



OE RESOURCE REQUEST APPLICATION

University of California, Berkeley

I. SPONSORSHIP

A. Initiative

Initiative	Procurement		
Initiative Manager	Heidi Hoffman, Director of Operations and Administration, Molecular Cell Biology (MCB), UCB Jim Hine, Executive Director of Campus Procurement, University of California, Berkeley, and University of California, San Francisco		
Phone	+1 510 643-5909 (Heidi) +1 510 642-1943 (Jim)	E-Mail	hehoffman@berkeley.edu jhine@finance.ucsf.edu

B. Sponsorship

Sponsor Name	Ron Coley, Associate Vice Chancellor, Business and Administrative Services		
Sponsor Signature		Date	
Sponsor Name	Mark Schlissel, Dean, Division of Biological Sciences Dennis Levi, Dean, School of Optometry		
Sponsor Signature		Date	
OE Program Office Signature		Date	

C. Give the title of the resource

The Commodity Project

II. PROBLEM STATEMENT/CASE FOR CHANGE

A. Identify and describe what needs the proposed solution is seeking to address.

1. Demand for commodities across departments is neither optimally aggregated nor consolidated for contracting and purchasing to support best pricing. Lack of standardized usage of account and commodity code exacerbates this problem.
2. Strategic sourcing contracts are few and underleveraged. Pricing across campus buyers/departments varies widely.
3. Access to information regarding purchasing processes and procedures is difficult to find making it time consuming for campus users to find information.
4. Campus storerooms each use their own processes and systems missing an opportunity for standardizing services, optimizing inventory efficiency and pricing, and providing better services to campus units.
5. In-house commodity expertise for select sub-categories is not adequate.
6. Scientific storerooms on campus are managed by the different departments operating under a variety of management models (vendor run, fully costed employee run, department manages – fully

or partially subsidized, and cost redistribution), leading to inefficiency and loss of consolidated purchasing power.

7. A significant portion of our travel expenses are handled through reimbursements to individuals for travel purchased and paid for on their personal credit cards. As a result of this practice, we cannot easily capture our expenditures with individual vendors – for example in the areas of airfare and hotels. We need a better system so we can negotiate better contracts with our frequently used vendors and reduce our overall travel and entertainment costs.

B. Describe the solution that is being proposed to meet the identified need(s).

The immediate focus and recommendation of the Commodity Project team is to perform an assessment study to review the campus-wide spending base in key commodity categories, and identify strategies to purchase these goods and services for less money and with lower transaction costs.

Overall Solution Recommendation:

- Review and renegotiate existing agreements.
- Identify opportunities for additional, new agreements for items not currently under contract which need to be executed.
- Invest in developing commodity expertise in targeted commodity categories.
- Implement several administrative changes to help streamline how the University currently purchases commodities.
- Actively manage vendors and contracts once negotiated to insure campus is receiving optimal pricing and terms from vendors.

At present, three commodity categories are initially targeted for the study:

- Lab Supplies and Equipment (Lab Supplies)
- Maintenance, Repairs and Operations (MRO)
- Travel and Entertainment (T&E)

Commodity Category Solution Recommendations

Within each of the commodity categories, the following opportunities for financial savings and operational improvements are believed to exist:

- Lab Supplies:
 - Commodity Manager: The decentralized nature of the buying patterns for the campus laboratories creates a sub-optimized procurement environment where: knowledge is fragmented, cohesive and consolidated understanding of the campus purchasing power is not known and certainly not leveraged, and opportunities to achieve buying and efficiencies are missed. The Lab Supplies and Equipment subgroup recommends the formal establishment of in house expertise to aid purchases going forward, and to improve opportunities for volume and coordinated buys for similar and like products. Several other recommendations in the section will be enabled by the presence of a Commodity Manager.
 - Consolidate Storeroom management/systems: There are several lab supply storerooms on campus that are operated by individual departments. We recommend that a Project team work with the primary departments providing these services, i.e., MCB, RES, and Chemistry, to evaluate the potential for implementing a common approach to management of and software to enable more transparent access to existing storerooms/stock on campus. Our

vision for a more standardized model for storeroom management will include standardized services, greater visibility into inventory, consistent pricing, and more effective vendor and contract management. A consolidated storeroom approach would rely on the existence of a campus wide Lab Supplies and Equipment Commodity Manager (see recommendation above) and would greatly facilitate consolidation of purchase volume for consumables. In addition, SciQuest (the product upon which BearBuy is based) may have a potential storeroom management solution that can be added to the University's purchase and implementation of the Full Suite.

Specific next steps include:

- Creation of a storeroom working group composed of existing storeroom leadership, a representative(s) of the campus recharge committee (or individuals similarly knowledgeable about campus wide policies and procedures), and the Laboratory Supply and Equipment Commodity Manager. This group will work to regularize and improve pricing, standardize systems, recommend and coordinate investments in new storeroom systems, and support strategic sourcing.
 - Review and analysis of existing storeroom models and development of strategic recommendations regarding management models, recharge policy, sales goals, and future investment.
- Establish a list serv and/or online searchable forum for lab managers: The many lab managers/individuals ordering supplies and equipment on behalf of the research needs on campus lack a forum for knowledge sharing and communication. Currently, the quality of one's information is highly dependent upon an individual's network rather than the collective wisdom of the campus community. It is envisioned that the establishment of such a collaborative forum would promote sharing of expertise and information across campus departments and colleges. Such an environment would support enhanced communication in many directions: peer-to-peer, community knowledge sharing, and central procurement to end user information dissemination and feedback, all leading to improved procurement decision making. Several open-source collaborative models exist on the marketplace and on campus (e.g., bSpace). The subgroup recommends evaluation and implementation of a technology-based forum for information sharing. Central Procurement will manage the content and encourage ongoing participation. A technology owner to provide hosting and maintenance will be identified.
 - Increase Purchase Authority (threshold) for Department Buyers: It is the belief of the subgroup that for some buyers (especially those departments with embedded buyers), the purchasing authority threshold is inconsistent with the nature of the position, efficiency of the operation, and speed with which transactions are desired to be completed. This situation will become more pronounced as campus buys are consolidated into larger lots. Savings from the implementation of this recommendation will be created by taking some of the pressure off of central purchasing. Implementation will require a review of the current delegation limits, appropriate ongoing training, and revisions to the thresholds where appropriate.
 - Consolidate Volume for Consumables: To achieve consistent and lower pricing for consumables, the recommendation is for the assessment team to gather data relating to departmental spending data in order to analyze historical purchase volumes in order to better predict demand (inclusive of UCSF) and potentially get larger purchase discounts on bulk buys. The goal is to roll-out an organized demand management and coordinated purchasing plan (e.g., bulk buys) across campus. In large part, the ability of campus to

consolidate volume Lab Supplies and Equipment is enabled by the presence of a Commodity Manager and effective communication with the campus customers.

- Enablers: To further enable and promote these recommendations, this subgroup proposes the following:
 - Invest in robust user training for BearBuy system
 - Redesign business processes to take optimal advantage of BearBuy
 - Actively communicate procurement policies to campus community
 - Reach out to top spend labs with special attention in order to build a better working relationship and ultimately drive to greater savings opportunities.
 - Allow departmental buyers to conduct research about past purchases/purchasers on campus in order to facilitate knowledge sharing between departments
- Streamline Sole Sources: Often times procurement for specialized lab equipment or other buying situations, the specifications are more important than the price. In such cases, sole sourcing is an appropriate procurement protocol. It's important for sole source purchases to be conducted within a consistent process framework, one streamlined to be as intuitive as possible for the person/team initiating the order (e.g., more checkboxes, clear direction around narrative), and executed with appropriate authority under acceptable conditions. The subgroup recommends the creation electronic forms in BearBuy. In promote appropriate use of sole sourcing, PI's and lab managers should be educated on what is necessary for inclusion in their sole source requests as well as how to write up clear purchase documentation.
- Bid out more Sole Sources: For some commodity purchases the highly specialized nature of the items is crucial to the success of the laboratory program, and procurement should follow the sole sourcing recommendation above. For many other standard items (e.g., refrigerators, centrifuges) the campus has the opportunity to obtain best pricing through competitive procurements. The subgroup recommends that there be increased collaboration on the part of central procurement with the laboratory buyers to identify categories of currently sole sourced requests that should be bid out in order to attain additional savings and avoid unnecessary sole sourcing. Also, with the implementation of BearBuy, it is anticipated that the need for sole source requests will be reduced as BearBuy will make competing products easily visible and accessible. Reducing sole source purchases, and increasing competitive procurements will help the university and the laboratories improve compliance with federal regulations. Federal regulation compliance metrics should be monitored and communicated by procurement, and the additional savings should be quantified and communicated to the PI's and lab managers in order to encourage buy-in.
- Renegotiate Current Strategic Contracts and Negotiate Additional Strategic Contracts: The Campus receives a wide variety of prices for the same items from the vendor community, and often times from the same vendor. One part of campus receives one price and another campus unit receives a different price because the vendors are managing their relationship with individual campus customers instead of the campus community working together to negotiate best pricing. While these individual contracts may appear to save a local group money, oftentimes a vendor may give a group "best" pricing on some items, the same vendor may give that group a less desirable discount on other products. In today's competitive procurement environment, individual units don't have the leverage with the vendor that can be achieved by pooling or aggregation of spend across campus. The collective goal is for all of the campus to receive (on a like-for-like basis) the lowest price. Given the breadth and depth of campus's purchases for scientific supplies and equipment,

such advantageous pricing can be achieved through entering into strategic partnerships with vendors and ongoing management of the vendor relationship. There are additional benefits of working with strategic partners, including: lower campus transaction costs through streamlined purchasing (e.g., placing catalogs under management with BearBuy, aggregating orders to eliminate costly high frequency/low value transactions), favorable billing terms, creation of systems and optimum information flow to facilitate appropriate and accurate tax handling, and more generally automated exchange of information. Strategic contracting also reinforces the benefit of closer collaboration between procurement and the campus buying community. So, while the focus of this recommendation is on implementation of new and renegotiation of existing strategic contracts, we believe that establishing an effective strategic sourcing environment, enabled by the presence of a commodity manager (recommended above), will result in more consistent and better pricing for the campus overall. The subgroup makes the following specific recommendations:

- For existing strategic contracts:
 - Establish market basket products that fit the campus's purchasing patterns.
 - Update prices frequently enough to assure that contract price is always best available price from vendor.
- For new additional strategic contracts:
 - Negotiate with 20 off-contract vendors including: Applied Biosystems, BD Biosciences, Carl Zeiss, Coherent, E&K, E&S, Elim, Illumina, IDTDNA, Matheson, Millipore, Molecular Devices, National Instruments, Newport, Olympus, Rainin, Roche, Shimadzu, Thorlabs, Varian.
 - Explore new contracts for Lab services (e.g., equipment cleaning and calibration).
- Improve and expand training and communication with campus buyers at all levels: The subgroup has identified a series of training and communication topics that would improve and make the procurement process more efficient, and in many cases avoid unnecessary back and forth communication and rework that often times is otherwise avoidable. These topics include:
 - Improve spend data entry at the department level (e.g., better and more accurate category coding to enhance the quality of data)
 - Provide training for end-users on effective ways of working with vendors/partners
 - Provide ongoing training to buyers and end-users in areas such as sole sourcing justifications with the objective of policy awareness, including appropriate and inappropriate opportunities for sole sourcing
 - Provide clear definitions of roles and responsibilities for requestors, purchasing agents and buyers.
- MRO:
 - Consolidate Storeroom management/systems: Currently, PPCS has a storeroom and PPCS and RSSP maintain stock in closets and trucks across campus. The departments have different unique processes and systems for managing their inventory. While some level of decentralized stock is necessary for doing business, we believe that the inventory is not currently being managed effectively. Centralized Storeroom operations for these two units would achieve greater purchasing power and efficiency. The subgroup envisions that centralized storeroom management would establish a standardized set of services, as well as provide greater visibility into inventory and pricing, and greater opportunities for vendor management. The MRO subgroup recommends departments on campus (Housing and Dining, Physical Plant, and other primary campus groups) come together to evaluate the opportunity to implement centralized management of and software to enable access to existing storerooms on campus. SciQuest, the vendor-provided software underlying

BearBuy, may have a potential storeroom management solution that can be added separately to the campus's purchase of the Full Suite. In addition, Storeroom management approaches and techniques can be more broadly shared across campus, and perhaps consolidated with the study proposed for the Lab Supplies and Equipment Storeroom.

- Designate one department as campus-wide functional owner for MRO supplies and to actively manage MRO spend: Under the present organizational structure, the campus does not aggregate demand across the many significant consumers of MRO supplies. While organizational and funding protocols may necessitate the separation of RSSP and PPCS units, aggregating and managing demand for MRO commodities would result in the achievement of spend savings. This, too, would be a key enabler to allow the campus to achieve savings from other recommendations, such as strategic sourcing. To achieve this, the subgroup supports identifying a functional owner to coordinate campus non-research MRO demand. Where possible, this functional owner would support MRO demand campus-wide – including PPCS, RSSP, and research demand. It is recommended that the functional owner serve as the MRO commodity manager, and that a portion of this position be funded through the central campus procurement organization.
- Aggregate demand and aggressively negotiate additional discounts on targeted transactions: Demand is not currently aggregated across campus, and, while \$4.5m has been identified as known MRO campus spend, other non-quantifiable purchasing is made for MRO goods and services. Additionally, even though campus and UCOP agreements exist, buyer's calls to vendors frequently result in even better pricing. Needless to say, obtaining such pricing in this manner is inefficient. By aggregating campus demand and with knowledge of its own purchasing patterns, the University will be better able to issue RFPs and negotiate discounts. The vision is for buyers to receive "best pricing" upon logging into the system (BearBuy). The recommendation is for campus to take proactive steps to aggregate demand to leverage UCB's purchasing power. Such aggregation can be achieved through BearBuy and sku level tracking (vs generic capture of spend into "General Supplies"), cross-organization collaboration, and use of a Storeroom. Additionally, UCB demand should be fed to UCOP for its market basket product selection and vendor negotiations. Importantly, and as discussed in other recommendations, the University needs to manage our vendor contracts and actively engage the user community to understand the needs for goods and services.
- Vendor managed inventory for select consumables: Within a Storeroom environment, vendor managed inventory (VMI) has the potential to alleviate the time consuming work associated with organizing, ordering, receiving and putting away stock, and monitoring inventory levels. Campus storerooms should evaluate PPCS's testing of VMI safety supplies for rollout to other MRO commodities. A likely target for this sort of solution would be a fastener vending machine.
- Better leverage supplier inventory management expertise: The MRO subgroup's research surfaced that at least one of our Strategically Sourced suppliers offers services for supplier inventory management expertise at no charge. For example, in January, 2011, Grainger completed an analysis for UCB providing insights and opportunities for improved purchasing processes, inventory management, supplier consolidation and product standardization. It's recommended that this (or other 3rd party) analysis serve as an input into next steps.
- Renegotiate Strategically Sourced contracts to reflect UCB Requirements: Strategic sourcing contracts that reflect the goods and services actively purchased by campus add

tremendous value. Such is not currently the case; the subgroup has determined that systemwide strategically sourced contracts do not match well with campus demand and as such do not add significant value. With improved communications between UCOP and campus, and between campus centralized procurement and departments/units, as a first step, the subgroup recommends an assessment study to identify frequently purchased commodities, and then using the results of this study to lead the University to renegotiate strategically sourcing contracts to reflect UCB requirements.

- Conduct RFP's for select MRO sub-categories: At present there are several MRO sub-categories (e.g., Plumbing, Air Filters) for which the University does not have strategically sourced agreements that provide competitive pricing. For many of these sub-categories, campus uses over 200 vendors, many of whom are not under a pricing agreement. Without such agreements, the University receives a range of prices from the vendor community, whether it's different buyers asking for quotes from the same vendor, or one buyer receiving a wide range of quotes from several vendors. The subgroup recommends conducting RFP's for select MRO commodities. As a result, not only should the University expect lower prices, but by leveraging BearBuy, procuring these sub-categories into Storerooms will then enable more efficient departmental purchases through hosted catalogs. Targeted sub-categories include:
 - Locks – Best/Stanley
 - Air filters
 - Fasteners (nuts and bolts)
 - Safety supplies
 - Plumbing
 - Lumber
 - Fire Alarm devices
 - Door parts (thresholds, crash bars, etc.)
 - HVAC (belts, bearings, motors, and parts)
 - Electrical (wires, switches, breakers)
 - Paint (PPCS and RSSP are buying from different vendors)
 - Lamps & Ballast
- Standardize and improve account and/or category codes to better capture MRO spend: Central to several of these recommendations is standardization of account and category codes. Such standardization facilitates capturing aggregate campus demand for individual commodities and skus, and for managing inventory across campus. Standardization is critical if the University expects to drive efficiencies of scale in managing MRO spend.
- T&E:
 - The immediate focus of the T&E subgroup is the improvement of sourcing and contracting of travel and entertainment goods and services. Several opportunities to reduce T&E costs which fell under the review of the T&E subgroup touch on policy under the purview of the Controller. While these opportunities are mentioned here (and noted below), such recommendations should be coordinated with the Controller's office for further analysis and implementation.
 - Encourage use of Connexus: Currently a significant portion of the travel spend for campus is handled through reimbursements to individuals who are paying for travel using their personal credit cards. By encouraging the use of the Connexus travel system, we will increase our spend data with airlines, hotels, and other travel related vendors. With better data, we will be better positioned to negotiate improved pricing with our vendors.

- Implement GSA caps for domestic lodging in select high cost, frequently traveled cities: GSA limits for international lodging are already part of current policy. Currently, domestic lodging costs are not subject to such limits, and the highest impact opportunity here is for the use of GSA caps for domestic travel lodging to high cost, frequently traveled cities. Standard policy exceptions for conference lodging would be retained.
- Implement caps on reimbursement for ground transportation to and from airports, and airport parking: Athletics has successfully implemented caps on both parking and ground transportation to and from local airports. The T&E subgroup recommends that sourcing agreements for both parking and shuttle services, similar to those in place for athletics, be extended to the rest of campus. The recommended caps would be equal to the cost of the negotiated services. Travelers would have the option to use other vendors for parking and ground transportation, but reimbursements would be limited to the negotiated contract price. With these agreements in place, we recommend that exceptions should be hard to obtain.
- Require travel arrangements to be made 30 days in advance when possible: Currently, travelers face a disincentive to plan travel more than 30 days in advance for the following reason: when travel is planned far in advance, the possibility of cancellation is high, and so travelers prefer to purchase a refundable ticket. However, refundable tickets purchased 30 days in advance are frequently as expensive if not more expensive than non-refundable tickets purchased closer to the travel date. This cost difference causes some of the late booking. The subgroup recommends that UCOP negotiate with contract airlines to close the price gap between refundable and non-refundable fares.
- Negotiate fares with additional airlines: The subgroup recommends that UCOP negotiate travel fares with additional frequently used airlines (e.g., United).
- Encourage use of web/video conferencing for short conferences or meetings: About 6% of the travel for the campus is spent on trips that are not more than 24 hours duration. For many of these trips, and particularly for administrative meetings, the campus administration should exhort the use of web conferencing. The subgroup acknowledges that for some of these short duration trips face-to-face, in-person contact is important (e.g., meetings with certain donors), and as such, certain travel would be excluded from this recommendation. Additionally, the subgroup recommends exploring that campus either invests in or more fully makes available existing campus-based video conferencing services.
- Insurance Certificates: Currently, when a department contracts for certain services (e.g., catering), university contracting policy requires the vendor to provide and the department to collect an insurance certificate. Currently, each department contracting for such services collects and tracks the certificates for its vendors, without regard to presence of the certificate already existing on campus. This leads to inefficiency and wasted time and effort by both departmental staff and the vendor. The subgroup recommends the naming of a functional owner of insurance certificates and creation of an easy to access web site for obtaining and maintaining them.
- Accounts Payable Facilitation (soft-cost savings): The University's accounts payable system provides the ability to reference a vendor's invoice number on payments when one has been provided. When a vendor invoice number has not been provided, the vendor receiving payment often does not know for what it is receiving such payment. When this occurs, the vendor calls the accounts payable office to make inquiry, and such inquiry

results in the need for research by the AP staff. An enormous amount of staff time is wasted on these issues. This problem can be easily remedied by encouraging vendors to include a vendor reference invoice numbers on invoices. In addition, issues were raised about the inefficiencies and ineffectiveness of the Faculty Club's billing system, including the discovery that the Club's staff apparently will not use email. Given the historical importance of the Club to the campus, and the non-responsiveness of the Club's management to these issues, the subgroup believes that senior-level campus administrators may need to weigh in.

- Negotiate strategic contracts for catering, off-campus conference facilities, event supplies and audio visual service and encourage use of them: The campus has the opportunity to consolidate the ways in which it contracts for services such as catering, off-campus conference facilities, event supplies and audio visual service. Currently, departments are mostly left to their own devices to procure these services, and as a result the University misses out on saving hard dollars through better negotiated prices, and soft dollar savings through greater efficiency on the part of staff spending time making arrangements. Additionally, several campus entities encourage use of certain vendors to achieve a range of worthy objectives (sustainability, healthy eating, budget friendly menus and consolidated purchasing). However, the subgroup believes that the campus can better leverage its purchasing power, reduce hard and soft costs and still achieve these objectives through better coordination of vendor criteria, selection and contacting. This recommendation has the added advantage of strategic use of local businesses. This was the #1 recommendation from campus event planners.
- Event Planner Card Program (EPC): Use of the current Event Planner Card makes it easier for departments to pay vendors on-time. Typically, when the University is able to pay vendors expeditiously, the University can negotiate for larger discounts. The EPC, as it is currently implemented, difficult to use. Its use requires considerable documentation, 100% post-audit review and a cumbersome workflow. While the subgroup advocates for the use of EPC, it recommends re-evaluation of the focus of the EPC and distribution of it to departments that handle large group events where its impact will be most effective. Additionally, the subgroup recommends that a follow up study review the efficiency and effectiveness of workflow and documentation requirements associated with the EPC.
- It is also noted that while the Connexus implementation project is funded separately and apart from this Commodity Project, the subgroup believes that by changing certain T&E policies and practices we will be able to increase the savings in travel & entertainment beyond those realized through the successful implementation of Connexus.

C. Describe the alternate approaches you evaluated in the process of developing this proposal and why those alternatives were not selected.

- Lab Supplies:
 - For the Storeroom recommendation, the subgroup considered and rejected:
 - Physical consolidation of existing storerooms into a single central facility. The proximity of existing storerooms to their customers, both physically and organizationally, constitutes much of the value they bring to campus.
 - Recommending the outsourcing of all storeroom operations to commercial vendors. The potential sales volume and existing value of our storerooms makes the does not seem to support this recommendation. It is the subgroup's current view that both vendor and departmentally managed solutions have their place on campus and can be

complimentary. The development of a long term strategic plan along with continuous review is suggested.

- With regard to the remaining recommendations, as the solutions presented here are recommendations for further analysis, alternative approaches will be explored.
- MRO: As the solutions presented here are recommendations for further analysis, alternative approaches will be explored within the following areas:
 - Degree to which primary MRO departments will share a storeroom/share inventory information
 - Naming of a Functional Owner of MRO, and whether this individual will also serve as the MRO Commodity Specialist
 - Appropriate model for managing inventory (i.e., university managed storeroom or vendor managed inventory model)
- T&E: For the items in the T&E category, the alternative is largely to stick with the current process. The recommendations set forth above result from evaluation of the current processes and related shortcomings.

III. IMPACT AND STRATEGIC ALIGNMENT

A. Describe how the proposed solution aligns with the OE goals:

- Reduce administrative costs and enable the campus to direct more resources to teaching and research
- Advance an effective and efficient operating environment
- Instill a culture of continuous improvement that leads to high quality performance and outcomes

- Lab Supplies:
 - The Lab Supplies and Equipment recommendations individually and collectively drive to:
 - lower costs of good purchased by leveraging the campus's aggregated spend and through new and improved use of purchasing agreements;
 - Increased buyer efficiency lowering transaction through excellence in process, effective use of technology, and collaboration across organizational lines.
 - Specifically with respect to the storeroom recommendation: The development of a more collaborative and accountable approach to storeroom management supports the OE goals. The pricing data collected as part of our process indicates that simply coordinating bid and contract activity between storerooms will save campus customers considerable money. Improved storeroom management will reduce both administrative soft costs and transactional hard costs. Replenishment purchasing is inherently more efficient than transactional purchasing. Storeroom purchases offer more visible spend data than transactional departmental purchases and support strategic sourcing goals. Coordinated storeroom systems will allow the campus to scale up these operations without a one for one increase in transaction costs. The approach suggested also improves communication between campus stakeholders units and provides a mechanism for continuous improvement.
 - Many of these recommendations will lead to new ways of doing business in the long term. The procurement and buyer community will appreciate that change will not come all at once, but rather as a result of continually seeking out and learning from what works and what doesn't. The improvement in communication, implementation of strategic sourcing models, as well as data collection and transparency will model the changes the University seeks to find in order to define new, better and more effective buying and inventory management techniques.

- MRO:
 - The MRO recommendations individually and collectively drive to:
 - Lower costs of good purchased by leveraging the campus's aggregated spend and through new and improved use of purchasing agreements;
 - Increased buyer efficiency lowering transaction through excellence in process, effective use of technology, and collaboration across organizational lines.
 - Many of these recommendations will lead to new ways of doing business, and the procurement and buyer community will appreciate that change will not come all at once, but rather as a result of continually seeking out to a capitalize on learning from what works and what doesn't, just as the University seeks to find new, better and more effective buying and inventory management techniques.
- T&E:
 - The recommendations of the T&E subgroup align very nicely with the goals of the OE program:
 - Each recommendation directly or indirectly promotes reductions of administrative costs through better pricing from external suppliers and more efficient use of internal resources.
 - Several of the recommendations directly advance streamlining of operations at the University (e.g., management of insurance certificates, accounts payable facilitation, use of Connexus, use of web/video conferencing services, and strategic contracting for catering and events).
 - Several of the recommendations instill a culture of continuous improvement represented both in initial implementation and through the on-going monitoring of cost effective and efficient solutions (staff and faculty enablement of Connexus, monitoring of frequently visited and high cost cities, monitoring of ground transportation costs, opportunities to leverage emerging technology to replace the high cost of travel, monitoring of strategic contacts for catering and events for quality service at a reasonable costs, and use of the EPC). In addition, some recommendations may reduce liability issues in certain areas.

B. Identify any other anticipated benefits in implementing the proposed solution.

- Lab Supplies:
 - It is the subgroup's expectation that the various proposals will build on each other and result in a dramatic change in lab supply and equipment purchasing, leading to:
 - Improved collaboration between storerooms and with improved strategic sourcing and a coordinated plan for the future
 - A campus wide electronic forum dedicated to information sharing among laboratory researchers. This forum will improve both peer to peer and organizational communications as well as allowing the central campus to support the labs and help reduce cost overall.
 - A dedicated commodity manager to support research and purchasing staff on campus
 - A new more efficient electronic procurement system backed by the new centralized central procurement organization
 - A general shift in purchasing operations from transactional purchasing to managed commodities
 - Taken together these initiatives support each other and offer an entirely new approach for UC Berkeley, one that aligns with the approach taken by the OE initiative.
- MRO: In much the same way that the vendor community has learned that the university

processes and systems tolerate different pricing to different campus departments (“the vendors are managing the buying process”), UCB’s standardized approach will become known and accepted by the vendor community as it learns to play by the rules set forth by the University (“the university will manage its vendors instead of having the vendors manage the University”). In addition, we believe that by better managing our inventory, we will reduce the amount of stock the campus keeps on hand, thereby better managing our resources. In addition, we will realize long term, and potentially significant, savings in staff time by reducing the amount of time the trades people spend finding/purchasing goods and increasing the time they have available to provide repairs and maintenance to the campus.

- T&E: Quite simply, it is anticipated that with the implementation of the recommended programs, campus staff and faculty will embrace the concept that coordinated purchasing is beneficial both to departmental budgets and service level achievement from external suppliers. Positive outcomes from the implementation of these recommendations will instill a culture whereby staff seek out and identify additional opportunities for consideration.

C. Identify the risks of not implementing the solution.

- Lab Supplies: In these days of tightened budgets, the status quo is not acceptable. Lack of follow up on these recommendations will lead to:
 - Continued fragmentation of storeroom systems
 - Unnecessary duplication of effort and wasted investment in multiple systems
 - Loss of credibility both externally and internally
 - Wasted research and state dollars
- MRO: In these days of tightened budgets, the status quo is not acceptable. Lack of follow up on these recommendations will lead to continued inefficiency and wasteful spending.
- T&E: These recommendations promote efficiency and effectiveness in the purchase of goods and services related to travel. Without implementation, the status quo will remain resulting in missed opportunities to achieve cost savings and improved price performance.

D. Describe the constituency that is intended to benefit from the proposed solution (e.g. students, faculty, staff, 1-many units)

- Lab Supplies: While the campus research community is the primary constituency of these proposals, these recommendations will also benefit the procurement of goods for teaching laboratories across the campus. The proposals are intended to support strategic sourcing, model best practices, and reduce administrative expenses on campus generally.
- MRO: The primary beneficiaries of the MRO commodity recommendations are staff in PPCS and RSSP areas, and those in other units, including research departments, who procure such commodities. Decreasing expenditures, increasing efficiency and lowering transaction costs helps the university to manage the expense budgets leading to a reduction of student fee increases. In addition, if the time spent by the trades people procuring goods can be reduced, then the services they can provide to the campus facilities will increase.
- T&E: The T&E recommendations will result in time savings for staff in academic and administrative departments who are managing travel and entertainment processes, a reduction in travel costs overall to the campus, and time savings for staff centralized organizations such as accounts payable. For example:

- the workload associated collecting and tracking insurances certificates will be lightened;
- accounts payable staff will spend less time researching vendor questions relating to payments with vendor reference number;
- staff responsible for event planning will have the support of centralized procurement vehicles from which to find and place orders with external suppliers.
- Improved compliance with travel policies

Faculty research budgets, too, will be the beneficiary of negotiated airline, catering and event agreements.

E. Describe the extent to which this proposed solution is a collaborative effort either within campus or with external partners.

- Lab Supplies: The proposed solution is essentially a call to allow more collaboration between researchers and administrative staff across the campus with the support of campus executive and academic leadership, to provide goal setting, strategic planning, and process improvement. The subgroup also recognizes that the vendor community is an important partner whose participation will be vital.
- MRO: By definition, improving our strategic sourcing with external vendors will be a required condition for a successful and operationally excellent procurement program. In addition, several of the recommendations support and encourage the collaboration of various units, such as: RSSP and PPCS Storerooms; organizations across campus that procure MRO commodities which will use a common set of accounts and codes for the university to truly leverage its aggregate spending power; the university and UCOP need to collaborate for the university's requirements to be appropriately represented in system wide vendor agreements. There are numerous other examples of the need for collaboration and communication in order to effectively represent the campus as a single entity to the vendor community so we can obtain the best pricing and value for the University as a whole.
- T&E: Coordination and collaboration among administrative and academic units together with UCOP, procurement and accounts payable will be required for many of the T&E recommendations to be successful. Sharing vendor performance across the units enables the University to monitor adherence with the University's service level expectations, and allows the University to take corrective action where needed. Ultimately, such action leads to further improvement and better service. Strategic sourcing of parking and ground transportation, catering, and other event services promote collaboration with vendors – and, given the nature of these services, promote positive relations with the local vendor community. Additionally, by creating strategic contracts for catering and events, the University will have a created a de facto governance model for incorporating ever evolving needs into procurement considerations. UCSF will also be a partner for many of these recommendations.

F. If applicable, describe how the proposed solution may enable additional projects to be considered.

- Lab Supplies: Our recommendations support future improvements. Some likely possibilities are:
 - Increased cross campus communication and collaboration among research labs
 - Shared point of sale systems
 - Shared inventory management systems
 - Shared billing systems
 - Standardized policy and procedures
 - Rate setting tools
 - Customer management/ marketing tools
- MRO: The MRO commodity could serve as a model since it is well defined and restricted to plant operations, lab construction, and customized research projects. Once there is a well-defined system for purchasing, an established rapport between the departmental buyers and central campus, the subgroup expects that departmental buyers would have the same expectations for other commodities in these other areas.
- T&E: Travel and Entertainment are commodities that touch almost every area of the campus. The recommendations require participation and collaboration among various central units – for example procurement and finance – and require the cooperation and adoption of new processes by the administrative and academic units on campus. By successfully implementing the recommendations, we will model the level of cooperation and continuous improvement that will better position the campus for addressing future challenges.
- In addition to these three commodity areas, the procurement team is in the process of designing further recommendation for improvements in other areas. Already, study teams have been formed to focus on:
 - Food and Beverage (increased use of Cal Catering and Vending Commissions, Integration of Cal Dining services for Athletics' student-athlete meals, increase revenue of Cal 1 Card through lost card fees)
 - IT procurement (End User Devices, Servers, Software, Copiers/Printers,

G. What is the impact of the proposed solution on the existing systems and processes? Does it eliminate the need for existing systems and processes?

- Lab Supplies:
 - This storeroom proposal does not immediately impact existing systems. The subgroup would like future investment in storeroom systems to be coordinated and support long term goals.
- MRO: The MRO recommendations seek to rationalize the many non-standardized systems and processes use to manage Storerooms and inventory areas. Additionally, the use of common catalogs across campus will drive more users to BearBuy.
- T&E: Most notably, the recommendations reduce non-productive use of time, such as:
 - researching vendors invoices which give rise to vendor payments;
 - collecting and tracking insurance certificates;
 - creation of one-off agreements for catering and events

H. What is the impact on the proposed solution on the workload?

Profile/Impact in hours	Current Workload	1-time workload requirement	Ongoing workload requirement
Student	n/a	n/a	n/a
Staff	We have estimated soft savings of the recommendations and they are estimated to be significant	Training on new processes and procedures will be required	Ongoing savings should be significant and measurable. Grainger MRO study suggests potential for some trades and central work effort reductions
Faculty	We expect the impact on faculty and their labs will be less time spent researching and evaluating best pricing for consumable products. We also believe that streamlining the sole source process will save significant time for both faculty and the researchers in labs	Training on new processes and procedures will be required	Ongoing savings should be (?)

IV. WORK PLAN AND PROPOSED SOLUTION DESIGN

A. Provide a statement of:

- Deliverables — results the solution must deliver to achieve the stated objectives.
- Constraints — factors that may limit the options for providing the solution (*e.g., an inflexible deadline*).

- Lab Supplies:
 - For the storeroom:
 - Deliverable: The creation and ongoing maintenance and support of a storeroom working group.
 - Deliverable: A team of storeroom managers and an informed third party review of existing storeroom policies, pricing, and procedures
 - Constraint: Obtaining buy in from the existing departmental leadership groups. Providing the time required to participate.
 - Constraint: Having the resources available to implement future changes.
 - A collaborative forum for the purchasing community within the labs campuswide to share information and communicate
 - Appropriate and streamlined utilization of sole sources
 - Hiring a Commodity Specialist
 - Training to buyers to effectively use common processes and technology
- MRO: Given the current budget situation, the campus is at financial risk if it does not improve its administrative systems for overseeing the MRO inventory and the buying process. Staff cuts are being felt at every level. There is also strong undercurrent opinion with staff that things need to improve.

The deliverables include:

- Common Storeroom processes (and perhaps fewer, but larger Storerooms)
- Establishing an ongoing forum for primary MRO users to collaborate and cooperate
- More items available under contract at standard prices
- Active management of negotiated contracts
- Common account and commodity codes
- Functional Owner / Commodity Specialist

- T&E:
 - Effective and consistent implementation of travel policy for areas such as domestic lodging in select cities, parking and airport transportation
 - Increased utilization of web/video conferencing services as an alternative to short duration trips
 - Strategic contracts for catering and other entertainment needs
 - More effect use of the event planning card program
 - Enable and encourage adoption of Connexus

- B. Provide a work plan for the proposed solution with high-level steps to complete the solution, including timeline. (Try to limit your plan to no more than seven steps.)

Across the commodity category subgroups, the following generic work plan serves as a guide post for implementation of the recommendations

	MILESTONE	TIMELINE
1.	Establish Charter, Scope and Governance	
2.	Create Management Plans (Project Management, Implementation, Change Management, Communication, Training, etc.)	
3.	Design Processes and Procedures (and develop tools, as needed)	
4.	Design Change Management, Training and Communication programs	
5.	Execute Rollout (with appropriate Pilot and Phasing, as needed)	
6.	Ongoing evaluation and assessment	
7.		

Specific work plan for the Lab Supplies and Equipment storeroom proposal:

	MILESTONE	TIMELINE
1.	Hire a Lab Supply and Equipment Commodity Manager	ASAP
2.	Convene Storeroom working group along with departmental and executive leadership and lay out the desired ongoing commitment and specific areas of concern.	TBD
3.	Begin regular bi-weekly meetings. Initial tasks should be: the collection of sales data, inventory turns, existing pricing arrangements, survey of existing systems and contracts, bulk purchase opportunities, and a list of needed improvements.	TBD
4.	Prioritize needed improvement list and .increase communication and collaboration. This is an ongoing process.	TBD
5.	On a separate track an independent third party should be engaged to review existing systems and policies. The data collected by the storeroom leadership group should be used as part of this review. Ideally the reviewer would be someone on	TBD

	campus with knowledge of the existing re-charge policies.	
6.	Ongoing management engagement. Executive and departmental leadership must continue to engage with the storeroom leadership group on an ongoing basis.	TBD

C. What are the data requirements for the proposed solution?

- Lab Supplies: BearBuy data is an enabler for Lab Supplies
- MRO: BearBuy data is an enabler for MRO
- T&E: Connexus data is an enabler for T&E

D. What are the technical requirements for the proposed solution?

- Lab Supplies:
 - While changes to storeroom systems that come out of this process will likely be of a technical nature, the initial recommendation does not have a technical component.
 - The proposal for a collaborative forum may require the acquisition and utilization of a collaboration software application, or deployment of bSpace or similar environment.
 - Improving inventory management and increasing cross-organizational visibility into the inventory may require the purchase of a new inventory management system.
- MRO: Potentially, a Storeroom management system
- T&E: Creation of an Insurance Certification tracking system

E. What are the greatest risks for the proposed solution and the plan to reduce or eliminate the risks.

	RISK	MITIGATION PLAN
1.	That the group will not produce any improvements.	Clear management communication of goals and support for change.
2.	That existing staff will see this as a threat.	Clear management communication on why this must be done and how it supports the Universities mission
3.	That proposed future investments are not made.	Management support for investment
4.		
5.		

F. How does the proposed work plan allow for evaluation and course correction to ensure the outcomes meet the campus needs?

- The project plan will be designed with checkpoints after major deliverables to evaluate progress toward meeting objectives and business case
- The overall project team governance process will have regular (biweekly) program management team meetings to discuss critical issues and adjust plan as required
- The project will have oversight from an articulated governance group where course correction

decisions are discussed and made

- The project plan will include substantial system testing to ensure that processes and technology is functioning as designed, and to make corrections if required
- For the storeroom: Currently the only mechanism the campus has for formally reviewing storeroom performance is the recharge rate setting process. Given that the existing process provides no real incentive for departments to innovate and rewards stability above all else, this new approach represents an entirely new avenue for continuous improvement and accountability.

v. CHANGE MANAGEMENT

A. What is the change management plan to successfully implement the outcomes of the proposed solution?

- “Buy in” from all areas (administration and faculty) to shift to a new system on how to purchase MRO supplies and how it will be managed by the campus in the future.
- A change management plan will be articulated at the beginning of the next phase. To date, for each recommendation, the subgroups have identified stakeholders and required participants as follows:

Lab Supplies and Equipment	Requires Attention from:
<ul style="list-style-type: none"> • Consolidate Storeroom management/systems 	<ul style="list-style-type: none"> • Project sponsors • Procurement • Departments responsible for campus storerooms: • Existing central campus and departmental leadership teams will need to allow storerooms the flexibility and autonomy required to make changes. The goals of: improved customer service, lower prices, and lower administrative expenses must be elevated above the desire for stability. The first and most vital part of establishing the storeroom leadership group must be a shared vision of the future, and support for change, from all the various campus stakeholders. Executive leadership will need to set the tone and show the way.
<ul style="list-style-type: none"> • Establish a list serv and/or online searchable forum for lab managers 	<ul style="list-style-type: none"> • Project sponsors • Possible annual investment in maintaining the system through IST (Dave has \$ estimates for this) • Appointment of technical and / or project manager to oversee group on an ongoing basis
<ul style="list-style-type: none"> • Increase Purchase Authority (threshold) for Department Buyers 	<ul style="list-style-type: none"> • Project Sponsors and Procurement
<ul style="list-style-type: none"> • Consolidate Volume for Consumables 	<ul style="list-style-type: none"> • Procurement • Project Sponsors • Storeroom Leadership: (at least) Chemistry, Biological Sciences Divisional Services (BSDS), Research Enterprise Services (RES)
<ul style="list-style-type: none"> • BearBuy Enablers 	<ul style="list-style-type: none"> • Project Sponsors • Procurement • Finance Team
<ul style="list-style-type: none"> • Commodity Manager to Manage Select Sub-categories 	<ul style="list-style-type: none"> • Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> • Streamline Sole Sources: 	<ul style="list-style-type: none"> • Implementation by the central procurement organization

	with ongoing collaboration with campus departments
<ul style="list-style-type: none"> Bid out more Sole Sources: 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> Renegotiate Current Strategic Contracts: 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> Negotiate Additional Strategic Contracts 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> Improve and expand training and communication with campus buyers at all levels 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
Maintenance, Repairs and Operations	Requires Attention from:
<ul style="list-style-type: none"> Consolidate Storeroom management/systems 	<ul style="list-style-type: none"> Project sponsors Procurement, Departments responsible for campus storerooms: RSSP and PPCS
<ul style="list-style-type: none"> Designate one department as campus-wide functional owner for MRO supplies and to actively manage MRO spend 	<ul style="list-style-type: none"> Project sponsors Procurement Departments responsible for primary MRO spend on campus
<ul style="list-style-type: none"> Aggregate demand and aggressively negotiate additional discounts on targeted transactions 	<ul style="list-style-type: none"> Project sponsors Procurement, Departments responsible for primary MRO spend on campus including RSSP and PPCS
<ul style="list-style-type: none"> Vendor managed inventory for select consumables 	<ul style="list-style-type: none"> Project sponsors Procurement Departments responsible for primary MRO spend on campus:
<ul style="list-style-type: none"> Better leverage supplier inventory management expertise 	<ul style="list-style-type: none"> Project sponsors Procurement Departments responsible for primary MRO spend on campus:
<ul style="list-style-type: none"> Renegotiate Strategically Sourced contracts to reflect UCB Requirements 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> Conduct RFP's for select MRO sub-categories 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> Standardize and improve account and/or category codes to better capture MRO spend 	<ul style="list-style-type: none"> Implementation by the central procurement organization with ongoing collaboration with campus departments
Travel and Entertainment	Requires Attention from:
<ul style="list-style-type: none"> Connexus Implementation (critical enabler for travel savings) 	<ul style="list-style-type: none"> Project Sponsors Procurement Finance Team
<ul style="list-style-type: none"> Investigate use GSA limits for domestic lodging 	<ul style="list-style-type: none"> Project Sponsors Procurement Finance Team
<ul style="list-style-type: none"> Implement caps on reimbursement for ground transportation to and from airports, and airport parking 	<ul style="list-style-type: none"> Project Sponsor Procurement Finance Team
<ul style="list-style-type: none"> Require travel arrangements to be made 30 days in advance when possible 	<ul style="list-style-type: none"> Project Sponsors Campus Leadership

<ul style="list-style-type: none"> • Encourage use of web/video conferencing for short conferences or meetings 	<ul style="list-style-type: none"> • Project Sponsors • Campus Leadership
<ul style="list-style-type: none"> • Include United Airlines as contract airline vendor 	<ul style="list-style-type: none"> • Procurement will collaborate with UCOP for Airlines
<ul style="list-style-type: none"> • Insurance Certificates 	<ul style="list-style-type: none"> • Implementation by the central procurement organization with ongoing collaboration with campus departments.
<ul style="list-style-type: none"> • Soft-cost savings 	<ul style="list-style-type: none"> • Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> • Negotiate strategic contracts for catering, off-campus conference facilities, event supplies and audio visual service and encourage use of them 	<ul style="list-style-type: none"> • Implementation by the central procurement organization with ongoing collaboration with campus departments • Procurement will be leveraging a vendor, America to Go (ATG), for catering insurance enforcement
<ul style="list-style-type: none"> • Event Planner Card Program (EPC 	<ul style="list-style-type: none"> • Implementation by the central procurement organization with ongoing collaboration with campus departments
<ul style="list-style-type: none"> • Budget Friendly Menus 	<ul style="list-style-type: none"> • Implementation by the central procurement organization with ongoing collaboration with campus departments

B. What incentives and/or disincentives are proposed to influence behavioral changes necessary for the successful outcome of the proposed solution?

- Lab Supplies: Empowering existing storeroom leadership to improve and invest in their operations comes with increased accountability. Failure to participate or implement needed changes must come with repercussions. The job performance of those tasked with leading these groups must be closely linked to their work product. While this proposal aims to incentivize and empower staff on campus it does not assume that failure to act will be accepted. Organizationally the cost of not pursuing needed changes and leveraging existing resources will result in the status quo and an overall reduction in service quality and an ongoing drain on needed administrative funds.
- MRO: The subgroup believes the efficiencies and ease of use of the new systems will be their own incentives. The job performance of those tasked with leading these groups must be closely linked to their work product. While this proposal aims to incentivize and empower staff on campus it does not assume that failure to act will be accepted. Organizationally the cost of not pursuing needed changes and leveraging existing resources will result in the status quo and an overall reduction in service quality and an ongoing drain on needed administrative funds.
 - Positive consequences:
 - Cost savings, better business processes and leveraging will result in enhanced supplier relations and less rogue spend. Also the trades would do less shopping (more productivity), next day delivery, and emergency access to supplies. Maximum contract utilization.
 - Streamline the process, flush out inefficiencies, set accurate inventory levels, reduce carrying costs, and provide shelf space for expansion to the campus.
 - Negative consequences:
 - Departments are purchasing without guidance. Less savings and no leveraging, UCOP strategic system agreements do not reflect campus needs
 - Duplication of effort and work, Lack of inventory transparency, Trades personnel driving off-site to purchase goods
- T&E: Given the overall disarray of the campus's current systems, the subgroup believes the efficiencies and ease of use of the new systems will be their own incentives. The job

performance of those tasked with leading these groups must be closely linked to their work product. While this proposal aims to incentivize and empower staff on campus it does not assume that failure to act will be accepted. Organizationally the cost of not pursuing needed changes and leveraging existing resources will result in the status quo and an overall reduction in service quality and an ongoing drain on needed administrative funds.

- C. Who has been identified as the change leaders and implementers to carry out the changes necessary for the successful outcome of the proposed solution?

- Lab Supplies: The Functional Owner will be the Commodity Specialist with the Procurement Organization. In addition, see the table in question V.A.
 - For the storeroom: The existing storeroom leadership group, the new lab commodity manager, and departmental and executive leadership groups are the primary stakeholders in this process.
 - Campus sponsorship includes: Procurement – Associate Vice Chancellor Ron Coley, Executive Director Jim Hine and Departmental Stockroom leadership from Chemistry, BSDS, and RES.
- MRO: The Functional Owner will be the Commodity Specialist within the Procurement Organization. In addition, see the table in question V.A. Overall, Ron Coley and Jim Hine have functional ownership for procurement.
 - Campus sponsors include: Procurement – Procurement – Associate Vice Chancellor Ron Coley, Executive Director Jim Hine, and Departmental leaders including Vice Chancellor Ed Denton for PPCS, and Vice Chancellor Harry Le Grande for RSSP.
- T&E: In terms of travel, the predominant change leader will need to be staff in the finance office charged with overseeing the implementation of Connexus. However, the procurement staff must also be change leaders for strategic sourcing contracts with vendors that meet the needs of their end-user population. Without this critical step, we fear that little will improve for campus staff and for the vendors as well.
 - Campus sponsors include: Procurement – Associate Vice Chancellor Ron Coley, Executive Director Jim Hine, and for Finance - Associate Vice Chancellor Erin Gore

VI. FUNDING MODEL AND BUDGET

- A. Could the proposed solution move forward with partial funding? If yes, describe the revised scope, including the associated savings impact.

- Lab Supplies:
 - Storeroom: Beyond the cost of staff time there is no specific expenditure requested at this time. Once the stockroom working group is founded and regularly meeting there will be specific investments in systems or equipment that may be suggested. In as much as these are re-charge operations most of these expenditures should be covered by the units themselves. In some cases it may be more efficient or necessary for the campus to invest directly. It is too early to say. In the case of the third party review, this may involve assigning existing staff time or could require the engagement of a project manager. If an outside person is required the review should cost no more than one month's salary – or no more than \$8,000 (assumes pro rated max salary of around \$100K)
- MRO: Beyond the cost of staff time there is no specific expenditure requested at this time. We recommend that a group, similar to that established for the Lab supply storerooms, evaluate

the cost and benefits of establishing similar structure for MRO. This would involve the development of a recharge operation so most costs should be recovered by the recharge. In some cases it may be more efficient or necessary for the campus to invest directly. It is too early to say. In the case of the third party review, this may involve assigning existing staff time or could require the engagement of a project manager. If an outside person is required the review should cost no more than one month's salary – or no more than \$8,000 (assumes pro rated max salary of around \$100K)

- T&E:
 - The majority of the T&E recommendations require focused attention by procurement to:
 - enter into strategic sourcing and contracting agreements with vendors; and
 - communicate with department units during implementation.
 - For T&E, catering ATG will be part of Bear Buy.
 - Hotels and conferences will be addressed via forms and consolidated regional contracts.
 - The cost of these items is likely to be very low relative to the hard dollar savings. And, to not properly invest in these activities would likely lead to non-achievement of the projected benefits.
 - In addition, the following areas require further research to verify proper costing:
 - availability of on-campus web/video conferencing facilities, or build-out
 - system to track receipt of Insurance Certificates
 - assistance for Connexus Implementation and user enablement
- All three commodity areas: Hire a project manager to oversee the areas of implementation that either is not directly attributable to the procurement organization or that bridge more than one organization. We assume this manager would be hired for approximately 6 months and would coordinate the analysis of the lab supply stockrooms, participate in the evaluation of the management of MRO stock on campus, and coordinate with procurement and finance regarding the recommendations in the T&E commodity – especially in the policy areas. Estimated one time cost: \$75,000

B. What is the plan for sustainable funding to support ongoing operations of the proposed solution?

- Lab Supplies: Within Lab Supplies, the costs of implementing any of these processes would be less than the benefit received. As part of the next assessment step, needs for incremental funding, if any, will be identified. If we are able to meet the goal of obtaining better pricing, we will be able to offer more consistent and reduced pricing to the campus.
 - Storeroom: As long as the storerooms are well managed ongoing funding is supported by recharge rates.
 - For Life Sciences we will be working with VWR (at no cost) for the collection and analysis, consulting with existing procurement/sourcing resources for strategy development, and engaging a third party UCB resource for an impartial perspective.
- MRO: Within MRO, the costs of implementing any of these processes would be less than the benefit received. As part of the next assessment step, needs for incremental funding, if any, will be identified. At this point we are not requesting additional outside sources of funding. We are working with our strategic vendors to analyze possible alternative vendor provided services and resources.
- T&E: Once implemented, incremental funding to support ongoing operations would be minimal and supportable by ongoing savings. It is expected that management and monitoring of strategic sourcing relationships would be the purview of Procurement as a normal part of its

operation. IS&T would be responsible for systems maintenance activities associated with the Insurance Certificate tracking.

- C. Please download and fill out the OE Resource Request Budget Template located at [location] and follow the instructions on the first worksheet in the workbook to complete the budget and line descriptions. Include both completed sheets with the Resource Request.

Please see the overall Procurement Business Case

VI. ASSESSMENT PLAN

Please use the table below to detail your metrics.

Many, if not most, of the outcomes of these recommendations directly tie to the use and contribute to the benefits of BearBuy. As such, the deployed assessment model will be substantially the same as the BearBuy Assessment Plan. Please see the BearBuy Resource Request Application. During the next phase, should a need for an Assessment Plan materialize, the overall Procurement Assessment Plan will be updated.

METRIC CATEGORY	SPECIFIC MEASURE	MEASURE BASIS	DATA COLLECTION METHOD	DATA COLLECTION FREQUENCY	FUNCTIONAL OWNER OF DATA COLLECTION	LARGER GOAL TO WHICH METRIC RELATES
EXAMPLES:						
FINANCIAL PERFORMANCE						
1 Reduction in average price of office supplies	Avg price	Per item	Look at vendor catalogs	Quarterly, first day of each quarter	Procurement Director	Overall reduction of 15% in average price of office supplies
OPERATIONAL PERFORMANCE						
1 Reduction in average processing time per transaction	Avg person-hours required	Per transaction	Survey of transaction processors	Semi-annually	Director of Billing	Reduction of 20% in average transaction processing time
FINANCIAL PERFORMANCE						
1						
2						
OPERATIONAL PERFORMANCE						
1						
2						
PRODUCT / SERVICE QUALITY						
1						
2						
EMPLOYEE SATISFACTION						
1						

2						
CUSTOMER SATISFACTION						
1						
2						
PUBLIC RESPONSIBILITY						
1						
2						
SUPPLIER PERFORMANCE						
1						
2						