

COLLABORATION IN ACTION
LUPC & SUPC CONFERENCE 2021

20 May 2021

LUPC & SUPC CONFERENCE

Session 2a: Procurement Transformation: Case Studies from the University of Cambridge and Aberystwyth University

Case Study Headlines

	University of Cambridge	Aberystwyth University
Influenceable spend	£500m p.a	£45m
PCR adherence	Outside of regulations	Inside regulations
Organisational model	Highly devolved	Central team, devolved <£25k
Procurement environment	Influence & guidance over mandated	Advisory, tender support
No. of Procurement staff	13 (2020) 30 (2021)	2.6 FTE
No. of suppliers	20,000+	5,000
Sponsors	Functional, professional and academic levels	FD and University Executive
Stage in transformation process	Implementation	Implementation

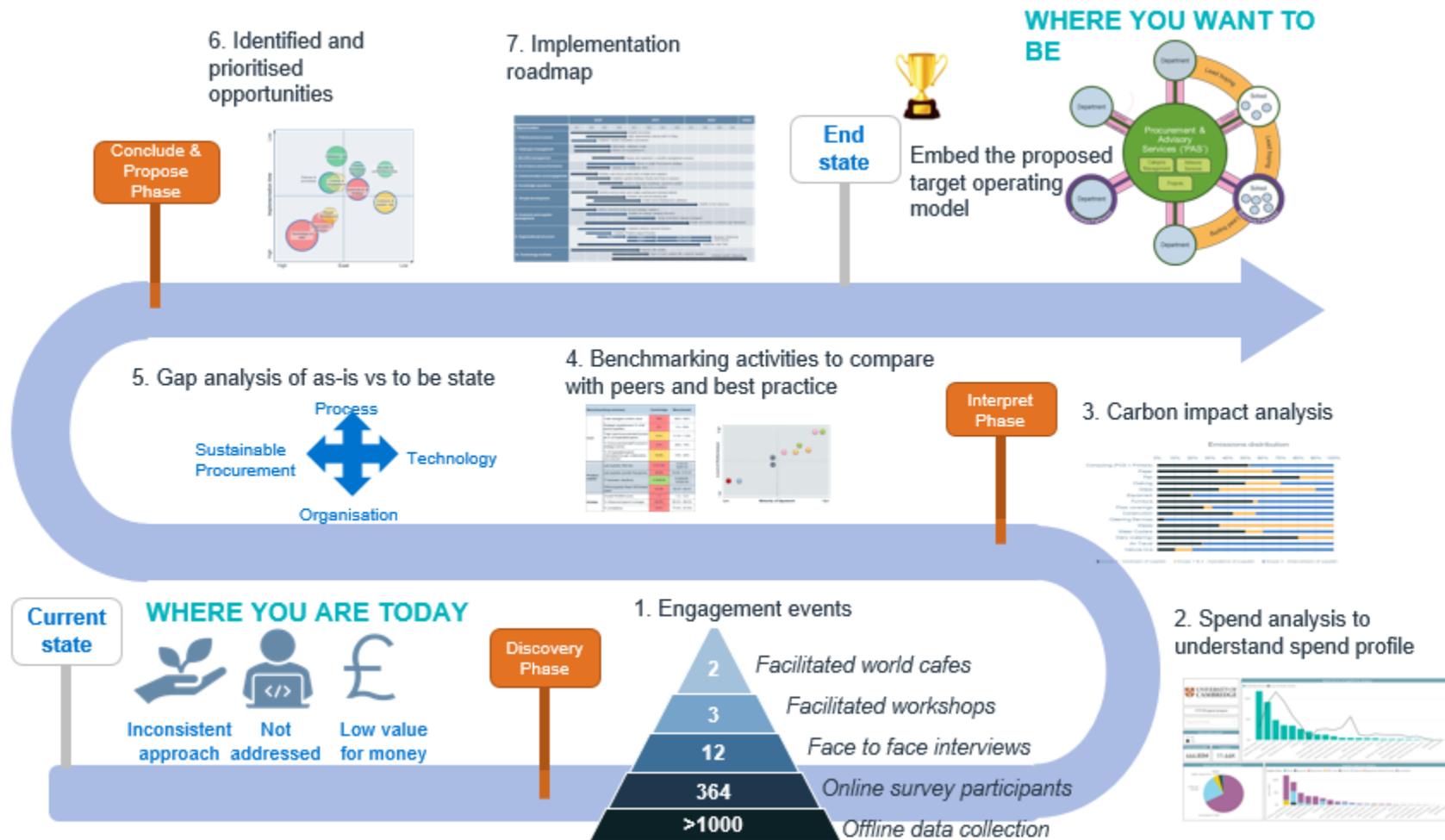


UNIVERSITY OF
CAMBRIDGE

Strategic Procurement Review

Helen Wain, Group Head of Procurement

Discovery : Overview of Strategic Procurement Review (SPR) July – Dec 2019



Benchmarking current position

The University's current approach to buying and paying is transactional and reactive.

10 recommendations have been made to advance the University's agenda to be in line with its peers and leading organisations*. The most critical are:

- **Improve end user experience** by adopting a 'hub and spoke' operating model, streamlining policies and processes, and investing in technology
- **Advance strategic agenda** by having a clearly defined strategy and improving category management
- **Invest to enhance the strategic sourcing** capability in the Procurement team through new hires and developing people skills

Approach

Foundational

- Transactional role
- Ad-hoc project support
- Reactive

Developing

- Proactive central support
- Contract management
- Category managed spend

Maturing

- Collaborative lead buying
- Demand planning with users
- Formalised project support

Leading

- Strategically aligned
- Predictive insights
- Trusted partner

Benefits

Foundational

- Some engagement with end users
- Ad-hoc relationships with suppliers
- Some control and compliance

Developing

- Insights and advice
- Supplier relationship management
- Risk mitigation

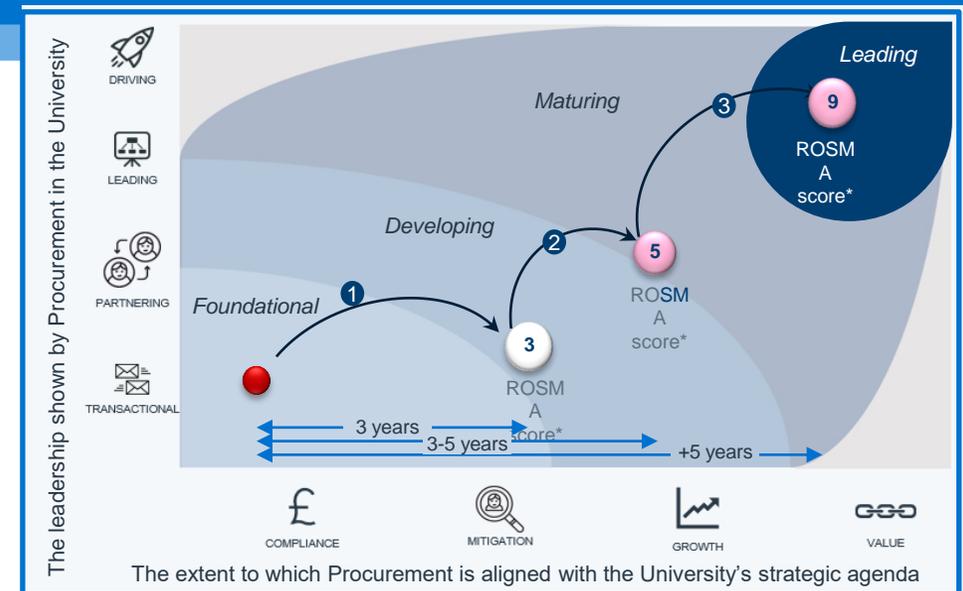
Maturing

- Better planning and strategy
- Collaborative relationships
- Supplier development

Leading

- Maximise value
- Innovative business models
- Strong influence

*ROSMA scored reflect scores of the Education sector and other sectors (average scores range from 2.4 to 9.4). Education average ROSMA score is 5.



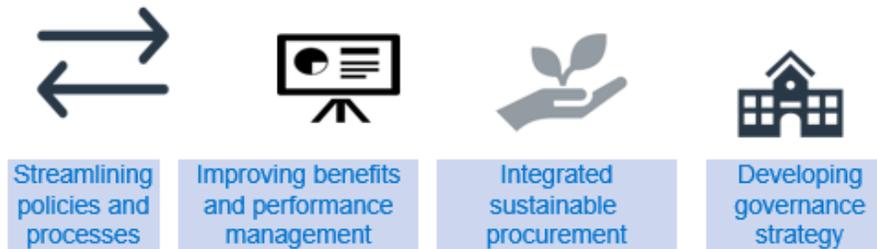
- Enhanced and simplified user experience in procuring and purchasing goods, works and services;
- A 'good' but not 'best practice' approach to securing additional VFM in terms of both commercial and sustainability benefits – for all stakeholders including research grant funders
- Delivery of a supported organisational model resourced with skilled people, working with appropriate systems and processes in a consistent & timely manner
- Accurate and timely performance reporting, alongside information in accessible format

SPP: Behavioural change through three pillars, seven work-streams & three pilots

Technology and systems



Process and policy



People and organisation





Aberystwyth University Procurement Enhancement Project

Linda Crotty, Procurement Associate, SUMS Group
Mike Smith, Procurement Manager, Aberystwyth University



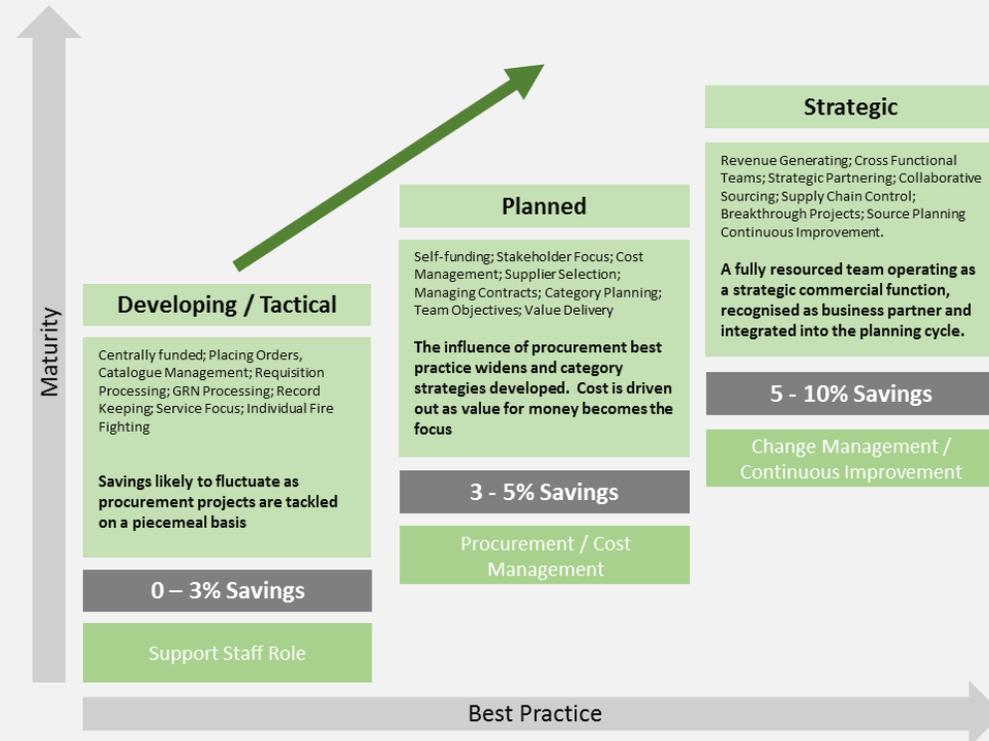
Direction of travel

Our aim is to improve performance to deliver sustainable benefits

We want to move from 'Tactical' towards 'Planned' levels of performance, **widening the influence of procurement** and **delivering benefits** across the University through the adoption of a **category management** approach

Benefits of change:

- Improved management of key risks – commercial & supply chain
- Better value for money and delivery of cashable savings
- Streamlined processes & enhanced customer service
- Reduced administration/non-value added activities
- Better management of contracts – reduction in contract leakage
- Increased supplier performance
- Alignment with University's sustainability agenda



Strategic Aims	
1	Delivering Category Management
2	Improving Stakeholder & Supplier Strategic Relationships
3	Embedding Sustainable Procurement
4	Driving Collaboration
5	Improving Procurement Reporting, Processes & Systems
6	Develop Resourcing Plan & Enhancing Commercial Skills

What's changing

We plan to introduce a category management approach to procurement

- Our proposed **new approach**, based on **category management**, represents a change to our existing approach, with **earlier involvement** of Procurement in **business planning** activities to develop **category sourcing strategies**, working in **collaboration with our stakeholders** across the University
- Benefits will only be realised through **utilisation of new sourcing arrangements** and **effective contract and supplier management**

Procurement Cycle - Current vs New



Associated Benefits Reporting



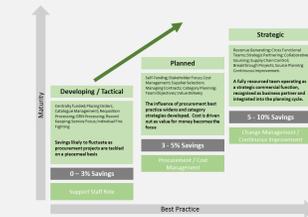
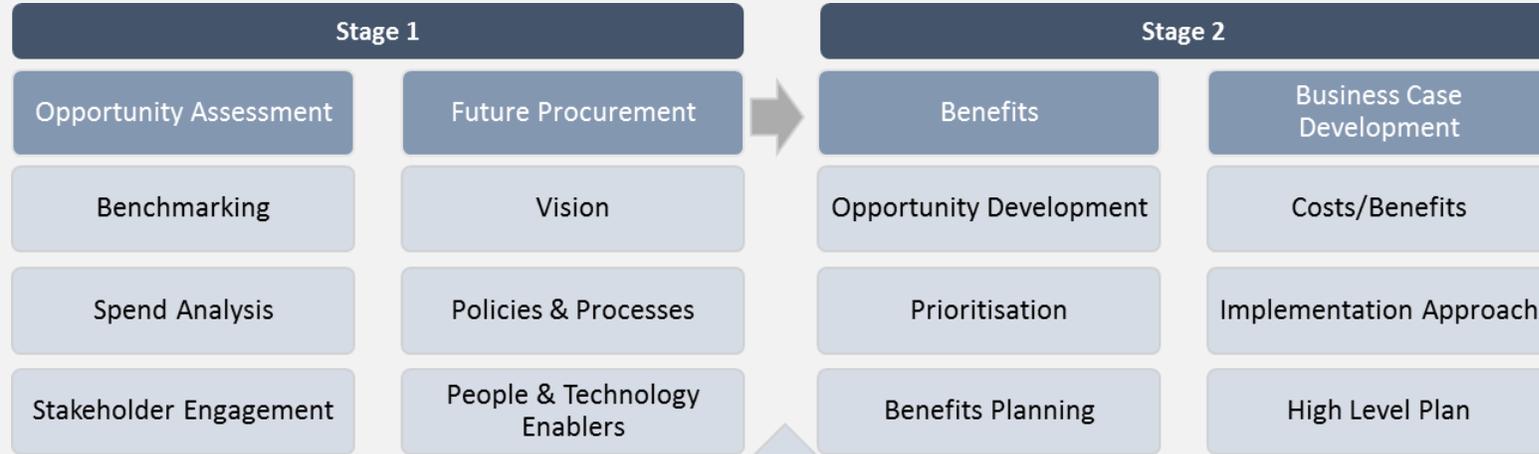
Delivered Savings

Secured savings will only be delivered if contracts are used compliantly by the University, anticipated volumes materialise, and suppliers perform as expected.

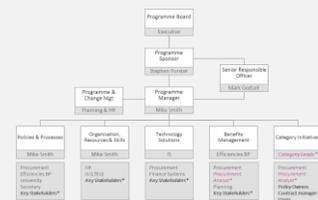
Procurement creates the opportunity to generate savings. The Business Area(s) must deliver, and ultimately evidence / report on delivered savings.

Our approach

We've taken a 2 stage approach to develop the case for change



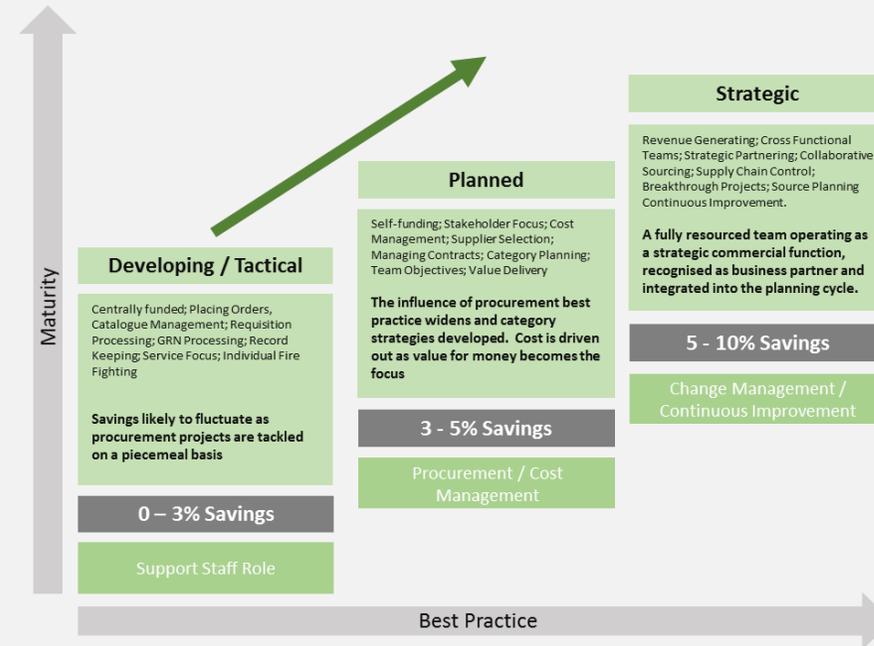
Stage	Developing / Tactical	Planned	Strategic
Characteristics	Cost-focused, single source, limited engagement, limited strategic thinking, limited risk management	Cost and quality focused, some engagement, some strategic thinking, some risk management	Value focused, high engagement, high strategic thinking, high risk management
Impact	0-3% Savings	3-5% Savings	5-10% Savings
Perception	Support function	Procurement/Category Management	Change Management / Strategic Relationship



The here and now

The initiation of the project is well underway

- Agreed programme plan and resourcing
- Defined & agreed programme governance & reporting
- Confirmed procurement objectives and targets
- Developed stakeholder engagement & communications plan
- Validating strategy and plan with key stakeholders
- Mobilising design workstream and category teams.

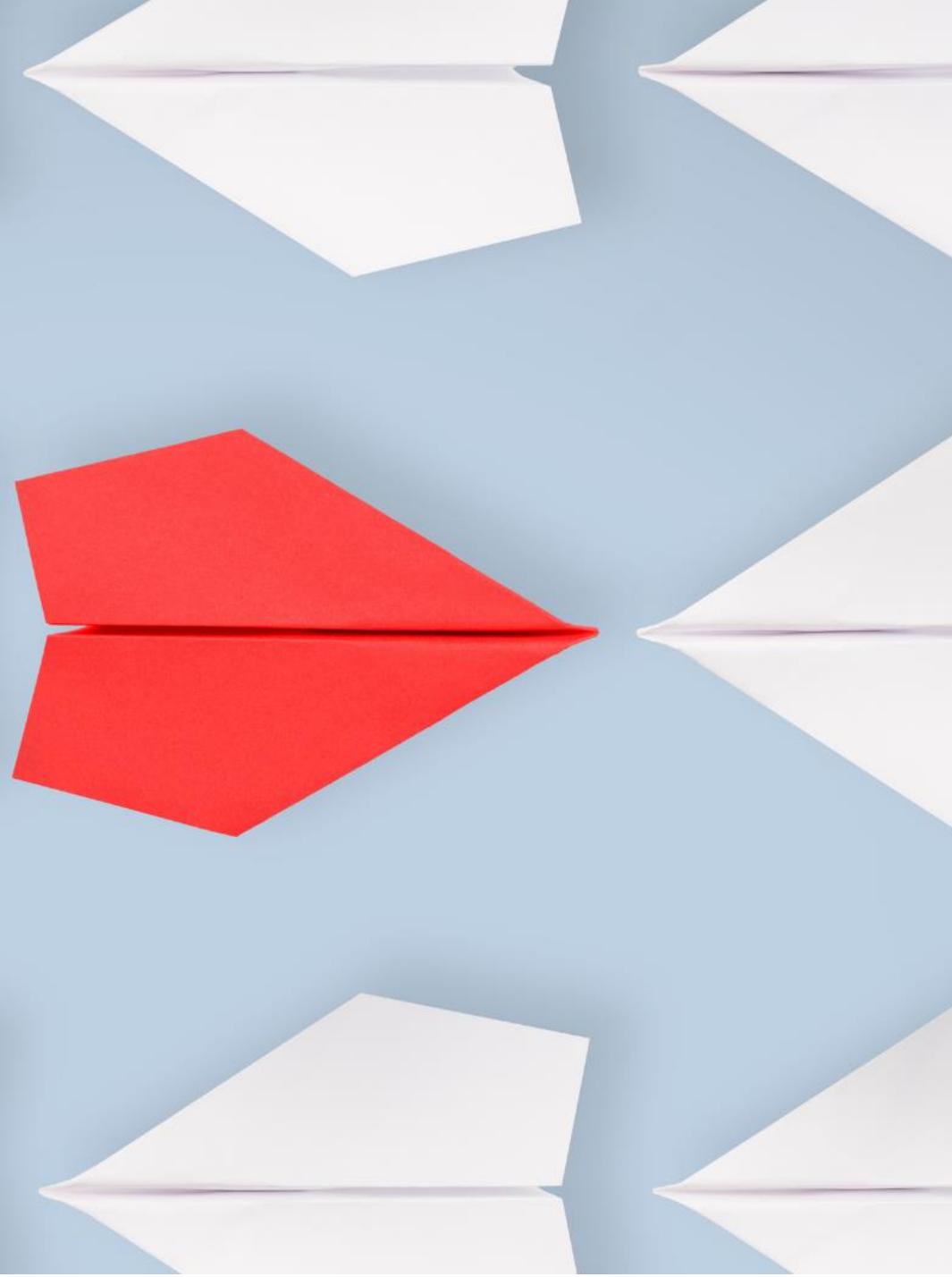


Phase 1 Design: Key Tasks		Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	
1	Programme and Change Management	[Green bar spanning Mar-21 to Jun-21]											
1.1	Programme Governance, Strategy & Reporting	[Green bar spanning Mar-21 to May-21]											
1.2	Change Management & Communications	[Green bar spanning Apr-21 to Jun-21]											
1.3	Workstream (Project) Mobilisation	[Green bar spanning Mar-21 to Jun-21]											
2	Future Operating Model (Design Phase)	[Green bar spanning Apr-21 to Oct-21]											
2.1	Governance	[Green bar spanning May-21 to Jul-21]											
2.2	Reporting & KPIs	[Green bar spanning Jun-21 to Aug-21]											
2.3	Policies & Processes (high level)	[Green bar spanning Jul-21 to Sep-21]											
2.4	Organisation	[Green bar spanning Aug-21 to Oct-21]											
2.5	Resources & Skills	[Green bar spanning Sep-21 to Nov-21]											
2.6	Technology	[Green bar spanning Oct-21 to Dec-21]											
3	Category Initiatives	[Green bar spanning Mar-21 to Jan-22]											
3.1	Confirm category priorities	[Green bar spanning Apr-21 to Jun-21]											
3.2	Mobilise Wave 1 Category Initiatives	[Green bar spanning Jul-21 to Sep-21]											
3.3	Implement Wave 1 Category Initiatives	[Green bar spanning Oct-21 to Jan-22]											

1	Delivering Category Management		To establish and deliver sourcing, contracting and supplier management strategies to realise sustainable savings and value improvements
2	Improving Stakeholder & Supplier Strategic Relationships		To enhance stakeholder relationships and demand management, lead University-wide agreements and manage supply chain risks
3	Embedding Sustainable Procurement		To embed sustainable considerations (social, economic and environmental) into commercial activities and contractual agreements
4	Driving Collaboration		To collaborate with other bodies in the higher education sector, relevant consortia and government organisations to maximise market leverage and gain better value for money
5	Improving Procurement Reporting, Processes & Systems		To provide guidance on procurement processes and procedures and optimise use of systems and e-procurement solutions
6	Develop Resourcing Plan & Enhancing Commercial Skills		To become the University's centre of commercial expertise through upskilling staff to drive improved procurement and contract management activities

What I've learned

- **Senior management sponsorship and commitment** –
a sponsor who understands what can be done and a clear value proposition for procurement
- **Having a good team behind you** –
committed and enthusiastic project support staff
- **Stakeholder engagement** –
consultation with stakeholders in early stages and throughout. Stakeholders can see the value
- **Be prepared to change direction** –
responding to market and budgetary pressures
- **Choose your consultants wisely** –
Consultants who understand the sector intimately and demands on me as Procurement Manager

A decorative background on the left side of the slide features several paper airplanes. One prominent airplane is red and is positioned in the center-left, pointing towards the right. It is surrounded by several white paper airplanes, some of which are partially visible at the top and bottom edges. The background is a light blue gradient.

Key Takeaways

- Secure key & influential sponsors from the start
- Stakeholder engagement is essential
- Have a good team behind you
- Identify common ground with change programmes in other functions
 - use organisational levers
- Focus on procurement being a service provider
- You can never overcommunicate
 - Simple consistent messaging & language everyone understands is vital
- Be prepared to change direction



Any Questions?