I recently heard about an interesting presentation given by Mike Rulli, Procurement Specialist at the University of Notre Dame. As part of his presentation, Mike detailed the ways in which Notre Dame’s procurement department has forged a successful collaboration with the office of research.

The presentation resonated with me on a few levels, primarily because I don’t think you hear a lot about academic departments – and certainly not research departments – giving procurement much love these days.

On many higher ed campuses, it seems as if procurement is commonly regarded as a somewhat ‘incidental’ function, or a hindrance to the educational process. The purpose of the institution is research and education, and the emphasis is obviously not on administrative functions.

Let’s face it, you’re unlikely to find an institution that’s gained its reputation because of its world-class purchasing organization. A good reputation is earned based upon the merits of all the educational expertise and the breakthrough research conducted by its staff. When you take it one step further, that reputation is basically the gateway to the funds the institution receives, as well as the donations from benefactors and other sources.

As Mike Rulli put it, "Oftentimes, the procurement department is seen by end-users as people just trying to get in the way." In buying into the misconception, however, these individuals may be missing out on some significant savings opportunities. And it doesn’t have to be that way.

The advantages of collective purchasing

We live in a technology-driven world, where the internet provides easy access to products and supplies online. Add to that a decentralized purchasing culture that has practically empowered anyone on campus with the autonomy to buy, and it’s easy to see why procurement is often viewed as a hindrance. But there’s one important thing the internet does not do. It does not scale an institution’s purchases. That really makes a difference.

I believe that if these individuals scaled their purchases with the university, or, in a larger sense, with other universities, it’s unquestionable that they could achieve better savings. And while the short-term result of a lower price on a particular item might seem beneficial, in the long-run, it’s typically a losing proposition. You may be able to buy a specific product for less, but overall, when you consider the time it takes to research that purchase and when you quantify the value of that time, most likely, the cost is too high.
Take the example of a researcher who is interested in purchasing a new spectrometer. It doesn't make a lot of sense for this individual to expend the time or energy comparing spectrometer pricing, delivery requirements, etc., when this time can be better spent toward something much more valuable, like curing diseases and performing breakthrough research.

I'll be the first to admit that there are some products that are best bought individually and/or locally. But I do believe that a great deal of spend could be better leveraged by aggregating an institution’s purchasing power. And this savings grows exponentially when you expand that buying power with other universities regionally, or even nationally, through an organization like E&I.

Even on campus however, there are some synergies between departments that these individuals could and should be taking advantage of. The procurement department would be able to facilitate that savings since they have a larger view of the institution’s purchasing activity. The thing is, someone has to include them in the process.

It's not just about economies of scale. The procurement department provides other cost saving benefits as well. The process involved in procuring scientific equipment, for example, can be more complicated than many people realize. There are quite a few pitfalls someone can encounter if they don’t engage the right people to help guide the process, and ultimately, these pitfalls can be very expensive.

“There are specific terms and conditions, as well as legal aspects to consider when you’re buying scientific equipment—especially when you’re buying overseas,” Mike explained. “You have to know how to navigate all those extra controls, and you have to be aware of the basic logistics involved with bringing something in from another country. With my industrial background working with a customer base around the world, I have a lot of expertise in that area so I know what to look out for. It’s up to me to build a level of trust among our campus end-users and let these people know that I can help with these issues.”

So this begs the question, how do you build that level of trust and get the individuals with the buying power on campus to engage the procurement department? How do you convince these people to view procurement as an ally rather than a ‘necessary evil’?

**Build a bridge**

“The first thing I do in any purchasing scenario is to look at the process through the eyes of the end-user,” Mike said. “I believe it is important to not only understand what these individuals are purchasing, but to learn more about how they are trying to apply these products and services. Taking the time to really understand what the researcher is trying to accomplish, and talking to them about their goals is the first step toward building that bridge and establishing that relationship.”

Here's another tidbit Mike shared that I think has really facilitated his success. He described that he views the research department almost like entrepreneurs who are in charge of running their own business – the ‘research business.’ Not only are they responsible for securing the university’s grant money, but they’re also responsible for ‘employing’ many different people. And these people are located in the many labs on campus, as well as in different collaborations around the country.

“We don’t want these individuals to be experts in purchasing, nor should they be,” Mike said. “They should be taking care of their business, which means doing the research. They shouldn’t be spending their time looking for pipe heads or turbines. I try to help them by taking the purchasing aspect of things...
The irony in this situation is this: For many years, we’ve been struggling to help procurement folks see the value in aggregated spend. It has been an uphill battle, fraught with misunderstanding (“what is a cooperative anyway?”), fear (“if I use a purchasing cooperative I may lose my job!”) and even pride (“we don’t need a purchasing cooperative, we can get better prices on our own!”)

That being said, I understand the frustration procurement professionals are feeling in terms of getting the buy-in of end-users on campus, because for many years we’ve been facing the same struggle with the procurement professionals themselves!

No matter what, we simply can’t stop trying. E&I can’t stop touting the benefits of cooperative purchasing in education, and procurement professionals can’t stop promoting the benefits of a more centralized purchasing environment on campus. I have always believed that it is short-sighted to diminish the role that procurement plays in the buying process, or to sacrifice overall opportunity cost for a cursory lower price. There’s so much more to consider.

As I stated earlier, I’m sure that in some instances a researcher can certainly go out and buy something for a lower price. But if they looked at their entire basket of goods – the amount they saved on that individual item versus what they would see if they pooled their buying power with other labs on campus, in the region or nationally, more often than not, I think they would find some additional savings. It’s all about collaborating and ALWAYS keeping the mission of the university at the forefront.

Mike has had success with additional departments on campus including biology/life sciences, among others. “In the past, these individuals would not engage us at all, but once we started including them on our RFP committees as well as asking them to join us in the bi-yearly meetings we have regarding our suppliers they are now able to voice their concerns and they have a say in what’s going on. As a private institution, we have the flexibility to allow these individuals to be a part of the process and it’s been very rewarding.”

This statement rang especially true to me, since it sounds awfully similar to the model we follow here at E&I.

Our dedication to collaboration can be seen at all levels of our Cooperative, from our Board of Directors – which is composed of individuals representing our member institutions – to our RFP teams, our strategic sourcing committee, and our various strategy teams, which are each composed of volunteer subject matter experts from member institutions across the country. We believe that including these individuals in our process results in contracts that are the most valuable and meaningful to our membership. Much like what Mike has described at the University of Notre Dame, engaging our membership early on makes us a stronger organization.

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