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VOICE OF CUSTOMER

“The process takes too long”

“Vague understanding of the process”

“Final report requirements are too much”

“Lack of time frame”

“File transfer issue due to size”

“Unclear who the documents go to”

“Too many reviewers in the process”

R&D Contract Close-Out Process

BACKGROUND

Research and Development projects go through a lengthy paper-based process to complete a contract. There are several steps along the way that could delay closing out or terminating a contract, including losing the package en route. The process is extensive and confusing.

PROBLEM SUMMARY

170 DAYS to complete a contract close out package

2.8% quality rate of final/retainage payments

Top Problem Areas

- Competing priorities
- Incomplete documentation
- Too many reviewers
- Poor communication (external and internal)
- Unclear expectation for close-out package

Root Causes of Problems

- Multiple reviews
- No rejection method
- Simultaneous invoice approval and program review

GOALS & OBJECTIVES

TARGET CYCLE TIME

14 DAYS to produce an invoice

16 DAYS to review the project close-out documents

85% quality rate of final/retainage payments

KAIZEN TAKEAWAYS

REORDER	ELIMINATE
<ul style="list-style-type: none"> • Add program manager to close-out communications earlier • Invoice rejections • Voucher created in the beginning 	<ul style="list-style-type: none"> • R&D administrator • Paper • Contracts • Director review • Invalid invoice • Transportation • Tracking scanning • Multiple levels of review
COMBINE	SIMPLIFY
<ul style="list-style-type: none"> • Combining date stamps • Project manager takes on contract review 	<ul style="list-style-type: none"> • Retainage to be released once project is complete • Contract requirements • Change review from contract administrator to assistant contract administrator • Rejection of invoices

Implementation

- ✓ Converted the paper-based close-out process to the electronic financial system (a reduction of at least five pieces of paper per close-out).
- ✓ Created a transparent and efficient approach for handling retainage. The 10% hold is placed at the beginning of the contract, not off each invoice (reduction of staff time and all invoices follow one process).
- ✓ Removed unnecessary reviews from the close-out process.
- ✓ Aligned the close-out process (final/retainage invoice) with the 30-day prompt pay policy.
- ✓ Created close-out process guidance documents for both the contractor and NYSERDA project manager.

Parking Lot

- Invoicing before contract's completion – invoice should be rejected and sent back
- Clearly communicate standards for quality of close-out packages
- Separate the close-out package from the final payment
- Rejection if documents are not complete
- Eliminate the program manager and program director approval of invoices

RESULTS - APRIL 2017

93% quality rate of final/retainage payments

13 days to produce an invoice.

390+ pages of paper saved



NYSERDA