



MINING FOR VALUE

through

Procurement & Strategic

Sourcing

WHAT is MINING?



Mining Definition:

The extraction of valuable minerals or other geological materials from the earth, usually from an orebody, lode, vein, seam, reef or placer deposit. These deposits form a mineralized package that is of economic interest to the miner.

Procurement Mining Definition:

The extraction of valuable information or other relevant factors from key stakeholders and/or subject matter experts for the “best value” procurement of solicitation for goods or services.



WHAT is the VALUE of MINING?

Mining Value:

To provide products and services not otherwise available through conventional growing or manufacturing methods. Such as mineral products for medicines and fertilizers and the extraction of metals from ores.

Procurement Mining Value:

Procurement Mining reduces costs and mitigates the risks of buying and contracting while providing products and services. This is achieved by looking, not only at price, but by extracting and comparing values, quality, costs and benefits.

THE SIX P's of MINING in PROCUREMENT & STRATEGIC SOURCING

- THE PEOPLE

- THE PURPOSE

- THE PROCESS



- THE PLANNING

- THE PRESENTATION

- THE PRIZE (AWARD)

PROCUREMENT & STRATEGIC SOURCING

MINING TERMINOLOGY

AGITATION

ALLOY STREAM

ASSAYING

BACKFILL

BENEFICATION

BRUSHER

BUTTY

CHANGE HOUSE

CONCEPT STUDY

CONTAINMENT



ENVIRONMENTAL
IMPACT STUDY

EROSION

EXPLORATION

EXTRACTION

FISSURE

FOSSILIZED

GEOLOGIST

GROUND CONTROL

INDICATED RESOURCE

INFERRED RESOURCE



LEACHING

LIFE of MINE

MINE DEVELOPMENT

MINE VALUE CHAIN

MINING ENGINEERING

MOTHERLODE

NON-DESTRUCTIVE
TESTING

PROSPECTING

REINFORCING

TUNNELING



THE PEOPLE

THE PEOPLE



Procurement people are stakeholders with a responsibility to mitigate the risk and to increase the value of the transaction for goods or services. They:

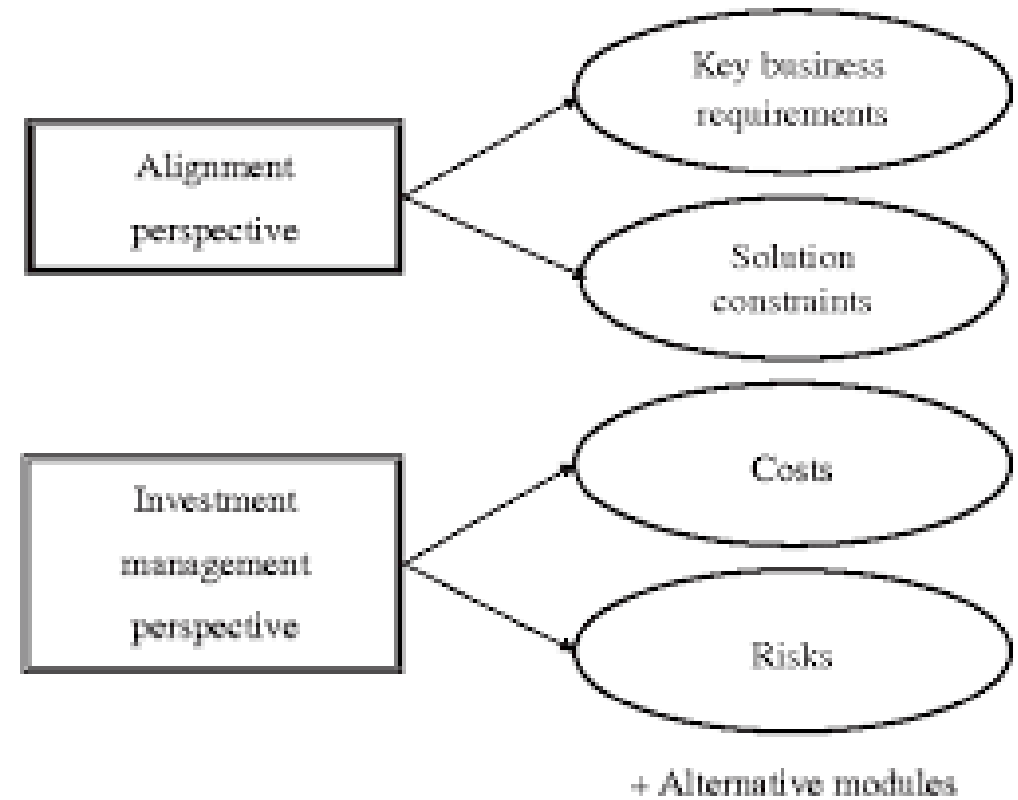
- Understand the business requirements
- Define, support and manage the procurement process
- Prepare documents for review, distribution, evaluation and award



THE PEOPLE

Understand the Business Requirements

Though we are not the subject matter experts, we understand the needs of the company and work with the stakeholders to understand their specific requirements, to help them establish their performance metrics, clarify their initial costs and to understand the “Total Cost of Ownership (TCO)”



THE PEOPLE



Define, Support and Manage the Procurement Process

The Procurement Process is defined as the sourcing and purchasing of goods or services; generally through a competitive bid process. And, we support this endeavor by managing the process and communicating the need for collaboration, maintaining a focus on the purpose and the partnering with vendors and stakeholders.

THE PEOPLE



Prepare Documents for Review, Distribution, Evaluation and Award

We are the gatekeepers. And, we are tasked with managing the input and output of information in the preparation and distribution of the Bid or the Request for Proposal

PROCUREMENT MINING TERMINOLOGY



AGITATION – The act or state of being shaken, which is sometimes accomplished by the introduction of compressed air.

ALLOY STREAM – The process used to convert information into useable material.

ASSAYING – The testing of end user information to determine the value of the contents.

BACKFILL – Waste material used to fill the void created by a lack of understanding. Sometimes called “fluff”.

BENEFICATION – A process for improving the value of the information received by removing waste.

A Matter of Perspective

GOLF!

The adult version
of an Easter Egg
Hunt





THE PURPOSE

THE PURPOSE



To shape the procurement of goods and services into a responsible, meaningful and cost effect business transaction.

- To drive savings and efficiencies
- To deliver value
- To meet business requirements, goals and objectives

THE PURPOSE



To Drive Savings and Efficiencies

- Finding ways to reduce the costs while not compromising on quality.
- Increasing efficiencies by determining the right amount of resources.
- Ultimate goal is to minimize people, time, money and resources

THE PURPOSE



To Deliver Value

To assist the end-user in obtaining cost effective products and / or services that meet or exceed their expectations.

- Understand your audience
- Understand their needs
- Give an outside perspective
- Tie deliverables to their business strategies

THE PURPOSE



To meet Business Requirements, Goals and Objectives

- To meet the requirements you must analyze the goals and objectives
- Once analyzed, prioritize requirements based upon close evaluation and understanding of the business outcomes
- Communicate and discuss the process
- Provide an overview
- Confirm and reconfirm objectives to eliminate misconceptions



PROCUREMENT MINING TERMINOLOGY

BRUSHER – An experienced Procurement or Contracting Specialist who keeps the process in good repair.

BUTTY – A project champion's evaluation team member.

CHANGE HOUSE – The location where Addenda and Amendments are created.

CONCEPT STUDY – Establishing a business case to determine whether it's worth moving forward.

CONTAINMENT – The controlling of material that was not previously present or was present in a lesser amount that may harm the project.



THE PROCESS

THE PROCESS



A series of actions or steps used to customize the procurement within a set criterion to achieve the desired outcomes of the contract or award.

- Establishing the business need and the cost of goods or services
- Following established rules and guidelines for acquiring goods or services
- Selecting the proper solicitation method (RFP, IFB, RFQ, etc.)

THE PROCESS



Establishing the Business Need and Cost Justification for the Goods or Services

End User Responsibility – We can help

- Is the project worth doing?
- What are the business objectives?
- Is funding available?
- What is the scope, the risks, the impact on others, the benefits and the limitations?

THE PROCESS



Following Established Rules and Guidelines for Acquiring Goods or Services

- Know the Governing Law – Federal, State, Local and / or Foreign
- Know Institutional Policies, Procedures, Rules, Regulations, Guidelines and Directives
- Whenever Possible, use Approved Templates
- Seek Legal Guidance

THE PROCESS



Selecting the Proper Solicitation Method (RFP, IFB, RFQ, etc.)

- Request for Proposal
- Invitation for Bid
- Request for Qualifications

PROCUREMENT MINING TERMINOLOGY



ENVIRONMENTAL IMPACT STUDY – Examining the impact, the effect and the purpose this endeavor may have on other areas, security, other projects, etc.

EROSION – The wearing away of time, patience and resources.

EXPLORATION – The prospecting, sampling, mapping and evaluation of information and materials for the procurement or contracting process.

EXTRACTION – The process of separating the good from the bad.

FISSURE – Extensive cracks, breaks or fractures in the completion, evaluation and the award processes.

Being Flexible

**You drop something
when you're young,
you just pick it up**



Being Inflexible



www.Veeva.com - 14081

**You drop something
when you're older, you
stare at it a bit
contemplating if you
actually need it
anymore.**



THE PLANNING

THE PLANNING



Activities used to achieve the desired procurement goals through forecasting, preparation of documents and the identification and/or establishment of Key Performance Indicators (KPIs).

- Roles and responsibilities
- Timeline
- Key deliverables

THE PLANNING

Roles and Responsibilities

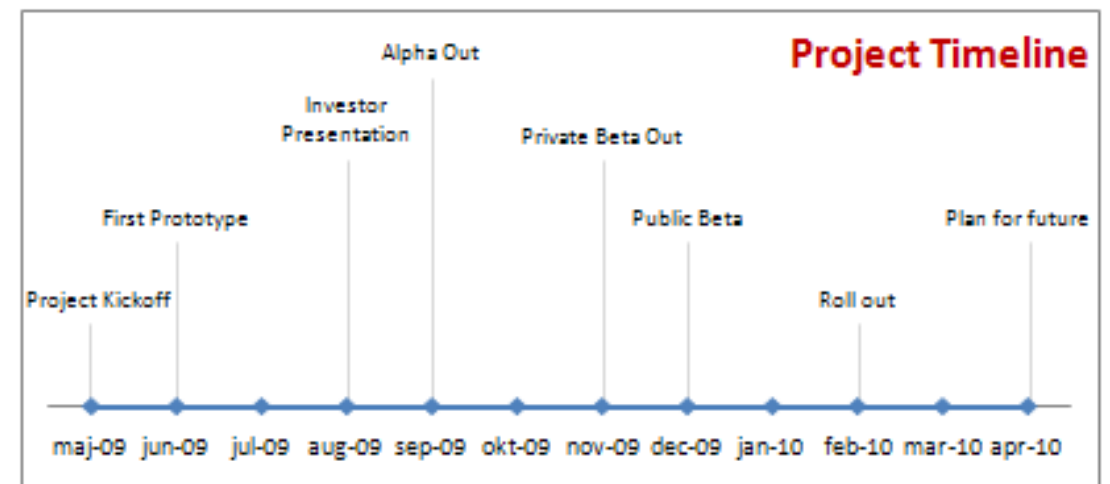
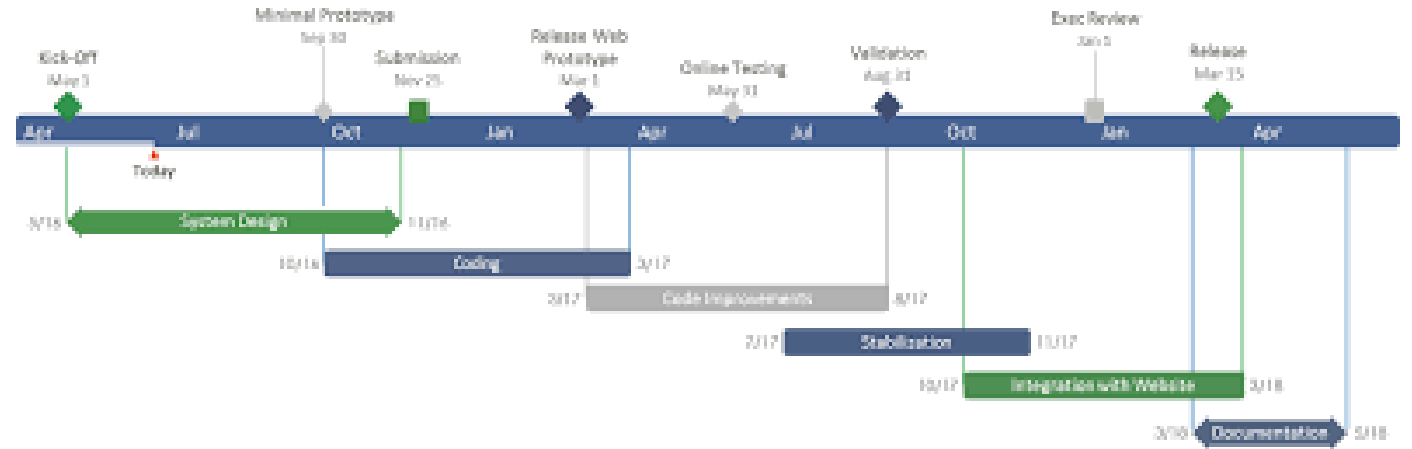
- Project Team Lead
- Evaluation Team
- Contract Specialist
- HUB Coordinator
- Legal
- Vendors



THE PLANNING

Timeline

- A linear representation of important events in the order in which they occur. (dictionary.com)
- The order and sequence of events.
- Gantt Chart
- Timeline Chart



THE PLANNING



Key Deliverables

- Initiation Form
- Evaluation Team
- Background and Special circumstances
- Objective of the Proposal
- Term of the Agreement
- Scope of Work
- Key Events Schedule
- Selection (Scored) Criteria
- Pricing and Delivery Schedule
- Pre-Proposal Meeting
- RFP Posting
- Submission Deadline



PROCUREMENT MINING TERMINOLOGY

FOSSILIZED – The remains of a procurement or contracting process preserved for future reference.

GEOLOGIST – The specialist who studies the conditions, structure and history of procuring or contracting the goods or services.

GROUND CONTROL – The people who measure the steps taken to eliminate, mitigate or incorporate the risks.

INDICATED RESOURCE – Identifying the portion of the information resources that can be estimated with a reasonable level of confidence.

INFERRED RESOURCE – Identifying the portion of the information resources that can be estimated with a low level of confidence.



THE PRESENTATION

THE PRESENTATION

You have the right people, know the purpose, have completed the processes and planning stages and are now ready to issue the solicitation. This is the last step prior to distribution.

- Subject Matter Expert (SMEs) and key stakeholders review and approve
- When needed, Legal and or upper management review and approve
- Posting and distribution



"Look at the bright side. There's always a chance that a comet will destroy the Earth before you have to give your presentation."

THE PRESENTATION

Subject Matter Experts (SMEs) and Key Stakeholders Review and Approval



The deliverables are met; the objectives are achieved; now you need the SMEs and the Key Stakeholders to review and approve. Be prepared for redlines, changes in scope and specifications and schedule changes.

Subject to review: the scope assessment, risk assessment, mapping, business cases, use cases, and business process documentation.

THE PRESENTATION



When Needed/as Needed - Legal and/or Upper Management Review and Approval

All agreements need approval as to form by Legal

All agreements for IT services must be reviewed by the OIT and the ISO

Board of Regents approval required for specific dollar thresholds

Management review and approval as to form and content prior to release.

THE PRESENTATION



Posting and Distribution

- Public Records / Open Records
- Posting on State Sites
- Posting in Newspapers or other Media
- Historically Underutilized Businesses
- Pre-Proposal
- Response Time

PROCUREMENT MINING TERMINOLOGY



LEACHING – A process for extracting information.

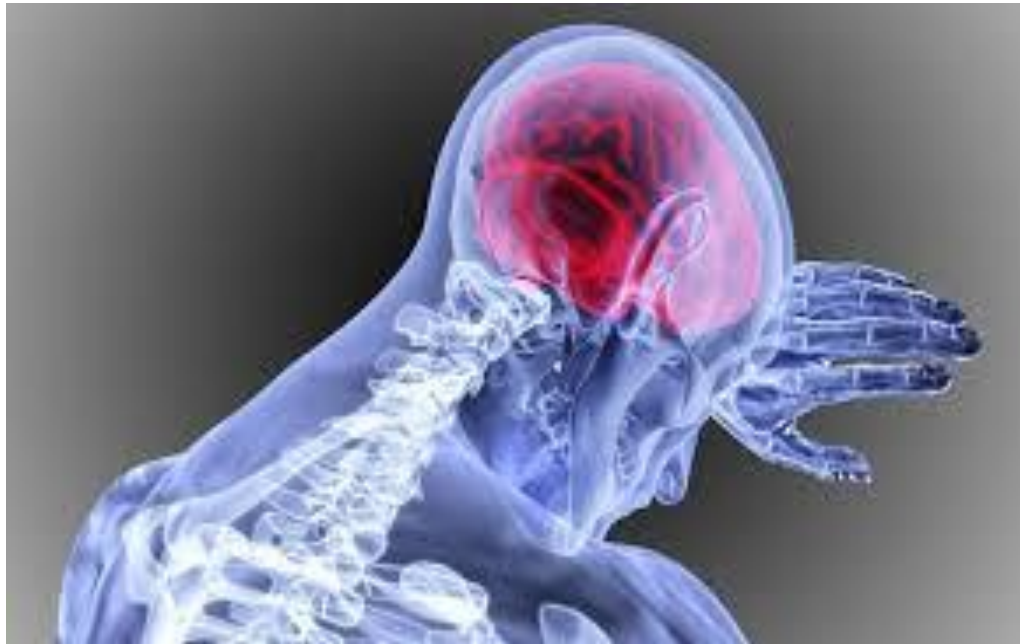
LIFE of MINE – The length of time of the process from beginning to end.

MINE DEVELOPMENT – Designating the operations involved in preparing the procurement or contracting solicitation process.

MINE VALUE CHAIN – The entire procurement or contracting process from the moment the need is identified until the product or service is procured or awarded.

MINING ENGINEERING – The Solicitation Preparation Process Prior to Posting

Organ Failure



The brain is the most outstanding organ. It works for 24 hours a day, 365 days a year, right from your birth until you fall in love



THE PRIZE
(or
AWARD)

THE PRIZE (or AWARD)



Proposals are in, evaluated and a selection has been made.

- Negotiation begins - Best and Final Offer (BAFO)
- Contract Agreement
- Award and kickoff meeting

THE PRIZE (or AWARD)



Negotiation begins - Best and Final Offer (BAFO)

Consider “Best Alternative to a Negotiated Agreement (BATNA): a. Develop a list of actions to take if no agreement is reached; b. Improve some of the more promising ideas and convert them into practical options; c. select, tentatively, the one option that seems the best.” <https://www.beyondintractability.org/essay/batna>

- Do your research
- Know your alternatives
- Use facts
- Break the negotiations down

THE PRIZE (or AWARD)

Contract Agreement

- Prepare Contract Agreement
- Send draft to stakeholders for review
- Send draft to Legal for review
- Send approved contract to Vendor for review and signature
- When returned from Vendor, send for internal signature
- File and distribute executed agreement
- Schedule award kickoff meeting



THE PRIZE (or AWARD)



- 1. Sign-in Sheet**
- 2. Why we do the Post Award Meeting**
- 3. Risk Mitigation**
 - a. Pre-award**
 - b. Post-award**
- 4. Contract Training Overview**

- 5. Contract Administration Overview**
 - a. Contract Risk Assessment Form**
 - b. Contract Monitoring Plan**
 - c. Contract Monitoring Plan Process Flow Chart**
- 6. Q & A**



PROCUREMENT MINING TERMINOLOGY

MOTHERLODE – A rich source of something of value or abundance.

NON-DESTRUCTIVE TESTING – A way to measure the integrity of the materials without causing harm (see agitation).

PROSPECTING – The search for products or services that create savings and value.

REINFORCING – Strengthening; supporting (encouraging)

TUNNELING – Moving through the obstructions to reach the desired deliverables.



SUMMARY



- **What is Mining?**
- **What is the Value of Mining?**
- **The Six P's of Mining in Procurement and Strategic Sourcing**





SUMMARY



What is Mining?

Procurement Mining Definition:

The extraction of valuable information or other relevant factors from key stakeholders and/or subject matter experts for the “best value” procurement or solicitation of goods or services.



SUMMARY



What is the Value of Mining?

Procurement Mining Value:

Procurement Mining reduces costs and mitigates the risks of buying and contracting while providing products and services by looking, not only at price but, by extracting and comparing values, quality, costs and benefits.

SUMMARY

The Six P's of Mining in Procurement and Strategic Sourcing

- THE PEOPLE

- THE PURPOSE

- THE PROCESS



- THE PLANNING

- THE PRESENTATION

- THE PRIZE (AWARD)

QUESTIONS?



THE END

THANK YOU!



CONTACT INFORMATION

Charlie Brooks, MBA; CTCM; CTPM

Sr. Contract Specialist

The University of Texas at Arlington

Office of Procurement & Payment Services

219 W. Main St.

Arlington, TX 76054

Charles.Brooks@uta.edu

817-272-2140