Sustaining New Synergies
Frequently Asked Questions (FAQ) – Strategic Sourcing
March 3, 2010

As the Sustaining New Synergies (SNS) Task Force evaluates University processes, and develops implementation plans, frequently asked questions will be answered to help keep the campus community informed. As the SNS initiatives evolve, questions and answers will be added or modified.

Question: What is “strategic sourcing”?

Answer: At Purdue, the SNS Task Force has defined strategic sourcing as looking at procurement (how goods and services are acquired by the University), and finding ways to improve the overall price or quality for those goods and services.

This may involve a new bid process for specific goods or services, or categories, especially in those areas where significant dollars are spent. The intent is to develop vendor alliances that maximize the total value equation (quality, service, and price). Also under consideration will be the processes involved in negotiating, requisitioning, ordering, receiving and paying for purchased goods with the goal of improving and simplifying these processes end-to-end. This is not a one-time thing, but rather an ongoing, new way to look at total procurement.

Q: What is the process for evaluating strategic sourcing?

A: The Task Force is gathering information about strategic sourcing and how it might benefit Purdue. Team members have spoken with organizations that have gone through this process, as well as consultants and their clients, to validate the opportunity for savings.

In the short-term, the first step is to identify key goods and services that have opportunities for sourcing improvement, by gathering information about where and how much money the University spends on purchases. Using that data, we will identify products and categories of products that offer an improvement to the total value equation and optimize the total process (requisition, purchase, delivery, payment and service). The second step is to present a recommendation to the Steering Committee, including plans to implement “quick wins” during the summer. The third step is to collect campus feedback from groups that are involved in the requisition, receiving, purchasing and paying functions of the acquisition of goods and services. Ultimately, a large number of university stakeholders will be able to participate in the process before any recommendations are made. Updates will be provided on the SNS Web site.

This is a transformative initiative, which will require a significant amount of research and evaluation. We’ve hired an external firm who specializes in higher education to assist us through a Purdue-led effort.

Q: How does strategic sourcing differ from conventional purchasing?
A: Strategic sourcing takes a “start-to-finish” view of the procurement process. Purchases of goods and services are evaluated for total volume, product line consolidations, the vendor’s total services and terms and conditions, among other things. Strategic sourcing establishes more targeted vendor relationships.

Q: Does strategic sourcing mean “single sourcing”? Will I be able to order from a company that is not on the sourcing list?

A: Strategic sourcing could involve some single sourcing (acquiring goods or services from only one source), but that will not always be the case. As new sourcing for goods and services are identified, guidelines will be communicated to ensure all users of those goods and services have the opportunity to benefit from any improvements.

Q: What changes can we expect as a result of the strategic sourcing initiative?

A: The overall goal is to improve and simplify overall processes. To accomplish that, there could be changes in the way products are ordered (more e-catalogs, p-card opportunities, web-based transactions, etc.) and paid. As business processes or technology changes are implemented, we will provide the appropriate training to users. Training sessions for some of these changes already exist and a number of key and moderate users are anticipated to require training sessions.

Q: I currently order from the ePlus catalog. Will my ordering process be changed or restricted (I now only order via SRM, from MMDC, etc.)?

A: Key business processes are also under review as part of this initiative. Before any process changes take place, customers will be notified. Training will be provided as necessary.

Q: Can I still meet with outside sales representatives directly, including those that do not represent one of the strategic source companies?

A: Vendor relationships are an important part of the procurement process. Sales representatives take great pride and effort in familiarizing their clients with their product lines. These interactions are beneficial in the ongoing product evaluation process. Purchasing Services will continue to be the primary contact with vendors in the negotiation of contracts and terms.

Q: We order a specific item or group of items frequently. How can I get it added to the strategic source list?

A: Opportunities for establishing strategic partnerships can be submitted to the strategic sourcing committee in the Sustaining SNS Task Force or to your Purchasing Services contact.

Q: Have areas of the University been identified to utilize strategic sourcing?

A: The focus of this assessment is for any purchases made on the West Lafayette campus, across academic, administrative and research areas. The goal is to include as many University purchases in this review as possible in order to maximize the savings opportunity. Goods and services that will be strategically sourced will be determined by
an analysis of purchases the University has made over several years’ time. Many areas of the University will likely benefit from new vendor relationships. Where applicable, regional campus purchasing directors will also be able to benefit from these new relationships and prices. Over time we expect to find many additional opportunities to consider how we buy goods and services and to continue to improve overall pricing and services.

Q: How will my department be affected?
A: Representatives from across the University will be asked to provide feedback and describe current processes. As changes are implemented, strategic vendors are selected, catalogs created, and processes modified, communications will be posted on the SNS Web site and in Purdue Today.

Q: What if my spend is funded out of my grants?
A: Purchases on all sources of funding will fall under the guidelines for strategic sourcing. As new vendor contracts are negotiated, resulting savings could accrue to grants. The money saved from these new vendor alliances will allow grant funding to go even farther.

Q: I have heard that transportation and custodial services are under review. Are these reviews part of the strategic sourcing initiative?
A: The custodial services review is part of the strategic sourcing initiative. A committee representing all units of campus that are responsible for custodial services has been formed and is evaluating three areas of custodial services: (1) the cleaning supplies and equipment that are currently purchased, (2) the specific tasks completed by custodial services on a both a routine and non-routine basis, and (3) the various custodial needs on campus.

Following an assessment of those areas, a recommendation will be made on how to proceed with providing custodial services and procuring cleaning supplies. This evaluation is expected to be completed during the summer of 2010.

The transportation services review is not part of the strategic sourcing initiative. It is part of a review that is being conducted by Physical Facilities. This review is necessitated by two upcoming road projects – the relocation of US 231 and the construction of Phase 1 of the Harrison Street Perimeter Parkway – that will require the removal of the existing Transportation Services facility.

We recognize that transportation services performs a valuable service to the University. Currently, there is no plan to eliminate those services. Physical Facilities is in the process of evaluating options for providing these services in the future. The review will include an evaluation of all costs and options associated with providing vehicles and coaches for university faculty, staff and students, maintenance of University vehicles, and fueling services.

Comparing an external provider to continued internal services will be part of these reviews.