



We live in an ever-changing, technologically-driven world. Just take a look at your personal life. From online shopping and banking, to social networks like Twitter, Facebook and Instagram, you probably do things very differently than you did just five years ago. It's amazing how much has changed.

That being said, I can't help but wonder why so few of these advances have made their way into the procurement offices on today's higher ed campuses. Many procurement professionals have embraced technology and drastically changed the way they do things in their personal lives, but when it comes to their procurement department and operations, it seems as if they've been standing still.

Here's the thing. If you agree that there's been a considerable 'transformation' in terms of new technologies in your personal life, and yet, by contrast, it seems as if you haven't changed the way you do things at all in your procurement life, you could be headed down an ominous path. It may be just a matter of time before senior leadership makes a judgment as to whether your procurement organization adds financial benefits and measurable value to the institution. You have a profound impact on that decision.

Procurement Transformation

Do it to yourself before somebody does it to you

by Ralph Maier, Vice President, E&I Consulting Group



At many institutions, procurement is responsible for the second largest percentage of the annual operating budget – the cost of construction, equipment, supplies and services. This means procurement has the ability to positively impact virtually every department on campus. It's up to you to make the most of this opportunity.

To begin, there has to be senior level recognition that procurement should be an institutional priority. But how do you make that happen?

The path to transformation is paved with change

When you're talking about procurement transformation you're talking about a ground up rebuild of your entire procurement organization and your staff. This means revolutionizing everything you do, including how you do it, who you do it with, and what you use. The roadmap for this change is always a strategic plan.

Your strategic plan should provide a clear path of where you want to be and what you want to achieve in the next three to five years. It should be a living document and it should be revisited and updated annually.

Once you have that strategic plan in place, you can create an action plan that identifies the deliverables that must be achieved in order to get from point A to point B. This is where you'll begin to look at your staff and processes and ask yourself some important questions including:

- How do we do core competencies like strategic sourcing and relationship management?
- What kind of technology are we using, if any at all?
- If we are using technology, how well are we using it?
- Where are there gaps?

In an ideal 'best-in-class' situation you would have a fully automated procure to-pay process. If your process is anything less than that, you need to take an assessment of what you have and what you need to move forward. Organizationally, you need to look at what kind of skillsets your staff should have in order to be successful. This may require you to have some really difficult – and frank – conversations with your staff members, and it may even require you to be painfully honest with yourself. It is necessary however, to achieve success.

Good enough is not enough

It's not uncommon to hear employees at any organization express the notion that they are working 'really hard' and doing 'a good job.' While both of these statements may be true, I believe there is always room for improvement. If you ask me, when employees become complacent with the fact that they are doing things 'good enough,' it means they may not have been given any stretch goals.

Stretch goals are goals that are normally beyond an individual's level of expectation. When you're developing your strategic plan it's important to obviously include regular goals, but also to incorporate a set of stretch goals. That's how you start to challenge yourself and your organization. It's how you grow.

To be best-in-class you've got to push yourself to step outside the norm. Remember, you are probably outside of your comfort zone in many other things you're doing these days – your procurement process and your organizational processes should not be the exception.

It's not about you

In all of this, your primary focus should always be on measurable performance metrics and financial return on investment (ROI). Senior leadership may be reluctant to make upfront investments in procurement because in some cases, there hasn't always been a track record of success. Your goal is to begin to build that track record of success.

The important thing to remember is that it's not about you. You can't just concentrate on what's important to you or what's valuable to your department. You've got to consider what's of value to the institution as a whole. At every institution the president has a vision statement that articulates what he or she sees as important in the next 5-10 years. And in every case there's a trickle-down effect...somewhere along the line procurement can be a contributor to the success of those strategic goals.

One of the universal things we've heard from the majority of senior

leadership members we've worked with is the value of administrative efficiencies. As today's universities are being forced to tighten up resources and do more with less, these efficiencies are as critical as ever.

This is probably one of the most important areas in which procurement can add value. So how do you achieve these kinds of efficiencies? You need to streamline, automate, reduce and eliminate efforts, and improve cycle time. And then you've got to be able to measure all of that with metrics and key performance indicators.

Begin with a baseline

Before you can measure your progress you have to know where you are today. Take a look at your various processes – how long does it take from requisition creation until the approved purchase order is out to the supplier? What's that cycle time?

As you continue to make progress and





where a staff member expresses a real distaste for what they are doing, or they explain that they are struggling with various aspects of their job. The thing is, when we take a look at their skillset we find that the reason they're unhappy is because they just don't have the proper skillset for that particular position, or it's not their career ambition to do what they're doing. It means we may have the right person doing the wrong thing. In this situation, we consider the overall departmental structure, and typically find that there are other positions this person is better suited for. It's simply about repositioning and restructuring the staff to achieve optimal results. The right person, doing the right thing, creates the best results.

Do it to yourself before somebody does it to you

When you begin to chart your course in transformation, remember to do these three things: develop a strategic plan with a set of goals that are aligned with senior leadership, streamline your processes to achieve efficiencies, and make sure you can quantify those efficiencies to senior leadership through metrics.

reduce the time associated with these tasks, you will be able to factor in a cost per hour or cost per transaction and eventually quantify that savings into a specific dollar amount of administrative savings. This provides you with something measurable to substantiate the value you've added.

Consider this - most of today's higher ed procurement organizations report up to the finance department. The problem is, these two departments speak totally different languages. Finance folks aren't necessarily interested in how hard or how long procurement works, they're looking for value, efficiencies, ratios, metrics, and ROI. They're looking for numbers. So if you can't quantify and qualify your efforts in a form of metrics, your senior executive, who is most likely a finance person, isn't going to understand the full impact of the work you do.

The right person, doing the right thing, creates the best results

The challenge in all of this is that it's difficult to undergo a transformation while you still have your day-to-day duties and responsibilities to deal with. That's where a consulting group can provide capacity and capability to either work in collaboration with you, or to augment your resources.

At E&I Consulting Group, we are entirely focused on elevation of the procurement organization and staff to "best-in-class." We do not promote downsizing or outsourcing in any way. We work with our clients to perform an assessment of the staff that helps identify where we think strengths and weaknesses exist. Most importantly, we do this in a collaborative way.

More than once we've been in a situation

There's an old adage that goes something like this – do it to yourself before somebody does it to you. This idea of being proactive and changing the way you do your job – to the benefit of your employer – is so important for today's procurement organizations.

To be best-in-class you've got to be willing to embrace new technologies, make difficult changes, quantify these changes and show measureable results. Aim high and always challenge yourself to do more than you thought you could. The organizations that can do this effectively are the organizations that will do more than just survive. They will succeed.

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