

Welcome And Today's Big Questions

Julia McIlroy 0:07

Hi everyone, and welcome to NASPO's Pulse, the podcast that focuses on current topics in public procurement. I'm your host, Julia McIlroy. Today's guest is Bobby Pounds, Chief Procurement Officer from the great state of Texas. We'll discuss the challenges and opportunities of being a large state that's highly decentralized as well as tracking supplier performance in this environment. Is everything bigger in Texas? Well, listen up and we'll find out. Hi Bobby, welcome to Pulse.

Bobby Pounds 0:37

Hey Julia, how are you doing? Good afternoon, everybody, and uh I want to thank you for having me.

Julia McIlroy 0:43

I'm so glad you're here.

Bobby's Path Into Procurement

Julia McIlroy 0:45

So, Bobby, to start, I'd love to hear about your professional background and what led you to public procurement.

Bobby Pounds 0:50

Uh it's kind of like we talk about in NASPO. Some of us kind of just fell into procurement. Uh I actually started my state journey 34 years ago at the Texas Education Agency, and I traveled around the state of Texas doing compliance audits and visits for driving safety in driver education schools. So I worked there for a while and then I went to the Texas Workforce Commission where I got into my first contract management position, uh, overseeing grants and contracts that the workforce development boards did here in Texas. And then in 2008 uh I came over to the Comptroller's office as a contract manager. I did that for about five years, and then I was appointed as the assistant director of the statewide procurement division. I did that for six years. And uh I guess spring of 2020, uh I was appointed by our deputy controller as the director of statewide procurement, uh, i.e. the chief procurement officer for the state of Texas. And then uh we all promptly went home for COVID. So uh yeah, it's it's been a whirlwind, but I have about uh 34 years of state service, and my journey has taken me through three or four different agencies.

Julia McIlroy 2:14

Bobby, that's great. So to start in the spring of 2020 was really something you probably had never purchased so many face masks in your career.

Bobby Pounds 2:24

No, we had not purchased face masks. We do provide assistance uh with disaster recovery and and and whatnot. Uh we've done hurricanes and fires and all that stuff, but buying the masks and and and all the stuff that came with COVID uh was a was a sharp left turn out into left field.

Julia McIlroy 2:44

Yeah, it

How Texas Procurement Is Structured

Julia McIlroy 2:45

was quite a time. So, Bobby, can you provide an overview of how Texas structures its public procurement function?

Bobby Pounds 2:52

Sure. Uh as I stated, the Comptroller's Office uh just by statute, we are the Chief Procurement Office for the state. Uh by virtue of my position, I am the chief procurement officer. In addition to establishing the statewide contracts, we provide oversight and guidance for all of our statewide customers. We also are statutorily mandated to train and certify the public procurement professionals here in Texas. In addition to that, we also develop and publish the Texas Procurement and Contract Management Guide, which is basically Texas Procurement Bible, if you will. That is the document that the State Auditor's Office audits to when they go visit agencies. But we're a little different. Unlike most states, uh most of my CPO counterparts, uh I have the great fortune of not having to do IT contracts. Um that is done by our sister agency, the Department of Information Resources. So that's that's kind of a uh a weight off my shoulders, if you will. But uh to further just talk about the structure. We have a number of agencies, Texas Department of Transportation, Health and Human Services, that have their own carve-outs in statute for specific types of uh procurement, and it's those procurements that I don't necessarily have oversight over.

Julia McIlroy 4:20

Well, you have bragging rights with your fellow CPOs on not having to oversee those IT procurements, right?

Bobby Pounds 4:26

I do. We all get together and they tell their horror and war stories about IT procurements, and I get to sit there and chuckle.

Julia McIlroy 4:34

I bet. So Texas is the second largest landmass state in the U.S. and second largest population base with 31 million residents. That's a lot of land and a lot of people. Given the size and complexity of Texas state government, how does the procurement division balance statewide consistency with agency-specific needs?

Bobby Pounds 4:58

Well, as we all know, uh, you know, not all procurements are alike. As I stated, each of our customer agency has very specific needs. Depending on the procurement method, some solicitations can be done fairly quickly, while others may take up to a year or more. The consistency in my mind comes in the process. The procedures you follow to complete a given procurement. So, you know, regardless of the procurement method, the roadmap to get there is driven by the process, the procedures, the laws, and the rules that govern statewide procurement for all of us. The other thing that provides a little consistency is just keeping an open line of communication with our state agency customers. We bring in agencies or we'll pick up the phone and do a Teams chat with them just so we keep ourselves educated about their needs, any insight they want to give us when we're putting together a contract. The other great thing that develops consistency is my office chairs what's called the State Agency Coordinating Committee, SAC, SACC, and that is a quarterly committee that I chair, and it's got about, I don't know, I want to say 20, 25 agencies that get on it. So we talk about common issues, things we're seeing, uh legislation that's coming up in any given session. So uh I think as far as consistency, I think just keeping that open dialogue with your customers.

Julia McIlroy 6:29

And Bobby, touching on SAC for just a moment, you said about 25 agencies. Does it tend to be like the director or does it include buyers in those agencies?

Bobby Pounds 6:40

Um it's a mixed bag. Um probably a third of them uh to a half of them are the actual procurement director at that agency, and they may or may not have their senior purchasing staff on the call as well. So, yeah, it's kind of a kind of a mixed bag.

Julia McIlroy 6:55

It's great that you meet quarterly and, as you said, discuss possible legislation or new legislation as well as just common concerns that you have and keep that dialogue going on a consistent basis. That's great. So Texas spans a vast and diverse geography. How do regional differences impact procurement operations, supplier access, service, and delivery across the state?

Bobby Pounds 7:21

Well, as you may or may not know, um Texas loves its state parks. We have a lot of historical sites, we have 109 prison units, and we have Department of Public Safety and Transportation offices all across the state. Clearly, we

Consistency Through Process And Communication

Bobby Pounds 7:40

have some highly populated metroplex areas, but we have a lot of remote areas, and all those areas obviously need goods and services, correct? So, whenever possible, when we are trying to award a given contract, we we try to find vendors that can serve the entire state. Uh do it with we simply call it a statewide award. Uh, but as you know, being so vast, as you said, and having parks and historical sites in remote areas, sometimes we have to regionalize our awards. And uh, you know, that is that's that's proven pretty good for us, especially with the prison systems and the the various units that that need delivery through those. But again, just just active communication with our customers and even with vendors and contractors once we award them helps me and my team understand the ongoing needs and capabilities so we can either update or improve future contracts.

Julia McIlroy 8:39

That's great that you're taking into consideration where folks are located and when it makes more sense to have a regional contract versus a statewide contract doing so. Correct. That's great. So, Bobby, let's pivot to a Texas-sized question. As we know, Texas is a huge state. What strategies has Texas implemented to ensure equitable supplier participation, particularly for suppliers in rural or underserved areas?

Bobby Pounds 9:06

In one of our many enabling statutes, we have a mandate to operate what we call the Centralized Master Bidders List, CMBL. That is a database whereby for \$70 a year, vendors can register to be on the CMBL. They go in and they set up a profile on the system, and that profile indicates by NIGP code which industry sectors that they are interested in bidding on. So in addition, they can also indicate what regions do you want to be regionalized to a certain section of the state, or can you provide this given service statewide? So they go in

and they set up that profile within the CMBL. When a state agency posts a solicitation or a bid opportunity, they are again statutorily required to notify the vendors in that specific geographic area of that bid opportunity. Now we have a section called outreach. So we actively go out and market and do outreach efforts across the state to try to bring vendors into registering for the CMBL. So I think we've seen close to a 15 to 20 percent increase in the number of businesses that we've added to the CMBL within the last year. I want to say we have roughly, I don't know, 9,000, 10,000 vendors that we actively work with. Obviously, that's not representative of uh of all the vendors in the state, but just the ones that are interested in doing business with the state.

Julia McIlroy 10:41

That is a great idea. So how did the CMBL come about? Was that were the suppliers asking you to create something like that? Were you realizing that it was needed within the department?

Bobby Pounds 10:53

Well, actually, it predates me. It goes back uh to either the late 90s or the early 2000s, as we all probably know, as we moved in uh forward with technology. I mean, the old way of doing it was what, put an ad in the paper? Uh I mean, just really archaic stuff. So as technology increased uh and databases and portals came online, uh, I think somebody had the brainchild of hey, let's create a database where where Julia can go in and set up her profile for what what she does and and express her interest in doing business with the state. So the short answer is it was a statutory mandate. Somebody had the for for forethought to put that in place, and we we're the ones that operate it.

Julia McIlroy 11:41

Well, it's a fantastic idea, and I am old enough to remember when we would place ads in the paper. So and what led you to the outreach effort? You had said that you uh recently had a bit of an increase. So, how did that come about?

Bobby Pounds 11:58

We also have within our outreach section, we also have the the platform that we use when when we award a contract, we have cat, we call them catalogs, uh, usually an Excel spreadsheet. Um we have something called Texas Smart Buy. And I will just call it if Amazon had a kid and that kid had a kid, that would be Texas Smart Buy, right? Uh it's not as it's not as uh robust as an Amazon, but uh it is our uh e-commerce platform. So we also have a Texas Smart Buy membership program uh that is a hundred dollars a year, and that's where cities, counties, locals, and all those uh types of entities can pay \$100 a year, become a

Texas Smart Buy member, and then they can come use all the contracts that we have in place rather than do their own procurement. So with the Texas Smart Buy membership program and the CMBL, we actively go out and we try to we try to build that membership. We try to bring those vendors to to register and set up a profile. So we are we are very proactive in trying to seek out uh businesses as well as promote our contracts.

Julia McIlroy 13:09

That's a fantastic idea. And the savings, especially for smaller municipalities, which I'm sure there's some some in Texas, even though we've discussed how big it is, the value that that hundred dollars brings them, that's that's fantastic. Great job.

Bobby Pounds 13:23

Thanks.

Julia McIlroy 13:24

And I love all of those if Amazon had a baby, had a baby. That's a lot of babies happening, but we can all uh envision that. Yeah.

Bobby Pounds 13:33

Amazon's grand job.

Julia McIlroy 13:34

Yeah, there you go. So Texas is known for its decentralized procurement model. What are the biggest advantages the structure provides to agencies and stakeholders?

Bobby Pounds 13:46

I think decentralization uh the biggest advantage is that it puts very specific, complex procurements in the hands of agencies who know it best. You know, it's one thing to procure pens and pencils and prison food and fleet, office supplies, things like that. But the statutory carve-outs that are there leave the complex agency-specific procurements to the various agencies. For example, the Texas Facilities Commission has responsibility for construction and maintenance of all state-owned property. Texas Department of Transportation has responsibility for highway construction and maintenance. Health and Human Services, patient services for Medicaid, Medicare. I mean, those are not sandboxes that I play in daily. So those guys get to live in the area that they do daily, which

Supplier Access Through CMBL And Outreach

Bobby Pounds 14:40

again, you know, it's decentralized because they're doing their own thing. I don't have to mess with it, but it gets them what they need a lot quicker. They are the subject matter experts in those respective fields. Those are very complex programs and solicitations, and they're best accomplished by the agencies that do them on a daily basis. As I've stated, decentralized doesn't mean lack of cooperation or lack of responsibility. They still come to our office to buy those common goods and services. Uh they get their procurement training through us. Uh they rely on some of our statewide systems to post their solicitations. But at the end of the day, for those complex things that they need for industries that we don't live in, they get they get their own decentralized decentralized uh opportunity to do their own procurements.

Julia McIlroy 15:31

And then they're they're really the subject matter experts on whatever software, whatever the goods or services that they're procuring that are specific to their agency. So that's that's a smart model. Going back to certification for just one moment, and specific to all these different state agencies, do all the buyers within the state of Texas, are they required to have a certification?

Bobby Pounds 15:56

So under 10,000, you don't need a certification. There's also, as you can imagine, uh another statute that says if your job entails procurement or contracting for more than 50% of your job function, uh you have to have a certification. Uh, the the two certifications that we offer, we we write the curriculum, we teach it, we award you the certification. It's certified Texas Contract Developer and Certified Texas Contract Manager. So you can get one, the other, or you can get dual certified. We currently have a little over 7,000 procurement, certified procurement professionals statewide. And then obviously we offer continuing education and so on and so forth. So all of that occurs also in my division.

Julia McIlroy 16:44

To have that consistency is so critical, especially for folks, and of course, this never happens in Texas, but a buyer that goes from one location to another, one agency to another, that you have that common certification. And I'm curious, in does that apply to higher ed as well?

Bobby Pounds 17:00

So the statute specifically calls out state agency employees for certification, but uh as you as you may or may not know, uh, higher ed employees uh are also considered state agencies depending on what system it is, like UT system, uh University of Texas system is a

state agency. We do have a lot of higher ed employees that get our certification. Uh a couple sessions ago we rewrote rules and had some statute developed that also allows uh higher ed students to get our certification as well. So we we kind of expanded the playing field for certification.

Julia McIlroy 17:43

That's great. And how often does someone have to recertify?

Bobby Pounds 17:46

Uh the certifications are good for three years.

Julia McIlroy 17:48

Oh, great. Okay. So let's talk about the flip side of decentralization. So, what challenges has decentralization created in terms of oversight, compliance, or standardization? And how are those addressed?

Bobby Pounds 18:02

So, you know, we discussed the benefits of decentralization, but obviously it it creates challenges. Uh I think I've alluded to uh our ability to have oversight for those carve-out procurements that transportation does or HHS. You know, there's a myth that because we're the chief procurement officer of uh over Texas that we have visibility into all things procurement. Uh that that is not true at all. Uh while we provide the training and the tools for statewide procurement professionals to do their jobs, we do not have direct oversight into all of their daily processes. So, I mean, effectively we don't know what we don't know. If agencies have questions as they're doing their own procurements, maybe they have a question about something that's in one of our uh in our procurement guide, they'll pick up a phone and call, we can give them some guidance, so on and so forth. But you know, the common phrase that we use around here is uh that we're coaches, we're not cops. Uh we we don't we don't have enforcement authority, we don't have any teeth. We can tell you what the intent of the guide is, what the intent of the statute is. But at the end of the day, the compliance for all those carved-out procurements is up to our postpayment audit folks that reside here in our agency, as well as the state auditor's office.

Julia McIlroy 19:29

Bobby, and I think that you and I were in a call when I first joined NASPO many months ago, and you had said we're coaches, not cops. And I liked that philosophy so much, I thought I need to have him as a guest on Pulse at some point in the future. So congratulations.

Bobby Pounds 19:49

But here we are.

Julia McIlroy 19:51

Here we are, and that very much uh was my approach when I was at the University of Idaho. I thought we're we're all a team here, and I know that you're a University of Texas Longhorn, and you probably love your football, right? Yes, I do. So I would say that we're all on the same team. We're playing different positions. It doesn't matter if you're faculty, a researcher, you're the director of procurement, you're the president of the university. We're all on the same team. We all have the same goal. We're just playing different positions, and it's critical that we support each other, right? So again, that philosophy, you're a coach, not a cop.

Bobby Pounds 20:31

I'll do you one better. Maybe we could be considered the offensive coordinator, but it's up to my state agency customers to run the play, right?

Julia McIlroy 20:38

There you go. I always thought if I played football, I would have wanted to be a middle linebacker. Why you ask? Because that's where all the action's happening. That's great. You're right there in the middle, you're the mic, right? You're it's where everything's happening on defense. So anyhow. So let's change course and discuss the Texas vendor performance tracking system. So, what prompted the development and what key problem or gap was it designed to solve?

Bobby Pounds 21:11

So I hate to keep sounding like a broken record, but the prompt, once again, was statute. The vendor performance tracking system, we call it the VPTS. Everything needs an acronym, right? Um it's mandated in statute. Uh, it's been around, I want to say, since the early 2000s. It was designed to track vendor performance during and after a contract's life cycle. Uh, it has evolved over the years. Uh, it used to be a checkbox system where Julia had a contract and she goes in and she checks these boxes to say how her vendor did or didn't do, and it would spit out a text uh review of of how that vendor did. Uh I want to say around 2017, uh There were some up upgrades done to the system here within my office. It is now an A to F grading system. The grades are determined by the inputs that are entered into the system in six different categories. I mean, it could be cost, could be delivery, could be customer service. So the inputs report if a vendor is meeting, exceeding or not meeting expectations. Reports are required for anything over \$25,000 or for contracts exceeding five million,

Decentralization Benefits Plus Real Limitations

Bobby Pounds 22:30

if it's over five million, you have to put in a report at predetermined milestones or at the end of the contract period. That creates a rolling vendor grade, so to speak, that is calculated from all the reports that are submitted for the past four years. Once you pass four years, if it's four years and one day old, that review drops off the system. So it's a rolling four-year picture of how a vendor does. You know, again, the goal was to have a database that documented vendor performance and drives future solicitation award determinations. So yeah, that that was kind of the purpose of it.

Julia McIlroy 23:13

I think the rolling grade is a great idea because if you have a vendor that it's it's a newer contract and maybe they just, you know, they don't have their bearings yet, it gives them an opportunity to improve, and you're also getting a snapshot of what's happening in the last 48 months, right, instead of eight years ago. So so that's great, that's really smart. And when you look at these, like let's say you have a supplier that's consistently a C student or a C supplier. What type of mitigation do you all do to improve? Because you want folks to be A students, right? So what do you do to help that supplier increase their score?

Bobby Pounds 23:58

Well, I wish I could tell you that we actively work with the suppliers, but most of those suppliers are not my suppliers. So, you know, if if they're if they're a C student, uh hopefully they take that C and they work with the given agency that gave them that C to see how they can be do better next time. But I simply do not have the staff and resources to say, hey, you made a C on your last exam. Let's see how I can bring you up to a B. I just don't have that capability.

Julia McIlroy 24:31

You're saying you have a classroom of 800 students, so that's probably not possible, right?

Bobby Pounds 24:35

Yeah.

Julia McIlroy 24:36

Okay, I get it.

Bobby Pounds 24:37

Yep, go see the T go see the TA.

Julia McIlroy 24:40

Right. And how do you balance? Because in my experience, I would have an end user that was upset with acme bookbinders, and would, given the opportunity, give them a bad score. And it really was maybe not necessarily that the service wasn't good or the product wasn't good, but a miscommunication between parties. So is there anything you do there to mitigate that? Or if someone calls you saying, hey, I want you to fire fire correctional industries, which I had an end user do. I said, Well, we don't get to fire as you know another state agency that makes furniture for us. But let's discuss the problem.

Bobby Pounds 25:22

Yeah, I'm glad you brought that up. Um, so you know, back in my former years before I was director, I would I would give a lot of training on various aspects of our division. One of those was the tracking system, vendor performance tracking system. And the key thing that I would tell our agency customers is do not ever file a report while you're mad. Uh, you know, it's it's like don't go to bed mad, right? Go sleep on it, think about it. What did you do to try to mitigate the issue? Is there are you culpable in anything that led to that grade? Uh so sleep on it, talk to the vendor, uh, because what happens if you give them a D or an F, it then comes to me, and uh if the and if they they have the ability to protest, it then comes to me, and I have to, you know, I have to get Joe and Jane on the same page and make a final determination as to whether the D or F was warranted or the agency should have actually given them a B or a C. So there are some there are some mitigation techniques that are that are in rule for us, but the key thing is, you know, sleep on it before you start filing a report.

Julia McIlroy 26:38

I love that advice. It's especially when you're angry, go to bed, sleep on it, and also don't go grocery shopping when you're hungry. That's another one. That's another one. That's a good amount of things. That's a good piece of advice. But no, I love the fairness that you're implementing into the process. Because generally speaking, none of us make good decisions when we're, you know, offended, angry, whatever it might be. So that's great that you're saying, you know, sleep on it and then we can discuss it. That's great. So, how has the system improved procurement outcomes such as contract management, accountability, or supplier quality? And what lessons might other states take from Texas's experience?

Bobby Pounds 27:24

So I've kind of spoken a little bit about the grading within the system. Uh, you know, the there are A to C grades. Those grades get published automatically in our system. So Julia can go out there and they'll see an A, B, or a C automatically. It's the D's and the Fs that we hold behind the scenes to go through that protest, possible protest process, I guess, if you will. Uh, again, uh the system is going to tell you whether you're exceeding, surpassing, or meeting expectations. Uh, we have around a little over 11,000 reports that are filed every year into the system. So, so there's a lot going on in that tracking system. I think the impact, I don't know how we, I guess our system became nationally known, but I've had states call me and ask specifically about that system, ask how it's set up, what's the system platform. Uh, if you've ever been to a NASPO conference, there's a company uh that is there uh called Procurated with David Yarkin. Uh, I think David used to be the CPO in Pennsylvania. Somehow our vendor performance tracking system came across David's table one day, and David came down here years ago and met with me

Vendor Performance Grades And Fairness

Bobby Pounds 28:50

and one of my managers, and he wanted to know how the VPTS worked. Uh, so we sat down and we we told him, I think Procurated was kind of in its infancy stage at that time. But anyway, we we were able to work with David, and uh to this day uh we provide a lot of our vendor performance data to David and Procurated so that you can see it on a national scale. So if Julia in Idaho is trying to use one of my Texas vendors, you're gonna have some insight into whether they're an A, B, C, D, or F uh F vendor. So I I think as far as the impact, we we've been able to expand beyond Texas borders. Uh so I I see that as a good thing.

Julia McIlroy 29:33

Bobby, I love that collaboration because in the end, procurement people are people people. We like to help each other. We're here to serve, and here's another example. So so that's great. Bobby, you've been with the state of Texas for 34 years. That's truly an outstanding career.

Bobby Pounds 29:54

Uh well, I appreciate that. Uh, I think personally it just makes me old, but sure, go ahead.

Julia McIlroy 30:02

So looking forward, what's one thing you're excited about for Texas procurement over the next five years?

Bobby Pounds 30:08

Well, I think, you know, I don't I don't know how many more years uh I will be here. Uh, but the thing that's exciting is uh just me looking at my my current staff, uh I've got a good stable of some great quality people that are up and coming, some newbies to the profession. I've got some that have been with me five, ten years that still have a ways to go before they're able to exit their their state employment. So I think what's exciting for me personally for Texas is we and just in the collaboration and relationships I have with my agency customers, there are a lot of bright people out there doing procurement. And and they're doing it well. You know, 10-15 years ago, uh there were some things that occurred here in this state uh that that made papers, and a lot of legislation was passed to to try to fix some of those things. Uh sometimes it became overly prescriptive, but I think we're sitting here at a good point where we've got just the right mix of statutes and laws, procurement experience, up-and-comers coming up behind us that uh I think we're gonna be set for a little while.

Julia McIlroy 31:27

Bobby, lastly, tell me about your most interesting or unique procurement that you've been involved with.

Bobby Pounds 31:36

I think the most interesting and or unique procurements that we do, I briefly mentioned that we are part of the Texas Emergency Management Council. So, in that role, we partner along with some other agencies with the Texas Division of Emergency Management. So when there is a flood, last summer we had the Texas floods, and unfortunately a lot of people were lost. We've done hurricanes, we've done uh fires east of town here. I think it's just all of those. I mean, and I hate to bring up disaster-related procurements, but they are extremely unique. You don't know if you're buying truckloads of fuel, you don't know if you're procuring debris removal. Just it's it's such a right off the cuff, make a decision. Obviously, in emergency procurement, that's a lot different, a lot more demanding. I hesitate to say interesting, than buying pens and pencil over and over and over, you know, fleet over and over and over. So I I would say probably the uh we call them contingency contracts because they're contingent on uh an emergency declaration, but they they are definitely unique. And we I mean we talked about COVID and masks, that was extremely unique. So that that would be my answer for that one.

Julia McIlroy 33:06

Well, we always hope and pray that a disaster doesn't

What's Next And Emergency Buying

Julia McIlroy 33:10

happen, but when it does, we need to be prepared, and procurement plays an extremely valuable role in helping return things to normal, right?

Bobby Pounds 33:22

That is correct. That is correct.

Julia McIlroy 33:25

Bobby, thanks for being a guest of Pulse.

Bobby Pounds 33:28

Julia, I have really uh enjoyed uh being on here today. Uh, I will say um this is my first procurement podcast, so uh thank you for breaking me in on that, and uh I thoroughly enjoyed it, and uh I I I hope you have uh a good audience listening when this goes live.

Julia McIlroy 33:47

Thanks. And you know, I think at some point in the future, Texas Memorial Stadium is going to have an outstanding usher. Hook them. So that's a wrap on today's episode. We've heard how the state of Texas is tackling the challenge of decentralization and supplier performance in a thoughtful, people-first approach. A big Texas sized thank you to Bobby Pounds for sharing his insights. If you've enjoyed the conversation, be sure to follow the show for more stories about innovation, leadership, and the future of public procurement. Until next time, keep asking questions, improving processes, and moving procurement forward. And remember, we work in the sunshine. Bye for now.