

# Running businesslike procurement

by David Newman

## An extended chat with David Marshall, DM, PWGSC

*You've really just gotten started at PWGSC and yet you've already taken hard decisions and made substantial changes in a very complex environment. Where has that come from and where are you going?*

**M**Y FOCUS HAS ALWAYS been on performance and people. The two go hand in hand. I've learned over the years that to improve performance you need to fully understand what it is you do and who you do it for. Government performance is not only based on profit and shareholder direction, but on our Canadian value system, creating consensus and looking after the less privileged. Yet it was also clear that wise use of taxpayer money at PWGSC could be done a whole lot better

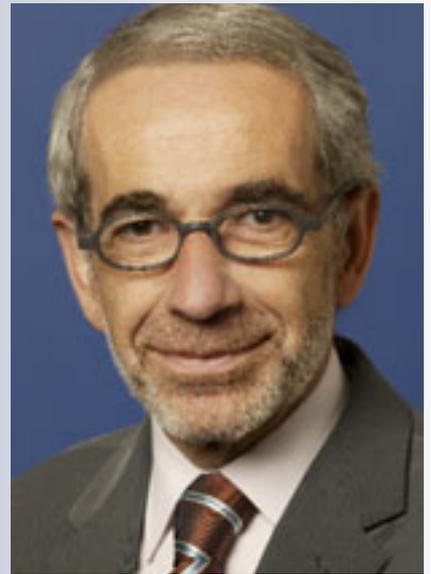
Immediately, I froze staffing and expenditures and embarked on a series of town halls with PWGSC employees across the country. I asked them how to improve efficiency and I have a whole binder full of responses. In an environment of increased hiring and spending, it only makes sense to start by consolidating, getting a clear picture of where you are. A moving target is often impossible to see.

Having some experience in Canadian government and in the conservative banking world, I was acutely aware that PWGSC is Canada's largest purchaser, land and building manager, employer and manager. The key is to cap your cost and improve

your efficiency and that does not always mean cuts. After all, increasing productivity by 10 percent is far better than cutting costs by 10 percent, especially in government where demand is infinite. It also made sense to me that such a large organization of such diverse activity should be reorganized along business lines, so we proceeded to define our management of our activities through key operating lines: Real Property; Accounting, Banking and Compensation; Information Technology; and Acquisitions, with a 'sales' and marketing arm, Service Integration; as well as Corporate Services, Human Resources and Communications.

One of the first things we had to clarify is just who our client is and it is clearly the Canadian citizen. In the past, PWGSC often looked at departments as our client groups – and they are our most important working partners – but ultimately it is the individual Canadian who is the client for all of us. Having established that focus, my priority was to understand where we are now, so we've undertaken substantial research and study to establish the data we need and identify best practices and opportunities. Once we set our baseline and benchmarks, we can establish our management and performance targets and work to achieve them. Of course, this is both concurrent and continuous in each business line.

→ pg 25



**D**avid Marshall joined Public Works and Government Services Canada as its deputy minister just last June and immediately made an impact. He is a certified general accountant and brings to his new position a strong management background in both the public and private sector. Marshall had recently retired following three years as vice chairman, Retail Products, Technology and Operation for the Canadian Imperial Bank of Commerce when he was approached to head PWGSC. Before that, he worked as chief information officer and executive vice president of Bankers Trust New York Corporation and held senior positions at CIBC, Unitel Communications, and the Toronto Dominion Bank.

From 1977 to 1993, David Marshall's service in the federal government included, serving as Canada's assistant auditor general and as an assistant deputy minister for information technology at both Revenue Canada and Employment and Immigration Canada.

He counts among his mentors Larry Myers, retired deputy auditor general and CIBC Chairman Al Flood, and measures his own accomplishments, at least in large part, by the success of the people who have worked with him. For someone so familiar with the world of money, management and IT and who came into Public Works with a 'new broom' attitude, Marshall comes across as articulate, thoughtful and soft-spoken. The hour or more we spent chatting went by like a minute.

You have a great deal of experience with large organizations and purchasing is a key financial tool, especially where the picture is so broad. Summit readers would no doubt be interested in where you plan to take the procurement function.

**N**OT ONLY DOES PWGSC buy more than any other organization in Canada, it buys more different commodities and services than anyone else. I take procurement very seriously and so does the new government. They have named Walter Lastewka as our Parliamentary Secretary with special emphasis on procurement review. He is an ex-executive with General Motors and certainly knows his stuff. That is a very high profile and government priority for procurement.

We have established a procurement data centre and are in the process of defining our objectives and targets. Last summer, we hired Baines and Company to do

The last few years have seen the development of a range of key issues in public procurement, especially at the federal level, everything from professional certification to public-private partnerships to e-purchasing. Where do you stand and what do you plan to do about them?

**O**N THE ISSUE OF certification, I believe it is absolutely the way to go. We want to get it right and that may take a little more time, but we must do everything possible to improve and ensure performance. I am completely committed to a professional public purchasing function and certification and professional development are central to achieving that.

As far as P3s go, I have no sense of religion about them. They are a part in our procurement toolbox. Where they make sense in getting the job done very well, such as with our new Travel Modernization Program, we should use them. The

A closely related issue for public procurement specialists is e-government and that is now clearly under your stewardship. Can you tell us what plans you may have there?

**T**HE MORE SERVICES we can offer to citizens that improve government performance, we will – and many of those will be through e-government. We are well along the way already. I am particularly impressed with Government of Canada achievements in an area that we were less successful in addressing in the banking world, public key infrastructure [PKI] security. PWGSC is now laying the infrastructure for use of “digital certificates” to use with online services transactions. Canada’s single portal to the outside world is supported by the “Secure Channel” system (securely connecting 122 government departments and agencies). Our staff that recently transferred to PWGSC from the Treasury Board CIO Branch are tracking some 130 service applications for different government departments that are either already available on the Canada Site portal, or are going online over the next 2-3 years. Along with security, one of the key issues is privacy. The system is designed to incorporate multiple citizen permissions, ultimately leading to a secure ‘citizen’s account’ for those who want it, focussing on individual citizen or business requirements and life events, rather than grouping services by government organization.

The possibility exists to offer access to services from other levels of government into such an account, and we are already having serious discussions with a number of provinces on their participation in our secure network and digital certificate system. This will require substantial continuing commitment and expenditures of money, time and effort, but you must put your investment in before you can get your return. On the information highway we are very much at the stage of nation building that Public Works found itself in over a century ago when the key physical infrastructure for our country was built. *MM*

*David Newman is an Ottawa-based contributing editor to Summit magazine and a freelance writer. He is also president of Newman Communications, which specializes in coalition and alliance building and reputation management.*



## ...more from **David Marshall** on his plans for procurement

a full diagnostic on our Government of Canada procurement activities. A major problem was that we did not have any good benchmark data, whether it measured class of commodity or price, and we are now establishing the baselines we need to set the targets. But there should no reason we cannot look at cutting our purchasing bill by as much as 10 percent a year.

When you have the largest purchasing [organization] in the country, you don’t turn it on a dime, but I am looking to produce a dashboard of procurement indicators by this fall. I am committed to publishing a quarterly analysis of Government of Canada purchasing, setting and targeting our performance compared to other organizations and sectors to eventually provide citizens with a balanced scoreboard. That relates, not only to financial data, but to performance in areas such as “green” or environmental purchasing, ethical standards and others.

private sector is an integral part of the resources of our country. I also believe we should not rule out internal Government of Canada capability because of some of our cost-based differences, such as not paying and GST and our extraordinary economies of scale.

E-purchasing is simply something we must do. We are working on a Government of Canada Marketplace that will create what amounts to an Amazon.com for routine government purchases. For the some 400,000 annual transactions under \$25,000, one of the answers is to streamline them and take out as much of the actual transacting as possible and add value. This is true as well for commodity specific repetitive purchases and supply agreements. We’ll also have to have a close look at such things as e-bidding and as well. Otherwise I think our factory will go down.