Sustaining New Synergies
Strategic Sourcing Charter

I. Scope:
Establish an ongoing and sustainable process to transform the purchasing function for the West Lafayette campus. Transformation is to include:
   a. Reducing the costs of goods and services;
   b. Improvements in product quality;
   c. Capture of the resulting savings;
   d. Improving the purchasing process and business functions;
   e. Creating alliances with vendors to support the long-term goals of the University.
Regional campus activity may be included for specific areas/products.

The following products will be considered out of scope for this review:
   • Benefits;
   • Travel and employee travel expense reimbursement;
   • Sponsored research subcontracts;
   • Utilities (excluding data and voice); and
   • Construction.

II. Sponsors:
Executive: Senior Vice President for Business Services, Jim Almond
Task Force: Denise Laussade
Technical Purchasing: Director, Purchasing Services, Larry Pherson
Technical IT: Vice President, IT, Gerry McCartney
Technical Energy: Utilities Manager, Erick VanMeter
Technical (other): As appointed
Student: Michael Tian

III. Approach:
Identify University staff to participate in the selection and use of external consultant(s) and ongoing prioritization of initiatives to:
   a. Compile a spend analysis enabling initial efforts to focus on areas of significant potential savings and “quick wins”;
   b. Develop a strategic sourcing master plan;
   c. Implement new pricing, quality of service and product delivery of selected products and vendors in accordance with the strategic sourcing master plan;
   d. Conduct an assessment of the organizational structure(s) supporting the purchasing function at Purdue University;
e. Conduct an assessment of structure(s) supporting the business processes at Purdue University to include:
   - ordering process (specific vs. commodity by credit card, direct voucher, eCatalog);
   - business functions;
   - payment processes.

f. Review vendor management processes including:
   - Contract negotiation;
   - Customer service levels;
   - Relationship management.

g. Assess the institutional readiness for strategic sourcing and provide change management and communication guidance as appropriate;

h. Develop monitoring and metrics to gauge success;

i. Train and develop internal staff to implement and sustain this process.

IV. Deliverables:
   a. Identify and prioritize a strategic sourcing master plan with differentiated strategies and tools for the implementation of the master plan for selected vendor/product review(s);
   b. Methodology to capture savings for University’s benefit;
   c. Strategy and tools to transform:
      - negotiation process;
      - ordering process;
      - organizational structure(s);
      - business functions; and
      - payment processes.
   d. Implementation of a vendor relationship management process;
   e. Identification of and mechanism to provide regular metrics supporting the transformation;
   f. Development of communication, hiring and training criteria to support sustained efforts in strategic sourcing initiatives.

V. Timeline
   a. Issue RFP                      1/22/2010
   b. Receive proposals             2/5/2010
   c. Complete review of proposals  2/12/2010
   d. Approve/negotiate/award       2/26/2010
   e. Identify quick wins, opportunities and complete preliminary assessments 4/30/2010
   f. Selective implementation(s)   4-6 months following
   g. Establish the organization for staffing, training and sustainable purchasing actions for continuing progress Ongoing