Organization Transformation and Innovative Outcomes – Beyond Traditional Purchasing

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What’s popular with consumers today?

- Streaming videos & music
- On-line shopping
- Drones
- FaceTime
- Watches that do more than tell time
- Smarthomes that are controlled via phones
- Automatic pill dispensers
What’s on the horizon?

- 3D printing
- Drones
- Driverless cars, electric cars
- Telemedicine
- Internet of Things (IoT)
- Blockchain
- Artificial Intelligence
5 Traits of World-Class Procurement Organizations

1. They act as trusted advisers to top management.
2. They help to drive supplier innovation.
3. They provide fresh insights into key supplier data.
4. They help to manage and alleviate supply-chain risk.
5. They promote “agile staffing” and talent development.
Government Sourcing Solutions
Procurement Report

Top Issues Identified by CPOs

- Eprocurement: 33.33%
- Buy Local: 30.43%
- Decentralization: 28.99%
- Impact of Politics on Procurement: 21.74%
- Staffing Levels: 20.29%
- Staff Ability/Training: 20.29%

GSS Public Procurement Survey, March 8 – August 8, 2018
Does size of school or private/public matter?

Smaller school issues

Private schools vs Public
Value of the procurement office

- Ability to impact largest addressable spend second to human capital
- Insight into business relationships on campus
- Support institution strategic mission/goals
- Value beyond “cost savings” or issuing a PO

Procurement can be true VALUE CREATION
What Does Value Mean?
Means different things to different people.....

Most customers care about speed and cost

Researchers care about speed and quality

Finance cares about cost, revenue, risk and compliance

All aspects of service are critical for success
People

Yesterday

- Administrative
- Purchasing Agents
- Policy “Police”
- Transactional
- Change adverse

Today and Tomorrow

- Undergraduate degrees focused here
- Trusted Advisor
- Category Managers
- Data Analysts
- Works across silos
Process

Yesterday

- Tactical
- Began to utilize technology
- Focused on price
- Vendor management
- Procedure focused
- Silo’d relationship with payables and other departments

Today and Tomorrow

- Strategic and mission focused
- Value creation/total cost of ownership
- Procure to pay/supply chain mgt
- Supplier Relationship Management
- Customer service focused (SLA)
- Financial Stewardship
- Impact on Society/Sustainability
- Risk Mitigation
Technology

Yesterday

• Paper!
• Catalog e-procurement
• Electronic Invoicing and Payments
• PCard

Today and Tomorrow

• Spend/Data Analytics
• Cloud Financials and/or Procure-to-Pay (P2P) System
• Contract Management System
• Supplier Management Portal
• RFx/Solicitation Portal
• Travel and Expense management
• Dynamic discounting for payment

Future: Artificial Intelligence/Blockchain
Transforming our Procurement Operations

• Establish a governing procurement council
• Properly align and staff the procurement organization
• Make technology work for us
• Establish alliances with key suppliers and field experts
• Engage in collaborative strategic sourcing
Process and Technology Curve—where are you?

Automating Processes and Consolidating Contracts

- Electronic Invoicing and Payments
- Contract Consolidation
- ERP Procurement Module
- Punch-Out Catalog
- Paper Purchase Order
- P-Cards
- Consortia Contracts
- Category Managers

People needs change as you move up

Standardization and functionally Equivalent Mandates

- Dashboards and Performance Metrics
- Involvement in Non-commodity Spend
- Price Benchmarking
- Data Analytics & Reporting
- Supplier Relationship Management

Maximizing Data Analysis and Strategic Sourcing

Process and Technology Curve—where are you?
Actions You Can Take Now

Invest appropriately in procurement talent

Invest in technology to maximize resources

Expect more....

Don’t invest blindly. Expect a business case and measures of success.
What if I only have a one person department?

Small Schools have a lot of options even with limited resources:

- Consortia like E&I Cooperative (focused on higher ed), Sourcewell, etc. for contracts
- Technology like eprocurement can be more affordable now
- Tap into analytical resources elsewhere in the organization (e.g. Budget and Planning or Financial Planning and Analysis)
- Collaborate with other schools
- Invest in yourself
How do we do it?

- Have a seat at the table
- Our network—NAEP and beyond...
- CBO awareness / support
- Business case development
- Technology investments
- Incremental change
Innovative Outcomes—Beyond Traditional Purchasing
NAEP Innovator Forum Whitepapers

https://www.naepnet.org/page/WhitePapers
Be decisive.
Right or wrong, make a decision.
The road of life is paved with flat squirrels who couldn’t make a decision.