

# Strategic Procurement Transformation

## Status Report for May 2013 Activity

Report Issued June 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.

<b>Period Covered This Report:</b>	FY 2013 - 4th Quarter: <b>MAY</b>
------------------------------------	-----------------------------------

<b>Overall Project Status:</b>	<span style="background-color: green; width: 20px; height: 10px; display: inline-block;"></span>
--------------------------------	--

Status Color Key	
	Project On Track
	Some Concerns
	Project Off Track

<b>Organization</b>
---------------------

Status:	<span style="background-color: yellow; width: 20px; height: 10px; display: inline-block;"></span>
---------	---

<b>Key Accomplishments</b>
----------------------------

- Updates provided for Presidents Council, BoT Finance and Facilities Committee, Board of Trustees, CFOs and CAOs.
- CFO calls/visits completed for UMM, USM, UMA, UMF, UMPI, UMFK.
- Campus visits with procurement personnel held for UMM, USM. UMFK and UMPI scheduled. UMF, UM, UMA, SWS being scheduled.
- HR Hiring Process:
  - > CPO in approval process.
  - > Pcard Admin, AP Technician (filling recently vacated positions) in approval process; Evaluation team in place.

<b>Areas of Concern</b>
-------------------------

- Hiring process a bit behind schedule to provide time to complete campus visits with impacted employees before jobs are posted.

<b>Key Next Steps</b>
-----------------------

- Complete campus visits to meet personnel in impacted positions.
- Continue drafting job posting documentation for wave 1 positions.

<b>Procurement: Travel and Expense</b>
--

Status:	<span style="background-color: green; width: 20px; height: 10px; display: inline-block;"></span>
---------	--

<b>Key Accomplishments</b>
----------------------------

- Travel and Expense initiative started (procure integrated Travel Management Company, On-line Booking System, Automated Reimbursement System).
- Notified CFOs that campus personnel may be recruited to participate in the T&E and Pcard Initiatives and began recruiting team members.
- Recruited representative Core team for the initiative and tentatively scheduled first meeting for June 18th.
- Identified initial Subject Matter Experts (SMEs) representing a broad representation of T&E stakeholders, including faculty, to advise the core team on travel requirements.

<b>Areas of Concern</b>
-------------------------

- T&E comprehensive assessment as recommended in the Administrative Review needs to be integrated with RFP process.

<b>Key Next Steps</b>
-----------------------

- Hold first Core Team meeting to establish initiative goals, roles and responsibilities, and project time frame (tentative for June 18th).
- Establish Subject Matter Expert (SME) travel advisory team, including faculty.
- Draft APL Update to address some of the T&E findings of the Admin Review Process.

<b>Procurement: Strategic Sourcing</b>
--

Status:	<span style="background-color: green; width: 20px; height: 10px; display: inline-block;"></span>
---------	--

<b>Key Accomplishments</b>
----------------------------

- Energy Management / Electricity: Initiative leadership in place, RFQ being prepared including outreach to individual campuses for energy management requirements.

<b>Areas of Concern</b>
-------------------------

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

<b>Key Next Steps</b>
-----------------------

- Energy Management / Electricity: Reach out to other campuses for Scope of Services, Issue RFQ .
- Begin establishing Multi-Campus Advisory Groups for emerging Sourcing Initiatives (i.e., IT Hardware).

<b>Procurement Card</b>
-------------------------

Status:	<span style="background-color: yellow; width: 20px; height: 10px; display: inline-block;"></span>
---------	---

<b>Key Accomplishments</b>
----------------------------

- Pcard initiative started (re-bid Pcard services and include Travel Card).
- Notified CFOs that campus personnel may be recruited to participate in the T&E and Pcard Initiatives and began recruiting team members.
- Recruited representative Core team for the Pcard initiative and tentatively scheduled first meeting for June 18th.
- Identified initial Subject Matter Experts (SMEs) representing a broad representation of Pcard stakeholders to advise the core team.

<b>Areas of Concern</b>
-------------------------

- Resource constraints: The RFP development schedule currently conflicts with end-of-year fiscal activities. This creates significant resource constraints as most of the identified core team members are heavily involved end-of-year activity.

<b>Key Next Steps</b>
-----------------------

- Hold first Core Team meeting to establish Pcard initiative goals, roles and responsibilities, and project time frame (tentative for June 18th).
- Establish Subject Matter Expert (SME) Pcard advisory team.
- Consider APL update to address some of the Pcard findings of the Admin Review Process
- Adjust Pcard initiative time-line so that the bulk of RFP development occurs after fiscal year end. RFP target release date will change from June to August 2013. Even with the change, the Pcard Initiative is still within the timeline outlined in the administrative review report. Once the Pcard Initiative time-line is adjusted, the status will return to green.

Recommendation Focus Areas	FY2013				FY2014				FY2015				FY2016			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>1 Procurement of Specific Goods &amp; Services</b>																
<b>A Travel and Expense</b>																
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>B Other Commodities and Services / Strategic Sourcing</b>																
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	Green
<b>d Competitive Public Bids:</b>																
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	Green
d8 Vehicle Services and Parts										Orange	Blue	Green	Green	Green	Green	Green
d9 Prospect Lists										Orange	Blue	Green	Green	Green	Green	Green
d10 Vehicles							Orange	Blue	Green	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
<b>2 Procurement Card (Pcard) Administration</b>																
a System-Wide Pcard Service, Support, Training							Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
b Pcard Benchmarks and Standards							Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
c Re-bid Pcard Services							Orange	Yellow	Green	Green	Green	Green	Green	Green	Green	Green
d Unified Pcard Administration				Blue	Blue	Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
<b>3 Structural Resources and Efficiencies (Org Structure)</b>																
a Unified Strategic Procurement Org				Blue	Blue	Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
b Procurement Operations Unit					Blue	Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
c Procurement Service Unit					Blue	Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
d Strategic Sourcing Unit					Blue	Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
e Assessment Process					Blue	Blue	Blue	Blue	Green	Green	Green	Green	Green	Green	Green	Green
f Exception and Feedback Process					Blue	Blue	Blue	Blue	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		

IV. Key Milestones

Key Activity	FY13 Q4		
	April	May	June
<b>Structure / Organization</b>  (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
<b>Procurement:</b>  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: Lowes, FW Webb	- Sourcing Kick-off: Electricity / Energy Management	
<b>Procurement Card</b>  (2A-D, 3F)*		- Kick off: Pcard/Travel Card RFP	- Preliminary Pcard Policy Update (APL) - New Pcard RFP Released
<b>Key Communications</b>  (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

**Time Period Covered In This Report**

### IV. Key Milestones

Key Activity	FY14 Q1		
	July	August	September
<b>Structure / Organization</b>  (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	
<b>Procurement:</b>  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
<b>Procurement Card</b>  (2A-D, 3F)*			- Enterprise Contract: > Pcard, Travel Card
<b>Key Communications</b>  (3F)*	BoT: 07/15	SSAC: 8/12	BoT: 09/23

IV. Key Milestones

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

## IV. Key Milestones

Key Activity	FY14 Q3		
	January	February	March
<b>Structure / Organization</b>  (3A-F)*	- 3rd Wave New Positions in Place		
<b>Procurement:</b>  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
<b>Procurement Card</b>  (2A-D, 3F)*	- New Pcard/Travel Card > Roll-out Continues	- New Pcard/Travel Card > Roll-out Continues	
<b>Key Communications</b>  (3F)*	BoT: 01/27		BoT: 03/24



## IV. Key Milestones

Key Activity	FY14 Q4		
	April	May	June
<b>Structure / Organization</b>  (3A-F)*	- Final Wave New Positions in Place		- Compile Performance Assessment Report
<b>Procurement:</b>  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
<b>Procurement Card</b>  (2A-D, 3F)*			
<b>Key Communications</b>  (3F)*		BoT: 05/18-19	