

Strategic Procurement Transformation

Status Report for April 2013 Activity

Report issued May 2013

- I. Administrative Review Recommendations
- II. Status Report: Past 30 Days
- III. Implementation Time Line
- IV. Key Milestones - Thru FY2014

I. Recommendations

**1. Procurement of Specific Goods and Services
a. Travel and Expense Management**

- A. Conduct a Comprehensive Assessment** to document the travel service requirements for all traveler groups and locations.
- B. Secure Travel Management Company(S) and Electronic Travel Reimbursement System** through a competitive public process to provide unified on-line and agent assisted travel services that are integrated with a paperless travel reimbursement system.
- C. Contract with Preferred Travel Providers** for favorable pricing and service guarantees for transportation, airfare, and lodging to the extent practicable in the context of the specific needs of University travelers.
- D. Update Travel and Expense Administrative Practice Letter (APL)** with clear guidelines for areas such as tipping, per diem rates in high cost destinations, and exceptions for unique travel needs.
- E. Establish Unified Travel Administration** as part of a comprehensive University system-wide procurement strategy to provide consistent policies and services for all locations with a dedicated support structure. Staff would be located at both campus and system offices with emphasis on ensuring effective campus-based presence.

**1. Procurement of Specific Goods and Services
b. Other Commodities and Services (Strategic Sourcing)**

- A. Establish Multi-Campus Advisory Groups** with expertise in products and services being considered for competitive public bid.
- B. Develop Spend Analytics Methodology/Tools** to better identify products and services where the University system would save money and add value from a competitive public bid process.
- C. Implement Contract Management Process** to better manage suppliers, ensure consistent contract terms across the University system, eliminate redundant agreements, and identify opportunities for competitive public bids / re-bids.
- D. Conduct Competitive Public Bids** for key products and services such as electricity, IT hardware (in coordination with IT administrative review), promotional materials, custodial paper goods, scientific equipment, commercial print, temporary employment, books/periodicals, vehicle services and parts, and prospect lists.
- E. Expand the Breadth of Products** available with favorable pricing and contract Terms by increasing **MaineStreet Marketplace (MSM)** catalog suppliers and migrating procurement activity from procurement card (Pcard) to MSM as appropriate.

2. Procurement Card (Pcard) Administration

- A. Deliver System-Wide Pcard Service, Support and Training** for all locations as part a comprehensive support strategy for all procurement platforms (i.e., Pcard, MaineStreet Marketplace (MSM), Travel & Expense).
- B. Establish Benchmarks and Standards** for Pcard issuance and approvals to be administered consistently across the University system.
- C. Re-bid Pcard Services** following a competitive public process to better meet Pcard user requirements and administration and **include travel expense** management.
- D. Establish Unified Pcard Administration** as part of a comprehensive University system-wide procurement strategy to provide consistent policies and services for all locations with a dedicated support structure. Staff would be located at both campus and system offices with emphasis on ensuring effective campus-based presence.

3. Structural Resources and Efficiencies (Procurement Organization Structure)

- A. Transition to a Unified Strategic Procurement Organization** operating as a shared system-wide service reporting to the Chancellor or the Chancellor's designee and advised by the Shared Services Advisory Council and the President's Council. The organization would consist of three functional units: Procurement Operations, Procurement Services, and Strategic Sourcing with staff located at both campus and system offices with emphasis on ensuring effective campus-based presence.
- B. Create a Procurement Operations Unit** within the unified strategic procurement organization responsible for accounts payable, travel and Pcard administration, procurement systems administration, and management of procurement related data.
- C. Create a Procurement Services Unit** within the unified strategic procurement organization to provide consistent, system-wide training and support, coordinate procurement activity for individual campuses, oversee quality assurance and compliance, and conduct special projects as required by legislative and regulatory mandates.
- D. Create a Strategic Sourcing Unit** within the unified strategic procurement organization to facilitate public competitive bids, analyze spend data, develop research and reporting methodologies, establish campus-based advisory groups, monitor supplier performance, and manage contract activity.
- E. Establish Assessment Process** for each unit defining evaluation criteria and review process for achieving service, efficiency, and expense reduction goals.
- F. Improve Mechanisms for Exception Process and Feedback** that provide flexibility for unique requirements and create a better process for incorporating suggestions from shoppers about goods or services where they believe additional savings could be obtained.

Strategic Procurement Transformation II. 30-Day Report - April 2013

Period Covered This Report:	FY 2013 - 4th Quarter: April
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Status Color Key	
	Project On Track
	Some Concerns
	Project Off Track

Overall Project Status:

Organization

Status:

Key Accomplishments

- Interim Leadership Team Designated: CPO, Special Projects Coordinator
- HR Hiring Process: Developing hiring strategy with HR, Coordinating with IT activity, 1st wave hires job descriptions and PDQs in Process
- Proposed new organization structure, positions, timing and locations created

Areas of Concern

- Resource availability to support hiring process.

Key Next Steps

- Brief senior stakeholders groups; Meet with current procurement related staff
- Continue drafting key job descriptions and PDQ's; Post CPO Position

Procurement: Travel and Expense

Status:

Key Accomplishments

- Final call with Administrative Review Travel Sub-Team

Areas of Concern

- T&E comprehensive assessment needs to be integrated with RFP process.

Key Next Steps

- Kick-off RFP process for Travel Management Company & Travel Reimbursement System integrated with comprehensive needs assessment
- establish Multi-campus Advisory group to assist in requirements and vendor evaluations

Procurement: Strategic Sourcing

Status:

Key Accomplishments

- Enterprise contract for **Shipping** completed
- Expanding Catalog Suppliers available on MaineStreet Marketplace (MSM):
 - > Added **Lowes, FW Webb**

Areas of Concern

- Resource availability to support emerging RFPs and Sourcing Initiatives at same time as end of Fiscal Year activity.

Key Next Steps

- Establish Multi-Campus Advisory Groups for emerging Sourcing Initiatives (i.e., IT Hardware).

Procurement Card

Status:

Key Accomplishments

- Final call with Administrative Review Pcard Sub-Team

Areas of Concern

- Resource availability to support RFP at same time as end of Fiscal Year activity.

Key Next Steps

- Kick-off RFP process for Pcard / Travel card
- establishing multi-campus Advisory group to assist in requirements and vendor evaluations

Recommendation Focus Areas	FY2013				FY2014				FY2015				FY2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1 Procurement of Specific Goods & Services																
A Travel and Expense																
a Comprehensive Assessment			Blue	Blue	Blue											
b1 Travel Management Company				Orange	Orange	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
b2 Travel & Expense Reimbursement System				Orange	Orange	Yellow	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
c Contracts with Preferred Providers								Orange	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
d Update T&E APL Practice Letter				Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
e Unified Travel Administration				Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
B Other Commodities and Services / Strategic Sourcing																
a Multi-Campus Advisory Groups			Blue	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
b Spend Analytics Methodology/Tools					Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
c Contract Management System / Process									Blue	Blue	Green	Green	Green	Green	Green	Green
d Competitive Public Bids:																
d1 Electricity				Orange	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
d2 IT Hardware					Orange	Yellow	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
d3 Custodial Paper Good							Orange	Blue	Green	Green	Green	Green	Green	Green	Green	Green
d4 Scientific Equipment							Orange	Blue	Green	Green	Green	Green	Green	Green	Green	Green
d5 Commercial Print							Orange	Blue	Green	Green	Green	Green	Green	Green	Green	Green
d6 Temporary Employment							Orange	Yellow	Blue	Green	Green	Green	Green	Green	Green	Green
d7 Books / Periodicals											Orange	Blue	Green	Green	Green	Green
d8 Vehicle Services and Parts										Orange	Orange	Blue	Green	Green	Green	Green
d9 Prospect Lists										Orange	Orange	Blue	Green	Green	Green	Green
d10 Vehicles							Orange	Orange	Blue	Green	Green	Green	Green	Green	Green	Green
d11 Shipping			Orange	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
d12 Sourcing Other Opportunities					Orange	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
e Expand MaineStreet Market Place	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
2 Procurement Card (Pcard) Administration																
a System-Wide Pcard Service, Support, Training							Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green
b Pcard Benchmarks and Standards							Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
c Re-bid Pcard Services							Orange	Yellow	Blue	Green	Green	Green	Green	Green	Green	Green
d Unified Pcard Administration				Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
3 Structural Resouces and Efficiencies (Org Structure)																
a Unified Strategic Procurement Org				Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
b Procurement Operations Unit					Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
c Procurement Service Unit					Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
d Strategic Sourcing Unit					Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue
e Assessment Process					Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green	Green
f Exception and Feedback Process					Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Legend

Orange	Public Competitive Bid Process	Green	Bid / Contract process ongoing
Yellow	Implementation Activity	Light Green	Continuous Improvement
Blue	Transition Activity		
Light Green	New System / Process in Place		

Strategic Procurement Transformation Key Milestones

Key Activity	FY13 Q4		
	April	May	June
Structure / Organization (3A-F)*	- Interim Leadership Task Assignments	- Presidents / CFOs Briefed - Meet w/ Current Procure Staff - Continue Interim Task Assignments - CPO Position Posted	- Current Procure Positions: > Continued Communications
Procurement: Travel & Expense (1a A-E, 3F)*		- Kick off: Travel & Expense RFP	- Preliminary Travel Policy Update (APL)
Strategic Sourcing (1b A-E, 3F)*	- Sourcing Contracts in place: > Shipping > Added MaineSt Market suppliers: Lowe's, FW Webb	- Sourcing Kick-off: Electricity	
Procurement Card (2A-D, 3F)*		- Kick off: Pcard/Travel Card RFP	- Preliminary Pcard Policy Update (APL) - New Pcard RFP Released
Key Communications (3F)*	Presidents Council: 4/10 SSAC: 4/1	Presidents Council: 5/8 BoT Finance/Facilities: 05/16 BoT: 05/19-20 Campus Visits: TBD ~05/13-17	SSAC: 6/10 ~Admin Review Mthly Rpt: 06/03

Strategic Procurement Transformation Key Milestones

Key Activity	FY14 Q1		
	July	August	September
Structure / Organization (3A-F)*	- Current Procure Positions: > Same broad-based job duties > Continued Communications	- 1st Wave New Positions in Place: > CPO and others - Procurement Operations: > AP Efficiency Module Install Begins	
Procurement: Travel & Expense (1a A-E, 3F)*	- Travel & Expense RFP Released		
Strategic Sourcing (1b A-E, 3F)*		- Sourcing Kick-off: IT Hardware - Engage 3rd Party to assist in developing Performance Assessment and Savings Reporting Methodology	- Identify Additional Sourcing Opportunities
Procurement Card (2A-D, 3F)*			- Enterprise Contract: > Pcard, Travel Card
Key Communications (3F)*	BoT: 07/15	SSAC: 8/12	BoT: 09/23

Strategic Procurement Transformation Key Milestones

Key Activity	FY14 Q2		
	October	November	December
Structure / Organization (3A-F)*	<ul style="list-style-type: none"> - 2nd Wave New Positions in Place: - Dept Management Tools in place: <ul style="list-style-type: none"> > Performance Assessment Methodology > Communication and Feedback Plan - FY2015 Budget Allocation Planning 		<ul style="list-style-type: none"> - FY2015 Budget Allocation Methodology in place
Procurement: Travel & Expense (1a A-E, 3F)*	<ul style="list-style-type: none"> - Enterprise Contracts: <ul style="list-style-type: none"> >Travel Management Company >Travel Reimbursement System 	<ul style="list-style-type: none"> - New Travel: <ul style="list-style-type: none"> > Roll-out Plan Developed > Training Available 	<ul style="list-style-type: none"> - New Travel: <ul style="list-style-type: none"> > Pilot Group Implemented > New Travel Policy Available (APL)
Strategic Sourcing (1b A-E, 3F)*	<ul style="list-style-type: none"> - Spend Analysis Kick-off: <ul style="list-style-type: none"> > Establish Multi-year Sourcing Strategy - Sourcing Kick-off: Temp Agencies - Enterprise Contract: IT Hardware 	<ul style="list-style-type: none"> - Sourcing Kick-offs: <ul style="list-style-type: none"> > Commercial Print > Vehicles 	
Procurement Card (2A-D, 3F)*	<ul style="list-style-type: none"> - New Pcard / Travel Card: <ul style="list-style-type: none"> > New Card Policy Available (APL) > Training Available 	<ul style="list-style-type: none"> - New Pcard/Travel Card <ul style="list-style-type: none"> > Roll-out Plan Developed > Training Available 	<ul style="list-style-type: none"> - New Pcard/Travel Card <ul style="list-style-type: none"> > Roll-out Begins > Release new Card Policy (APL)
Key Communications (3F)*	SSAC: 10/7	SSAC: 11/4 BoT: 11/17-18	

Strategic Procurement Transformation Key Milestones

Key Activity	FY14 Q3		
	January	February	March
Structure / Organization (3A-F)*	- 3rd Wave New Positions in Place		
Procurement: Travel & Expense (1a A-E, 3F)*	- New Travel: Full Roll-out Begins - Implement new travel Policy (APL) as part of roll-out	- New Travel: Roll-out Continued	- New Travel: Roll-out Continued
Strategic Sourcing (1b A-E, 3F)*	- Completed: Spend Analysis Multi-year Sourcing Strategy Established -Sourcing Kick-off: Custodial Paper - Enterprise Contract: Temp Agencies	-Sourcing Kick-off: Science Equip	- Enterprise Contract: Vehicles
Procurement Card (2A-D, 3F)*	- New Pcard/Travel Card > Roll-out Continues	- New Pcard/Travel Card > Roll-out Continues	
Key Communications (3F)*	BoT: 01/27		BoT: 03/24

Strategic Procurement Transformation Key Milestones

Key Activity	FY14 Q4		
	April	May	June
Structure / Organization (3A-F)*	- Final Wave New Positions in Place		- Compile Performance Assessment Report
Procurement: Travel & Expense (1a A-E, 3F)*	- New Travel: Roll-out Continued - Enterprise Contracts: > Travel Services (Air, Car, Hotel)	- New Travel: Roll-out Continued	- New Travel: Roll-out Continued
Strategic Sourcing (1b A-E, 3F)*	-Enterprise Contract: Custodial Paper	- Enterprise Contracts: > Commercial Print > Science Equip	- Enterprise Contracts: TBD
Procurement Card (2A-D, 3F)*			
Key Communications (3F)*		BoT: 05/18-19	