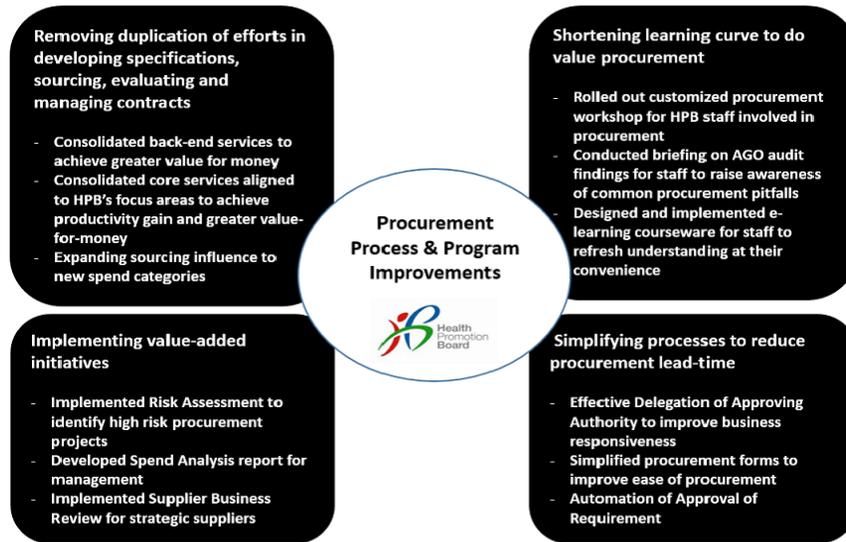
predictability, perseverance and building credibility. When the team starts to win, the stakeholders begin to believe in them. This is when collaboration is formed and collaboration is key to any transformation. Figure 5 summarizes the “quick wins” delivered by the Department.

Re-Structuring Procurement to Focus on New Priorities

With HPB’s re-structuring, the Procurement Department now directly reports to CEO. This empowers the Procurement Department to lead the change. Internally, the Procurement Department was also re-organised. A spend category approach has been introduced and performance of deep dive analysis in each category is done on a consistent basis. Such analysis improved business intelligence to stakeholders to enable sustainable sourcing strategies and opportunity realisation by categories across the Board. In addition, a new Program Management Office within Procurement Department was established to focus on operational excellence and efficiency improvements through business processes, tools, business information and quality management.

A lot have been said of data analytics, which alone cannot transform any business. The Department therefore sees the need to

FIGURE 5
Procurement Process and Program Improvements



incorporate both human skills and analytics to transform procurement jobs.

Encouraging Good Procurement Behaviour through Recognition

Through the recognition of good procurement practitioners (e.g. project managers) via performance appraisal and corporate awards, it promotes good procurement behaviour among staff as well as reinforces the importance of upholding governance and value procurement.

Leveraging On Good Supplier Relationship

Active supplier business reviews allow the Department to gather market leading indicators, new technological advancements or innovations, identify newcomers in the horizon and other important industry insights. A good supplier relationship means the supplier would want to invest more to become an integral part of HPB's "business".

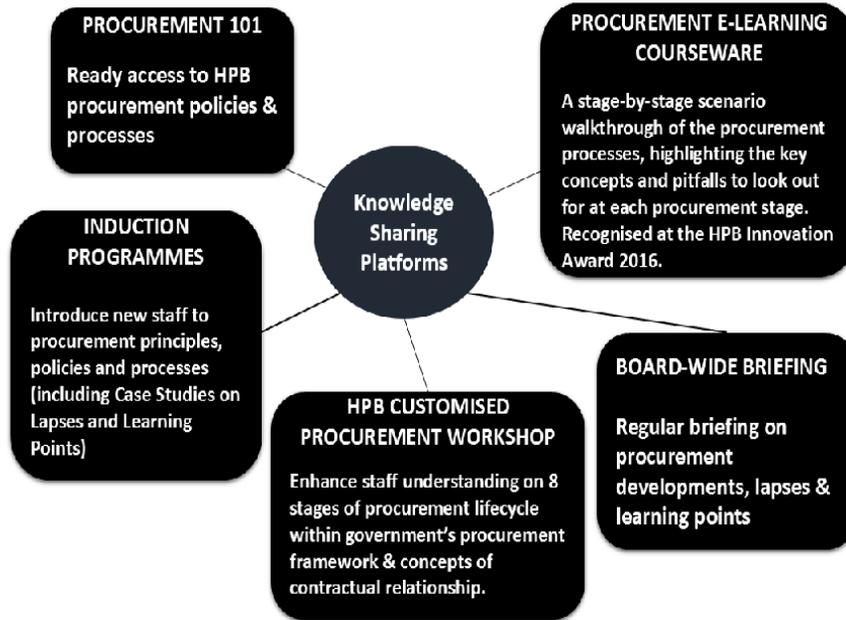
Internalisation of Procurement Core Principles

As staff are involved in procurement, they need to internalise and consistently practise value procurement to maximise return on investment for the Board. HPB's structured capability building programme equips staff with procurement knowledge and skills for their application (see Figure 6). Staff procurement knowledge is also reinforced through a) their interactions with management to align business priorities with procurement strategies and b) regular consultation with procurement officers.

EXTERNAL RECOGNITION

HPB Procurement has been invited to speak at various platforms to share its success and learnings in its procurement transformation. Being a firm believer of best practices sharing, HPB Procurement has hosted the inaugural "Procurement Round Table" where procurement practitioners from various public agencies come together to discuss common challenges and share best practices to further promote value procurement in public service.

FIGURE 6
HPB Procurement Knowledge-Sharing Platforms



HPB Procurement transformation paper “Transformative THINKING. Transformative DOING” was accepted for presentation at the 7th International Public Procurement Conference in Bali, Indonesia on August 3 to 5, 2016. In recognition of the Procurement Department’s achievement, the team was nominated for numerous awards at the World Procurement Congress (UK), ProcureCon EPIC (USA), The Faculty CPO Forum (Australia), CIPS Asia (Singapore), etc. In 2017, HPB Head of Procurement was also conferred the Supply Chain Professional of the Year by The Supply Chain Asia as well as the Asia Supply Management Awards by the CIPS.

HPB’s Board Director (Deputy Secretary Amy Hing, who is a member of the HPB’s Tender Approving Committee), has commended on the HPB Procurement best practices: “The HPB teams - both procurement and partner departments – have put in commendable effort over the years to strive for effectiveness and value-for-money, benefitting the public.” Table 4 provides HPB’s detailed recognized activities.

TABLE 4
Key Platforms Where HPB Has Been Invited to Share Its Success and Learnings

Singapore Platforms – 2013 to 2017	
Industrial Speaker at NUS Business School, SMU Business School and Nanyang Business School	- National University of Singapore - Singapore Management University - Nanyang Technological University
Industrial Speaker at Logistics Institute – Asia Pacific (a collaboration between the National University of Singapore and Georgia Institute of Technology, USA)	The Logistics Institute – Asia Pacific
Public Sector Procurement Asia Exchange	Crown Leadership International Group
Procurement Leaders APAC Forum	Procurement Leaders
Procurement Transformation Summit	IQPC Worldwide
ProcureCon Asia Conference	WBR
Healthcare Innovation Summit Asia	Questex Asia
Biologistics World Asia conference	IMAPAC
CIPS Singapore Event	Chartered Institute of Procurement & Supply
International Platforms – 2013 to 2017	
Purchasing Strategies, Innovative Tools & Best Practices Conference (Thailand)	Asia Business Connect
PASIAWorld Annual Procurement & Supply Management Conference (Philippines)	Purchasing & Supply Institute Of Asia (PASIA)
Shared Services & Outsourcing Conference (Malaysia & China)	IQPC Worldwide
Procurement Excellence Forum (Thailand)	Asia Business Connect
International Public Procurement Conference (Indonesia)	Indonesia National Public Procurement Agency and Florida Atlantic University
Aged Care Procurement Conference	Procurement & Supply

(Australia)	Australasia
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TABLE 4 (Continued)

GovProcure (Australia)	Quest Events
HealthProcure (Australia)	Quest Events
GovProcure (New Zealand)	Quest Events
Bio/Pharma Cold Chain Summit (China)	IQPC
OpenGov Leadership Forums (Malaysia, Indonesia, Australia)	OpenGov Asia
Australian Government Procurement Week	Akolade

NOTES

1. The Government Electronic Business System (GeBIZ) is an integrated, one-stop centre where trading partners (i.e. suppliers and prospective revenue tender bidders) can interact with the Government (i.e. Ministries, Departments, Organs of State and the Statutory Boards) for procurement and revenue tender activities. The scope of GeBIZ can be subsequently expanded to include other types of electronic business between the Government and the public

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APPENDIX A

Case Study on Board-Wide Demand Aggregation for Physical Activity and Nutrition & Dietetic Services

Change of Sourcing Approach

Based on the data analysis, the total spend for these two core services amounted to around \$6.5M. Therefore, the Procurement Department identified an opportunity for Board-wide DA and proposed to the management to consolidate these core services for physical activities, and nutrition & dietetic services.

The support was sought from Obesity Prevention Management (OPM) Division Director to be the project sponsor. A project lead was then nominated by the OPM Director to work with Procurement for each core service.

In alignment with HPB's collaborative culture, a task force with representatives from various Divisions was established for each core service to collectively frame its challenges and draw on its collective resources and ingenuity to seize these two DA opportunities. All stakeholders collaborated to co-create solutions that support the Board's objectives, even if it may involve trade-offs for some Divisions.

Achievement

Besides the cost savings of minimum of \$1 million over a 4-year period, the establishment of these two DA contracts across the Board has also realised the following benefits:

- a) Achieving programme's strategies and goals within a proper governance framework,
- b) Increasing operational efficiency as a result of man-hour optimisation for the project and a shorter procurement lead-time to launch the campaign. End-users can now buy directly from the SOR in the DA contract without having the need to call for a quotation or tender. If required, a Request for Quotation could be called against the panel of preferred contractors; which involved a shorter procurement lead-time as compared to open tender/quotation, and
- c) Increasing the strategic partnership between project teams and Procurement by harnessing the strength and diversity of the multi-disciplines to deliver best value for the Board.