ADMINISTRATIVE REVIEW:

STRATEGIC PROCUREMENT

University of Maine System

ThinkMissionExcellence.maine.edu
“The goal of this Administrative Review for Strategic Procurement is to improve procurement efficiency and services and to identify procurement-related cost savings so they may be invested in teaching, research and public service.”

http://thinkmissionexcellence.maine.edu/strategic-procurement/
Campus Visit Goals

- Present Progress and Findings to Date (20-30 Minutes)
  - Areas of Focus
  - Approach
  - Findings
  - Next Steps

- Gather Feedback, Suggestions and Guidance (1 Hour+)
Focus

Identified three areas with significant potential to produce efficiencies and cost savings while maintaining or improving services and policy adherence.

1. Procurement of Specific Goods and Services
   A. Travel & Expense Management
   B. Other Commodities and Services

2. Purchasing Card (Pcard) Administration

3. Structural Resources and Efficiencies
Summary of Initial Findings

• There are Substantial Opportunities for Improvement
  – Maintaining or Enhancing User Experience
  – Providing Efficiencies
  – Producing Cost Savings

• Maintaining Status Quo Will Not Be Recommended

• General Recommendations are Emerging

• Detailed Recommendations in Process
  – Not Yet Determined
  – Will Incorporate Feedback
Approach

• Comprehensive Review of Current Practices

• Learn from Best-in-Class Procurement Programs
  – Interview Procurement Staff from Other Universities
  – Examine Higher Education Analyst Research and Recommendations
  – Review Vendor Offerings with Higher Education Experience

• Develop Recommendations for:
  – Maintaining or Increasing Customer Service and Satisfaction
  – Streamlining Administration and Reducing Risk
  – Enhancing Expense Management and Reducing Costs
1A. Travel & Expense Management

Findings

Current State:
- Bookings: Multiple Methods/Vendors
- Contracts: Car Rental in Place, No Contracts for Air, Hotel, Agency
- Policies: Not Integrated with Booking Methods, Updates Needed
- Payment / Reimburse: Multiple Processes/Practices
- Reporting: Not Integrated, Lacking Detail

Higher Education Best Practices:
- Contracted Travel Management Agency
- Booking Tools: Unified On-line and Agent Assisted
- Savings through Strategic Procurement (i.e., Car, Air, Hotel)
- Integrated Policy, Reimbursement, Expense Management, Reporting
- Enterprise-wide Travel Policy Adherence Management

Travel and Expense Working Group

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<tr>
<th>Group Lead: Dick Campbell, USM</th>
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<tr>
<td>Kevin Carr, UMS</td>
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<td>Chip Gavin, UMS</td>
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<td>Paulette Newcomb, UMA</td>
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<td>Stephanie LeBlanc, UMF</td>
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<td>Claire Strickland, UM</td>
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1B. Other Commodities and Services

In Progress
- Natural Gas and Propane
- Cable/Satellite Programming

Potential Near-term Opportunities
- IT Hardware
- Scientific Supplies & Equipment
- Electricity
- Custodial Paper Goods

Future Consideration
- Additional Strategic Procurement Opportunities Available
- Requires Capability for Enterprise-wide Spend Analytics
- Requires Appropriate Sourcing Resources and Expertise to Evaluate Vendors and Negotiate Contracts
2. Pcard Administration

Findings

Current State:
- Fragmented Administration
- High Degree of Program Variability and Duplication
- Lack of Integrated Reporting Across Business Units
- Inability to Create Enterprise-wide Spend Analytics

Higher Education Best Practices:
- Comprehensive Procurement Strategy with Integrated eProcurement
- Unified Pcard Service and Administration
- Consistent Enterprise-wide Training, Policies, and Support
- Integrated with Travel & Expense Program

Pcard Working Group

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<td>Nina Adams, UMS</td>
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<td>Leota Arsenault, UM</td>
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<td>Susan Cota, USM</td>
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<td>Sharon Nadeau, UMF</td>
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<td>Kim Moody, UMA</td>
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3. Structural Resources and Efficiencies

Findings

Current State:
- Highly Fragmented Administration
- High Degree of Program Variability and Duplication
- Procurement Often Not Primary or Exclusive Function of Current Personnel
- Dispersed/Limited Commodity Expertise and Specialization

Higher Education Best Practices:
- Unified Procurement Organization
- Center-led Model that includes Purchasing and Accounts Payable
- Unified Policies, Procedures, Technology, Contracts and Procurement Support
- Optimal Balance of Savings, Efficiencies, Controls and Customer Service
- Dedicated Commodity Experts Combined with Campus Focused Resources
Next Steps

• Continue Gathering Feedback
  – Campus Visits, Focus Groups, Web Survey, Progress Reporting

• Incorporate Feedback and Summarize Findings

• Refine and Finalize Emerging Recommendations

• Calculate Fiscal Impact
  – Estimated Costs, Savings, and Return on Investment (ROI)

• Present to Board of Trustees
  – Conceptual Approval: January 2013
  – Implementation Plan Approval: March 2013
Your Feedback Informs the Work

LCS: Likes, Concerns/Suggestions

**Process**
- Are There Other Key Priorities Within the Core Focus Areas?
  Priorities: Customer Service, Process Efficiencies, Cost Savings
- Are There Gaps in the Process?
- Are There Additional Communication / Feedback Opportunities?

**Content: Core Focus Areas**
- 1A Travel and Expense Management
- 1B Other Strategic Procurement Opportunities
- 2 Pcard
- 3 Structural Resources and Efficiencies
Exhibits
Exhibit 1: Board of Trustees Initiative

Directive III.f: Reallocate Savings from Administration and Infrastructure to Teaching, Research and Public Service

The Board's Strategic Imperatives Committee will undertake an in-depth review of administrative costs and structures at all levels, and in all divisions of the System and bring forward recommendations to improve administrative efficiencies and services.

~ BOT Goals & Actions initiative adopted on January 23, 2012
Exhibit 2: Governance Structure

• Board of Trustees

• Administrative Review Steering Committee
  ➢ Trustee Karl Turner
  ➢ Chancellor James Page
  ➢ President Paul Ferguson
  ➢ President Cynthia Huggins
  ➢ Vice Chancellor Rebecca Wyke

• Project Sponsors
  ➢ President’s Council
  ➢ Trustee Karl Turner

• The Strategic Procurement Review Team
  Team Lead:
  ➢ Chip Gavin, System Director: Facilities Management & General Services, UMS
  ➢ Richard Campbell, Chief Financial Officer, USM
  ➢ Kevin Carr, Director of Strategic Procurement, UMS
  ➢ John D. Murphy, Vice President for Administration, UMFK
  ➢ Michael Noblet, Director of Purchasing and AP Shared Services, UM
Exhibit 3: Communications

• Key Constituencies
  - University Presidents; - Administrative Review Steering Committee
  Over 90 People Represented Various Groups:
  - Campus CFOs; - Shared Services Advisory Council
  - MaineStreet Marketplace Steering Committee and Campus Leaders
  - Purchasing Card Administrators; -Travel and Expense Administrators

• Web Updates
  – Ongoing Since August 3, 2012
  – Now Posted at: http://thinkmissionexcellence.maine.edu/

• Campus Presentations / Feedback
  – Scheduled for December 3rd – 14th; On-site at Each of Seven Campuses

• Focus Groups
  – Scheduled for January 2013

• Web Based Survey
  – Available January 15 - 31, 2013