Berkeley Buying Power

Driving Contract Spend to Savings

PROJECT SPONSORS AND TEAM

RON COLEY

ASSOCIATE VICE CHANCELLOR, BUSINESS AND ADMINISTRATIVE SERVICES

RICHARD TAYLOR

DIRECTOR, PROCUREMENT SERVICES

JONATHAN BANDA

OFFICE FOR THE PROTECTION OF HUMAN SUBJECTS

ALEXIS BUCKNAM

BLUM CENTER FOR DEVELOPING ECONOMIES

CARMEN FOGHORN

AMERICAN INDIAN GRADUATE PROGRAM

MARIA FONG-PEDRO

FACILITIES SERVICES

KAREN LOBO

PHYSICAL PLANT—CAMPUS SERVICES

ANDREA REX

DEPARTMENT OF POLITICAL SCIENCE

KEN TANAKA

INFORMATION SERVICES AND TECHNOLOGY

ERIN WIXSON

RESIDENTIAL AND STUDENT SERVICE PROGRAMS

STEVE GARBER (PROCESS CONSULTANT)

CHANCELLOR'S IMMEDIATE OFFICE

Edited using the Berkeley Editorial Style Guide

TABLE OF CONTENTS

ACKNOWLEDGEMENTS

EXECUTIVE SUMMARY

The University of California, Berkeley is a world-class institution of higher education of vast complexity that has, in spite of significant financial setbacks in recent years, maintained its superior quality of teaching, research, and public service. In response to Berkeley's financial crisis, the Chancellor launched the Operational Excellence (OE) initiative in October 2009. The OE initiative is aimed at designing strategies to conduct business more efficiently, more effectively, and more economically.

In order to achieve substantial savings as part of the OE initiative, Associate Vice Chancellor of Business and Administrative Services Ron Coley and Director of Procurement Strategies Richard Taylor sponsored this project aimed at increasing Berkeley's buying power by driving higher strategic procurement contract use. Our Leadership Development Program project team, Tipping Point Solutions, was charged to conduct an in-depth assessment of the state of strategic contract use at UC Berkeley and to develop recommendations and action plans for increased utilization leading to greater savings.

The core of this project is change management. We reviewed current campus strategic sourcing processes, as well as departmental purchasing processes in a variety of contexts. Our data indicates that the greatest influence on vendor selection is the campus consumer, or the person making the purchase request. Thus, many of our recommended change interventions are directed at influencing the purchasing behavior of this key population. Our research suggests that all campus members must understand the value of strategic contracts and have the tools and resources to provide ballast for the effort. Currently, the function of procurement and visibility of strategic contracts appears limited to silos of Procurement Services and departmental financial or purchasing staff.

We learned from a variety of procurement stakeholders that previous change efforts at Berkeley have had limited success due to ineffective communication, lack of accountability for problem solving, complacency, and limited resources for change. Thus, some members of the Berkeley community feel skeptical about the *ability* to change. Skepticism is not the same as resistance. In fact, often people *want* to do the "right" thing; they just find it difficult to do so in their current context due to lack of support and resources for change.

I do agree with them that they should implement the new system and rip the band aid off and get us into the 21st century but they shouldn't downplay how painful it is going to be because it is, especially for very busy departments like mine. I think they underestimated our volume...[1]

---

[1] High value buyer, 6/14/10

When we asked our research participants about using strategic procurement contracts, we learned that most support strategic contract utilization as long as they are provided with: (1) clear leadership and a compelling vision for procurement, (2) low price and high quality product and service offerings that meet local needs, and (3) purchasing tools and processes that are easy to use and save time. Best practice procurement processes at Berkeley will, in fact, allow campus consumers to achieve their work objectives, whether that is conducting an experiment, lecturing in a classroom, or balancing a budget.

We believe that the campus executive leadership, in its launch of Operational Excellence, and its engagement of the Center for Organizational and Workforce Effectiveness (COrWE) to strategize change management, has mobilized resources and experts to address problems at Berkeley in a new way. We propose that the primary opportunity for driving an increase in strategic contract use is to take a senior management-driven leadership approach, under the auspices of significant savings potential, in order to influence buying behavior and move Berkeley to the "tipping point" of *desire* to spend on contract.

Based on our analysis, we have defined a set of recommendations that align with existing OE change management strategies (e.g. identification of change leaders, agents and implementers), to be used by the procurement initiative design team. Our recommendations, presented within the framework of *barriers to success,* and *critical enablers*, call for campus leadership to set and endorse a policy aimed at increasing use of strategic contracts, with sufficient allocation of resources to achieve this goal. Specifically, we recommend (1) articulation of a vision of strategic procurement that all stakeholders can identify with, (2) a cascading form of communication beginning with campus leadership and moving through every level and corner of the campus regarding that strategic procurement vision, (3) detailed spend analytics across departments and control units, (4) a robust website designed with user needs in mind, (5) training tools to encourage modification of behavior at every level of the organization, and (6) feedback mechanisms to better align strategic contracts with departmental needs. Our report also includes three specific deliverables to increase strategic procurement contract utilization at Berkeley. These include: an in-depth marketing and communication plan, incentives and consequences strategies, and a best practices matrix comparing UC Berkeley procurement to peer institutions.

We found in our research that administrative business process mandates can be difficult to enforce in Berkeley's highly decentralized and intellectually autonomous culture, so we recommend specific strategies to create awareness of the personal value to be gained by buying on contract, as well as the larger benefit to the University. By framing this change as a mechanism with which Berkeley can strengthen and support its mission and achieve excellence in all arenas, campus leadership can drive savings fueled by support from a wide range of stakeholders.

4

We suggest as next steps that the OE procurement initiative team:

1. Set a target compliance goal for one or two high-potential spend categories with relatively low emotional investment among campus consumers, e.g. office or janitorial supplies. Assess success of pilot categories before proceeding with other spend categories.
2. Conduct an in-depth campus consumer needs assessment of commodities that carry greater emotional investment, e.g., catering or computers. Review and adjust available strategic contracts in the context of the information gathered.
3. Hold a town hall for faculty with the Chancellor, the executive vice chancellor and provost, and the OE procurement initiative team to engage them regarding the cultural shift concerning contract utilization.

Background
The University of California, Berkeley is a world-class institution of higher education. In spite of considerable financial setbacks in recent years, UC Berkeley has sustained its mission of providing top quality teaching, research, and public service and remains inarguably one of the highest-ranked public universities in the world. However, campus leadership has recognized that this preeminence cannot continue much longer without significant reduction of expenses in operational functions. Resources must be saved and total dollar spending reduced to enable Berkeley to continue supporting its principal mission. In response to Berkeley's financial crisis, the Chancellor launched the Operational Excellence (OE) initiative in October 2009. The OE initiative is aimed at designing strategies to conduct business more efficiently, more effectively, and more economically.[2]

Berkeley Buying
The Berkeley campus spends approximately $410 million annually on goods and services, a figure that reinforces the need to leverage our buying power. Procurement is one of the campus' highest drivers of costs, and containment of procurement costs is critical to the savings that the campus must realize in order to sustain its mission. Berkeley currently purchases goods and services from more than 18,000 vendors, and of those vendors, 90 percent account for less than 10 percent of our spend.[3] This fragmented spend does not allow us to effectively negotiate volume discounts and establish best price contracts with vendors, reducing our ability to save money through economies of scale. There are also significant additional processing and administrative costs associated with such a high number of vendors.

Purchasing Services at the University of California Office of the President (UCOP) and the Berkeley Procurement Services office are staffed with sourcing specialists who identify purchasing needs and negotiate procurement contracts designed to lower the overall cost of goods at the system and campus levels. The objectives of the procurement/strategic sourcing team are twofold: to achieve significant cost savings through improved purchasing accountability and processes, and to expand the buying power of the University by development of effective contracts for key commodities. In the past, utilization of these contracts at Berkeley has been mixed, and the response of campus users to these contracts has varied.

The Berkeley campus is currently (Fall Semester 2010) implementing an electronic procurement system, eProcurement, that will utilize software integrated with the Berkeley Financial System (BFS) to assist campus users with their buying workflow

---

[2] Al Pisano, speaking to Leadership Development Program, 8/12/10
[3] LDP Project Proposal

processes, and will steer users to contracted vendors in order to secure the best prices.

Fueling Berkeley's Buying Power
In order to achieve substantial savings as part of the Operational Excellence initiative, Associate Vice Chancellor of Business and Administrative Services Ron Coley and Director of Procurement Strategies Richard Taylor sponsored this project aimed at increasing Berkeley's buying power by driving higher contract use. Our Leadership Development Program (LDP) project team, Tipping Point Solutions (TPS), was charged with conducting an in-depth assessment of the state of strategic contract use at Berkeley, and developing recommendations and action plans for increased utilization leading to greater savings. [See Appendix A for LDP Project Proposal and Charter.]

Igniting the Engine
The focus of our project was further informed by Malcolm Gladwell's *The Tipping Point.* We were asked by our sponsor to familiarize ourselves with the concepts in the book that describe the use of social forces to ignite change, and how various types of people serve to advance an idea, intentionally or not, in the interest of change. By understanding the roles that people play at UC Berkeley in spreading messages and getting them to stick, we can more effectively design and disseminate clear messages to the campus about procurement in general and strategic contracts in particular. For the purpose of this project, we defined the "tipping point" as the consistent use of strategic procurement contracts. We reviewed our findings through the lens of the *connectors, mavens,* and *salesmen* that need to be engaged in order to effectively spread the word and change buying behavior.

The campus leadership has signaled its desire to enact significant change through its structuring of the OE initiative and OE's program management. By creating a procurement design team to be led by a partnership comprised of a faculty member and an expert staff member, campus leadership recognizes the combined power of the faculty and staff constituencies to positively or negatively influence progress. The management structure of the OE initiative indicates a desire to involve the entire Berkeley leadership spine in the change efforts necessary to achieve savings. The decision to include faculty and knowledgeable staff to lead initiative teams fundamentally supports the notion that faculty have a vested interest in the effective and efficient use of administrative resources. Developing the leadership spine involves articulating the necessary changes, identifying the change implementers (who perform the behavior that needs to change), and then based on this analysis, identifying the change leaders (who have direct or indirect power over the implementers).[4] This notion will inform the recommendations that we present later in this report. [See Appendix B for a Glossary of Terms.]

---

[4] Discussion with Liz Elliot, 8/3/10

Berkeley, due to the intensity of its current financial crisis, has a unique opportunity to drive behavioral change that will result in savings and reaffirm its core mission. The necessity to save and reallocate funds, if clearly articulated and communicated, can serve as motivation for change that is often not possible in less exigent times. The "Berkeley Way" of decentralized operations, diffused authority structures, and an autonomous faculty culture is cited frequently as both a unique quality to be preserved and evidence of our need to change. The many valued characteristics of Berkeley's culture need not be affected by upgrading and updating the way it conducts administrative business. In fact, streamlining such business with the use of technology and careful, considered planning will strengthen the teaching, research, and public service mission that the UC Berkeley community holds dear.

We propose that this message, advanced in all communications about Operational Excellence in general and procurement in particular, can provide a rationale that will motivate people to change their behavior in support of larger campus goals. It is easier to effect change by drawing on the strengths of the organizational culture than to overcome constraints;[5] thus, it is important for campus leadership to invoke Berkeley's culture of excellence and preeminence in all arenas, including our business processes.

In the course of our data collection from a variety of procurement stakeholders it became apparent that many previous change efforts at Berkeley have had limited success for myriad reasons. Ineffective communication, lack of ownership of a problem and its solution, lack of urgency, and lack of resources with which to address a change are some reasons that many members of the UC Berkeley community feel skeptical about our *ability* to change. Whether or not Berkeley has launched and maintained successful change initiatives in the past is a matter of opinion and depends on individual perspectives. However, negative perceptions can inform resistance, whether those perceptions are factually correct or not.

We discovered that often many people *want* to do the "right" thing; they just find it difficult, or impossible, to do so in their existing circumstances. Lack of the requisite support and resources for change is one of the most common reasons cited for resistance. When we asked people about using strategic procurement contracts, the answers we received were not about why strategic sourcing can't work. Rather, they were about how most people support strategic buying protocols as long as they are able to achieve their work objectives, whether that is conducting an experiment, lecturing in a classroom, or balancing a budget.

We conclude that the primary opportunity for effecting a dramatic increase in strategic contract use is to take a senior management-driven leadership approach, under the auspices of significant savings potential, in order to change buying behavior so that we experience a "tipping point" of *desire* to spend on contract.

---

[5] Change Discussion with LDP Procurement Project Team handout, 8/3/10

Overview

Our LDP Project Proposal suggests that the campus can achieve substantial savings by changing "*how* we buy without affecting *what* we buy."[6] Buying on contract, or utilizing strategic procurement contracts, will allow individual campus consumers to save money on common goods and services, will enable the campus to leverage aggregated buying to reduce overall costs, and will collect spend data to influence and guide future contract negotiations. However, campus shoppers must be convinced to utilize strategic contracts and must trust that they are receiving the best price and quality possible. Incentives for strategic procurement contract utilization need to be clarified and communicated to individual campus shoppers and users of common goods and services. All shoppers and the buyers who assist them must understand the purpose and nature of strategic procurement, so that all have the greatest opportunity to avail themselves of these contracts.

This report provides a general overview of the current contract implementation processes and suggestions for additional contract implementation steps to increase usage. We provide in-depth analysis informed by interviews, surveys, and focus groups with campus users and subject matter experts, as well as extensive review of existing literature about best practices — within the field of procurement and change management in complex organizations of higher education.

Based on review and analysis of the data collected, we identified a set of findings that informed our recommendations. From the findings we identified both what we called "critical enablers"[7] and barriers to success. We further distilled data from our conversations with campus stakeholders to categorize and consolidate major themes. The emergence of themes allowed us to coalesce our findings and recommendations into four major categories: leadership, communication, culture, and tools/resources.

After further consolidation and review of the main recommendations and categorizations, we created a marketing and communication plan to increase contract utilization, and recommended specific incentives and consequences to drive the increase. We also identified primary barriers to and enablers for our recommendations, noted implications for future change initiatives, and provided alternative solutions to our recommendations.

Scope

The overall theme of our work is change management. We reviewed current campus strategic sourcing processes, as well as the purchasing processes in place within a variety of departmental contexts. We focused our attention on how to best effect change by promoting the use of strategic sourcing contracts for acquisition of common goods and services used by faculty and staff.

---

[6] LDP Project Proposal
[7] OE Final Diagnostic Report, 4/12/10

10

Much of our data collection centered on the following strategic sourcing contract categories: office supplies, furniture, and catering (food and beverages). We interviewed and surveyed campus consumers to understand what additional contract implementation steps would motivate greater utilization, and analyzed our findings to develop "standard" contract implementation strategies.

Stakeholders
Our team identified a number of stakeholders who would be affected (either positively or negatively) by our project outcomes. These stakeholders include:

The Chancellor and executive leadership: The Chancellor and his executive team are leading the Operational Excellence efforts on campus, and the decisions regarding resources within the OE context will rest with them. The necessity to save money is clearer to this group than any other on campus, and only they can provide the context and the gravity necessary to influence a true culture shift.

Procurement Services: The objectives of the procurement/strategic sourcing team are to achieve significant cost savings through an improvement in purchasing accountability and processes, and to leverage the buying power of the University by developing effective contracts for key commodities.

Department purchasing staff, including low and high value buyers: The campus has had fragmented and decentralized purchasing procedures and priorities and ambiguous strategic sourcing policies for many years. Numerous department staff have built and invested in local systems that are considered necessary to accomplish the volume of work expected and that provide functionality not available in the BFS system. Changes to central purchasing systems or policies will affect the use and effectiveness of these local systems. Department staff are also the first line of response to local supply needs.

Management service officers (MSO), administrative directors, and chief administrative officers (CAO): Middle management in the departments plays a critical role in implementing new processes and policies. The stakeholders in this group are critical to communication and enforcement of the policy, so their support is necessary to reach targeted compliance. Managers must also operate within their (shrinking) budgets; strategic sourcing sometimes pits local cost savings against overall organizational savings.

Faculty and other campus users: UC Berkeley is known for its independent faculty, and autonomous decisions are common. Faculty members, particularly those with laboratories or other large research programs, make a lot of purchasing decisions, often buying with funds from sources that originate outside the University. Those external funds can promote a sense of autonomy from the University for faculty who can use those resources as leverage in their attempts to retain control over how funds are used. There are occasionally restrictions on spending mandated by the funding source (e.g. the U.S. government) that regulate how and where researchers

may procure their materials. Confusion about which policies guide different purchases is acute, and insufficient organized resources perpetuate the belief that there is little effective strategic sourcing on campus.

Local vendors and residents: Many of the suppliers to the university are locally-based vendors who live and work among our campus community. UC Berkeley staff and faculty often have strong feelings about utilizing local and small businesses that include issues of diversity, investment in the community, and sustainability. Some strongly believe it is part of the campus mission for public service. Even though these stakeholders are listed last, we believe that they represent a significant roadblock to success unless careful communication of the rationale and benefits of strategic sourcing are articulated and repeated frequently, particularly by executive leadership.

Methodology

In order to develop data-driven recommendations, our team conducted research at UC Berkeley and our peer institutions using a combination of surveys, interviews, focus groups, and online research. We familiarized ourselves thoroughly with the issues, concrete and conceptual, regarding procurement and strategic sourcing, particularly in a higher education context. We accomplished this with the following:

Literature reviews: We examined the current literature regarding:

- Change management: both in a general--usually corporate--context, and specifically within organizations of higher education.
- Change communication management and marketing in the higher education arena.
- Best practices in higher education procurement at a variety of institutions, including our elite peers, both public and private.
- Appreciative Inquiry: a model for seeking information within a positive and solutions-focused framework.

We developed an extensive bibliography of articles found in peer-reviewed academic and industry journals [see Appendix C], and thoroughly familiarized ourselves with the best practices in each area. We filtered our interview and survey questions through the lens of Appreciative Inquiry to lead subjects to more positive framing of issues, and to reduce foment of discontent as much as possible.

High value buyer interviews: We interviewed 16 people identified on the Procurement Services website as buyers with authorization to spend over $5,000. In addition to their high value buying expertise, these constituents often conduct low-value buying, or supervise those who do; low-value purchases make up most of the campus' total spend. [See Appendix D for data collection process; see Appendix E for interview questions.]

Subject matter expert interviews: We conducted 14 total interviews with campus experts. [See Appendix D for data collection process; see Appendix E for interview questions.] Several groups provided important organizational context so that we could present recommendations that were informed by and aligned with existing campus initiatives:

- Operational Excellence
- Appreciative Inquiry
- Change management

We consulted other experts associated directly or indirectly with procurement who could provide us with various stakeholder perspectives:

- Physical Plant—Campus Services (early adopters of eProcurement)
- eProcurement Forum and Training
- Strategic Sourcing at Berkeley
- Strategic Sourcing at UCLA, UC Santa Cruz, and University of Michigan
- Events and Catering
- Furniture
- Diversity Program
- Research Enterprise Services (RES) (late adopters of eProcurement)

Subject Matter Focus Groups: Focus groups can be an effective way of gathering information because the group setting allows the members to coalesce concerns and provide stronger emphasis on certain problems and their attendant needs that are common across the spectrum of disciplines. We held one focus group with a group of "middle managers" and one with individuals we identified as "change agents" in the Operational Excellence procurement initiative. [See Appendix D for data collection process; see Appendix E for interview questions.]

- *Chief administrative officers, administrative directors, and management service officers*: The role of middle management in the campus departments is critical to any change initiative at Berkeley. To better understand the issues that managers face when procuring supplies and services, we invited representatives from about ten different campus departments and units; our participants were from School of Public Health, College of Engineering, College of Natural Resources, a large social science department, and a large physical sciences department.

- *Procurement change agents (a.k.a. OE procurement initiative design team leaders)*: The role of the initiative team leaders is to assist the Operational Excellence Program Office in its charge to gather, evaluate, vet, and design implementation of solutions to issues pertaining to their area of concern.[8] For this focus group, we invited Associate Vice Chancellor for Business and Administrative Services Ron Coley (procurement initiative sponsor), Professor Mark Schlissel (procurement initiative sponsor), Heidi Hoffman (procurement initiative manager), and Director of Procurement Strategies Richard Taylor. Professor Schlissel and Heidi Hoffman were in attendance.

Campus Buyer (Requisition Creator) Survey: To collect information from a large group of people who regularly buy products in the categories of interest (office supplies, furniture, and catering--food and beverage), we needed a list of staff who buy supplies as a job responsibility. Since the Procurement Services office staff had

---

[8] Al Pisano, speaking to Leadership Development Program, 8/12/10

recently requested that departments assign functional roles within the new eProcurement system, Richard Taylor was able to supply our team with a list of staff members identified as "requisition creators," filtered for certain campus departments which we determined would provide a broad perspective of needs, interests, and concerns. The sample departments we chose were: Molecular and Cell Biology, Lawrence Hall of Science, Research Enterprise Services, Physical Plant—Campus Services, Facilities, Residential Student Services and Programs, and Ethnic Studies. We chose these departments to represent a variety of control units, including academic and administrative. Beyond representing the myriad needs and interests of diverse campus units, the sample was also selected to include units with differing contract utilization rates and overall spend to garner a broad cross-section of responses. [See Appendix D for data collection process; see Appendix F for the Campus Buyer Survey questions and results.]

From 136 invitations, we received 61 completed responses, for a 45 percent response rate. We used both the quantitative and qualitative data to inform our recommendations (see Findings below) and to direct further data collection.

Catering Mini-Survey: We found that many of the respondents to our survey did not purchase catering products (specifically food and beverage) so we decided to re-design the survey and send it to a group of events managers on campus for their perspective on the use of strategic contracts in food and beverage purchase. We included only five yes/no or multiple-response questions, and two open-ended questions. [See Appendix D for data collection process; see Appendix G for the Campus Buyer Survey questions and results.]

Data Presentation classes: Summer 2010 was an opportune time to be collecting, analyzing, and presenting data, since the Institutional Data Council teamed with the Office of Planning and Analysis, the Policy Analysis Roundtable, Berkeley Business Process Analysis Working Group (BPAWG), and Cal Assessment Network (CAN) to sponsor an eight-week summer series of courses covering the presentation of data. One or more members of the team attended each one of the sessions, mostly in person, but occasionally via archived video. We have incorporated many of the tips and best practices we learned in this series in our report and presentation.

All data collection was accomplished between May 21, 2010 and August 19, 2010. [See Appendix H for a complete list of data collection activities.] The data consistently revealed, across formats, audiences, and contexts, that leadership must be engaged at every level of the organization. All members of the UC Berkeley community must be part of the solution, but the executive leadership must articulate the message and provide the resources for the complete culture change necessary for increased utilization of strategic procurement contracts.

Findings

Literature and Peer Institutions Review
In order to understand procurement in a higher education context, we consulted a variety of written resources including peer-reviewed academic journals, industry-based journals and magazines, and electronic resources such as websites, handbooks, and procedural guides. We used the research to inform various elements of our scope, and to support us as we developed recommendations for increased contract use. We divided into subgroups and researched in four areas: change management in higher education, change communication and marketing, best practices in higher education procurement, and Appreciative Inquiry.

Change management in higher education: With the charge to find mechanisms and methods that could facilitate an increase in high-potential strategic contract utilization, we reviewed business and academic literature on change management for findings that could have significant implications on our final recommendations. Much of the literature indicated that change is very difficult and that most change efforts fail. Consequently, we focused on sources that seemed particularly relevant to UC Berkeley in its current Operational Excellence context. We found ample literature supporting strategies such as targeted and clear communication about the change, including campaign-style marketing; clear articulation of the mission; ongoing measurement of changes in behavior and adjustment of tactics as needed; embracement of resistance; and communication about small successes to cultivate a critical mass of support.

The literature consistently cited effective communication as the key to reducing resistance and achieving successful change. Employees at all levels must contribute to the conversation about the consequences and objectives of change. Additionally, management must constantly, consistently, and completely communicate the vision, incorporating messages into their hour-by-hour activities. Change leaders often communicate far less than is needed (examples include a single meeting or a single email message without follow-up efforts and processes), and can fail to convey the urgency or the importance of a given change effort. Leaders can use communication to create positive energy for change by creating a persuasive narrative to garner support. However, an organization's leaders must ensure that all communications, actions, and values align. Several articles emphasized the need for synergy between an organization's stated values and its actions. Employees note the values that an organization espouses and make judgments about whether management's actions are in line with the stated mission.

We also read a great deal of literature about resistance as an important tool that can be used in tandem with or can work in opposition to the desired change. Overt resistance, which is sometimes seen as cynicism by upper management, is actually quite useful and necessary since it openly unearths cracks and flaws in the change design as planned.   It also allows for open discussion and either institutional recourse or stakeholder re-education, at a stage where corrections can be made

more easily and cheaply and when resistance can be converted to support, resulting in greater compliance, ultimately achieving the tipping point for complete cultural change. Covert resistance, on the other hand, is corrosive because it never comes to the surface where senior leadership can address it. Covert resistance (and its attendant lack of effective communication) leads to increased actual cynicism which can become an escalating cycle of disbelief about motives on both the part of the employee and of management, resulting in further actions that reinforce cynicism such as withholding information, forcing compliance, circumnavigating policy, etc.

Management can break the cycle of cynicism and covert resistance by convincing employees of the leadership's true motives, and tying value outcomes (e.g. saving money) to obtaining the stated objectives of the change (e.g. increasing savings through utilization of strategic procurement contracts). Management can also address overt resistance before it becomes covert and cynical. An organization's leadership should regularly communicate about small successes in the larger change effort to help employees stay focused on the goal. There is bound to be some resistance to change even when it is communicated effectively, and within higher education institutions, where the hierarchy is flatter, the way the change and its impact on the organization are communicated is key.

Change communication and marketing: We reviewed literature regarding *how* organizations can effectively communicate change to constituents so that they accept and participate in the change effort. We focused on analyses of large-scale change efforts in academia and in corporate organizations. In general, the literature also affirmed that careful planning of change communication is vital to the success of the change effort; most failed or stalled change initiatives can be linked to communication failure.

In order to support change, participants need to perceive how they will directly benefit, and need to experience enough dissonance between the current situation and the desired outcome to feel that change is necessary. Our research showed that successful strategic change within an academic setting was a result of focusing attention not on the existing identity or image, but instead on the envisioned and desired image. Change messages should focus on where the institution would like to be in the future. For example, in one case study, top management framed and embraced change in terms of becoming a "top-10 public research institution."[9] Much of the literature stressed the importance of carefully choosing the language that is used to frame the change. For the purposes of this project, we are interested in how upper management communicates change to stakeholders. As noted above, it is important to frame the change in terms of a desired outcome instead of what is not working. The use of metaphor in communicating the new change can be useful, since this can help stakeholders make sense of the change by relating it to previous understanding and experiences.

---

[9] Goia, 1996

In addition to the change communication that needs to come from upper management and the organization's change leaders, middle management provides key communications. Supervisors are very important in providing information during the change process and strongly influence the actions and attitudes of their direct reports regarding change initiatives. When upper management engages with middle management to align messages at all levels, communication about the change effort can reverberate throughout the organization.

A common thread throughout the literature is the concept of a "campaign" approach to communicating change. Campaigns, which follow a community organizing model and are thus cited as particularly appropriate for change communication in higher education institutions, are more flexible and open-ended, and are designed to mobilize people around a resonant theme. A marketing campaign starts by listening to the needs and opinions of stakeholders, particularly those who most readily have embraced change in the past. Change leaders and agents should develop a central theme and articulate it in the form of a brief statement or slogan that can easily be remembered and repeated. A clearly articulated theme should be accessible while relatively complex; some of the best themes involve double meaning or suggest a paradox. Campaigns that employ catchy slogans, utilize ongoing communications in a variety of media over a long period of time, and engage regular assessment and re-adjustment of strategy will provide the information backbone needed for profound institutional change in a higher educational environment.

Best practices in higher education procurement: To understand best practices, we referred to a variety of written material including procurement handbooks, industry-based journals, trade magazines, and websites. As part of our research we reviewed 27 public and private universities' and colleges' procurement department websites, including nine UC system campuses, to investigate how similar institutions are conducting their procurement business. The information we gathered on schools was categorized and evaluated against the best practices research and a Procurement Maturity Model that has been vetted by industry experts.[10] This provided us with a metric to measure where UC Berkeley procurement practices rank among its peer institutions. [See special insert for best practices table]. The best practices we found most relevant to our charge were broken down into several categories:

---

[10] Stephen R. Guth, http://www.lulu.com/product/media-download/the-procurement-maturity-model/3208444

Procurement Best Practices in Higher Education (Policies and Procedures)
Planning and Implementation
Create a strategic plan that supports business objectives and secures buy-in and involvement from upper management.
Establish effective controls and business rules including policies, guidelines, and mandates.
Engage key-influencers for program roll-out and continued expansion.
Facilitate staff involvement early in the purchasing cycle.
Technology
Use e-procurement technology to help better leverage strategic spend.
Seek best-in-class technologies that enable integration of all purchasing activities.
Implement and mandate interactive trainings on e-procurement to anyone involved in purchasing.
Reporting tools should be included in the suite of offerings—regular reports should be generated and contract vs. non-contract spend monitored.
Procurement Cards
Mandate training for procurement cardholders and managers before a procurement card is issued.
Build a strong web presence for procurement card program administration.
Communicate with procurement cardholders and managers effectively by using different channels, including website, emails, newsletters, forums and training sessions.
Use procurement cards for niche-supplier payments.
Ensure approval accountability and authority.
Education/Training
Ensure all purchasing staff is qualified, knowledgeable, and has the ability to implement the strategy.
Mandate training for all purchasing staff. Make training available for anyone interested.
Conduct in-person and online training sessions.
Website
Establish an identity for Procurement Services with a strong web presence that is easy to navigate, contains procedural guidelines, and clear contact information.
Post the vision and mission clearly on website; display endorsement by upper management.
Write clear purchasing policies.
Create and regularly update a Frequently Asked Questions section
Provide easily found strategic sourcing contracts and lists of preferred vendors
Create opportunities for campus consumers to provide feedback about vendors and purchasing staff.

Appreciative Inquiry: We used an Appreciative Inquiry (AI) model to engage key stakeholders when we conducted our interviews, focus groups, and surveys. Appreciative Inquiry is an approach to change-focused research in which interview and survey questions are designed to affirm the contribution of individuals and to build on the strengths and potential of an organization. "AI involves, in a central way, the art and practice of asking questions that strengthen a system's capacity to apprehend, anticipate, and heighten positive potential."[11]

We recognized that our process of research and inquiry was not separate, but simultaneous with the change that had begun at UC Berkeley as a result of Operational Excellence. We believe that our method of research inquiry was an important change intervention to help build trust and organizational alignment among the many stakeholders on campus.

We developed affirmative topic research questions that addressed the four cycle processes of Appreciative Inquiry:

- Discover: Questions aimed at identifying tools, structures, and processes related to strategic procurement contract utilization at UC Berkeley that currently work well. What strengths do we have to build on?
- Dream: Questions aimed at envisioning new tools, structures, and processes that would significantly increase motivation to use strategic procurement contracts at UC Berkeley in the near future. What is the new vision?
- Design: Questions aimed at planning and prioritizing new tools, structures, and processes that would significantly increase motivation for use of strategic procurement contracts at UC Berkeley. What organizational changes need to occur to create a path forward for this new vision?
- Destiny: Questions aimed at implementing and transforming new structures, tools and processes that could significantly increase the use of strategic procurement contracts at UC Berkeley. What is the action plan for this vision and organizational transformation?

We used Appreciative Inquiry in our investigative process to aid us in the task of identifying the organization's "connectors, mavens, and salesmen," and we used Malcolm Gladwell's "power of context" to define the content and delivery of our communication with stakeholders because we believe that the method of inquiry could significantly influence a positive "epidemic" to increase contract utilization.

Appreciative Inquiry helped us capture supportive and optimistic perceptions of the organization in order to collaboratively build new solutions. To sustain momentum for the transformational change UC Berkeley is engaged in, positive investment, collaboration, and personal meaning is critical. Organizations are living, human systems. We believe that our research approach not only yielded critical information, but moved key stakeholders one step closer to "the tipping point."

---

[11] Cooperrider, 2000

<u>Surveys and Questionnaires</u>
As described above, we conducted a survey that was designed to be both a needs assessment and to determine to what extent departmental buyers receive messages about strategic procurement contract utilization.   From the survey, we wanted to capture opinions of those who procure common goods and services for UC Berkeley outside of the high value buyer/procurement circle. We sought to learn more about purchasing values, influences on vendor selection, and roadblocks to strategic contract utilization. We wanted to understand where messages regarding procurement originate, and which messages were getting through to those who need them.

We chose to write a very short survey with narrowly-focused questions in order to increase response rate. By carefully considering the value of individual data points we could glean from this audience, we kept the survey concise and accessible. Our survey contained two open-ended questions in which we invited respondents to discuss the roadblocks to utilizing strategic procurement contracts and to share anything about purchasing at UC Berkeley that they wanted us to know. We analyzed those comments with the interview and focus group data (see below).

We asked about buying behavior related to our three categories of interest: office supplies, furniture, and catering (food and beverage), and learned that many of our respondents do not make catering or furniture purchases. In order to understand that buying behavior better we sent a shortened version of the survey to a listserv for events managers and sent a similar questionnaire to experts in furniture procurement.

From the surveys and questionnaires we conducted, it is evident that price and delivery are important to buyers of all three categories. For instance, price was the factor ranked as Extremely Important by the most respondents (77 percent) who buy office supplies, whereas for those who buy catering (food and beverage), 79 percent ranked quality as Extremely Important. We were able to glean from the data that while price is always important to campus buyers, the spend category itself determines the importance of price relative to other factors such as delivery, service, quality, and supporting local and diverse businesses. In fact, we heard frequently, and the survey data supported the notion, that in many departments on campus, price is far behind service and delivery in importance to the shopper, particularly in categories like lab machinery or equipment, where calibration and on-going maintenance are critical for use of the product. However, because the group we surveyed were identified by Procurement Services as requisition creators, we recognize that our survey sample is not representative of the entire campus' values and opinions, especially concerning the importance of procurement from local and diverse suppliers.

Two of the most important data points we collected in the survey identified who most influences vendor selection and which factors would assist department buyers in increasing their department's utilization of strategic procurement contracts. We

found that the data aligned with all other data we collected via best practice research, literature reviews, and qualitative data from interviews and focus groups. [See Appendices G and H for survey analytics.] It is evident that a clearly articulated policy, which is an industry best practice, is also what low value buyers in the departments want in order to increase their use of contracts. That desire for a policy is closely followed by the desire for communication about that policy to all campus consumers. [See Appendix I for Chart 1.]

We could also determine from the survey data that the most influential person regarding the decision about which vendor to use for a purchase, whether that purchase is office supplies, furniture, or catering, is the campus consumer (faculty, staff, or student) making the purchase request. This solidifies our belief that all members of the campus community must understand how strategic procurement affects and benefits them, and how important it is for the campus' fiscal health. [See Appendix J for Chart 2.]

We learned that when messages about strategic procurement contracts are getting through to campus buyers, it is not usually department management or direct supervisors who are imparting that information. Notably, 44 percent surveyed claimed to not have received any messages stressing the importance of utilizing strategic procurement contracts. The good news is that of those who receive messages about strategic procurement, 70 percent are getting them straight from Procurement Services. We suspect that while communication between Procurement Services and high value buyers is very strong, that message is not always clearly disseminated to MSOs and department purchasing staff. The challenge is that for truly effective local adherence to procurement strategies, the entire leadership spine, particularly local management, must be activated and involved in disseminating and acting on messages to increase strategic contract use. With only 33 percent who report receiving strategic procurement messages getting those messages from direct supervisors, and 29 percent getting those messages from their department's administrative head, it is clear that a great deal more direct communication is needed locally. (Percentages add to more than 100 percent since respondents could select more than one source of messages.) [See Appendix K for Chart 3.]

We used all of our survey data to assist us in formulating recommendations that would be effective and feasible. We also used the results of our survey to assist us in thinking about the leadership spine at Berkeley, and how we can utilize *The Tipping Point* concepts to frame our understanding of the steps needed to activate that spine.

Interviews and Focus Groups
We spent most of our data collection efforts conducting a series of interviews and focus groups that served several purposes. The initial purpose was to listen to campus experts and contributors to learn about the processes, including status quo

22

and expected changes, related to procurement of common goods and services within the many different departments and units of varying organizational structure.

We considered the individuals and the groups at Berkeley who fill roles intrinsic to social and behavioral change according to Gladwell's *The Tipping Point.* We sought to identify the *connectors* within the organization who can act as the social glue, who know many people (particularly the people who matter most in the spread of a "social epidemic"), and who can occupy and influence a wide variety of subcultures and niches. Connectors are useful when behavioral change is desired in an organization where personal networks and webs of power and influence can merge to drive change in a less structured yet interpersonally more effective manner than communications and directives from faceless entities. Connectors can reduce the "us versus them" mentality that can take root in large, complex organizations.

Mavens are another group of people who have a large impact on change through their natural acquisition of and desire to share information. These individuals enjoy research for its own sake and for their personal benefit, but an equally important characteristic of mavens is their intrinsic desire to *share* information. "They like to be helpers in the marketplace."[12] Engaging people who genuinely enjoy passing along information for no reason other than their desire to assist others is a particularly effective way to get attention, and a great deal of trust about change can be garnered by mavens. Mavens are trusted by others particularly because they are not persuaders, but teachers; their dissemination of information is motivated by altruistic purposes.

That's not to say that *salesmen* are not needed to accomplish significant change efforts. Salesmen use charm and likeability to convey energy and enthusiasm about an idea or a change effort, which serves to influence and guide others. Salesmen possess a subtle ability to draw others into their rhythms and to dictate the terms of interactions. Effectively utilized, a salesman can use his or her charm to influence others without them feeling led or coerced. This sense of confidence lent by the salesman allows more reluctant members of the community to embrace the change.

By looking deeply into our data to identify the social glue (connectors), the data banks (mavens), and the persuaders (salesmen) within the Berkeley context, we were able to more consciously tailor our recommendations to particular audiences, and to benefit from the characteristics that lead to tipping into permanent change. In our marketing and communication plan, we make suggestions that include the roles of various campus members in the context of OE (change agents, leaders, and implementers) as well as those of *The Tipping Point*.

In the course of data collection, we learned a great deal about perceptions of both the problems and benefits related to the BFS upgrade to a new version (BFSv9). The launch of the eProcurement system was directly linked to the BFS upgrade, and

---

[12] Gladwell, p. 62.

many of the opinions collected in summer 2010 concerned the upgrade and the related troubles. Many of those interviewed had not yet received eProcurement training, which is scheduled to roll out gradually to different departments on campus, and those who had, while optimistic about eProcurement's ultimate ability to improve workflow and reduce inefficiencies, were decidedly concerned about the method of roll-out and limited functionality upon initial release. Others questioned whether resulting increases in workload in some arenas would be balanced by increased efficiencies elsewhere. We discuss some of these potential barriers to success in a section below.

With qualitative data from so many sources, we began to read deeply to identify the salient issues that arose in each interview, as they pertained to our scope. We agreed to each bring five ideas or issues that arose in each interview to a meeting where we consolidated them to nine broader categories:

Behavioral Change	Policy
Communication	Tools
Community	Training
Leadership	Vendor Issues
Planning	

By further reviewing the issues within each broad category, we identified the problems (barriers to success) and any possible solutions or critical enablers to achieve the goal of increased use of contracts.

The problems identified in the previous step were then analyzed for root causation; those roots were then grouped into four even broader categories: leadership, communication, culture, and tools/resources.

These four categories are discussed in greater detail in the following chapter.

CHAPTER 3: RECOMMENDATIONS

INCLUDING BARRIERS TO SUCCESS AND CRITICAL ENABLERS

Based on our research and analysis, we encountered both problems and solutions related to contract utilization. First we discuss problems in the context of how they might serve as roadblocks to successful achievement of increased contract use. Then we identify key opportunities to overcome these challenges and turn them into facilitators for contract spend.

Barriers to Success
As noted in Chapter One, our team was tasked with identifying additional contract implementation steps, including marketing and communication plans, as well as incentive and consequences that would drive contract spend and complement the process outlined above. Based on our analysis of the data collected, we identified key barriers to success in the areas of leadership, communication, campus culture, and tools/resources.

Leadership
We conceptualize leadership as a process of social influence in which one person is able to enlist the aid and support of others in the accomplishment of a common task.[13] However, leadership accountability does not rest only on the top management tier; it pertains to all levels of an organization, down to individuals making decisions at the lowest levels.

That said, the goal of driving contract spend must first involve clear direction from the top, followed by engagement of all levels of campus, especially supervisors and managers who authorize purchases. "I'm going to be harsh because this is very important. I love this place," one high value buyer stated. "Our biggest problem is leadership. Directors, supervisors, managers – they're the problem. They're signing off on anything and everything at any cost whatsoever […] This costs the University [many] dollars every day."[14] Based on our interviews with high value buyers, subject matter experts, and other stakeholders, our team identified four key areas associated with leadership that may hinder this goal.

UC Berkeley is lacking consistent directives from campus leadership to use strategic procurement contracts. In general, sources agreed that they need clear support from campus leadership in order to carry out the charge of increasing contract spend -- "serious, consistent and energetic support from senior administration, particularly academics," as one buyer put it.[15] Most agreed that that initial support had to come

---

[13] Marty Chemers, Acting Chancellor, UCSC "Leadership 101 LDP Workshop," 8/24/09
[14] High Value Buyer interview, 6/18/10
[15] High Value Buyer interview, 6/22/10

from the very top (e.g., the Chancellor and/or the executive vice chancellor and provost).

From interviews with change management experts, it is clear that the leadership spine needs to be activated regarding the initiative to redirect spend through contracts. Although we believe that effective support and directives start at the top, the process of activating this spine must start by determining whose behavior we want to change (i.e., change implementers) and engaging those who have influence and authority over those implementers (i.e., change leaders).

However, some interviewees noted that identifying and establishing this leadership chain may be hindered in part by a complex organizational structure which can lead to breaks in the chain and lack of accountability. As one noted, "There is a complicated leadership system with no strict hierarchy. We have many leaders who need to be considered."[16] Another administrator we interviewed articulated, "The problem is the buck doesn't stop anywhere, and I'm always shocked by this. For staff who work in a hierarchy, they can be told to do something, and they will do it to avoid consequences. But where is the next level here? […] Procurement and financial services don't report to the same place […] There is some place in this process where it works well to this point, and then there is a gap after which it doesn't work. There's a gap [in the communication chain] between the MSOs and the higher-level organization."[17] Any new directives must address this challenge to strengthen the leadership spine and to reach the right audience.

Policy and mandates to use strategic procurement contracts, with clear incentives and consequences, do not exist. Almost uniformly, our interview and focus group participants noted that the lack of policy and mandates has hindered widespread use of strategic procurement contracts. "We do not mandate, we strongly encourage," one interviewee noted. "To realize any savings we need an executive-level directive and mandate. Any type of enforcement needs to come from the top down. We can have great agreements in place, but without a directive, we will not see savings."[18] Interviewees pointed out that there is no clear mandated policy to utilize procurement agreements to support buying decisions, and there has not been consistent enforcement or monitoring in this area. One subject matter expert emphasized that this is especially important for staff, so "[we] can have backup when [our] faculty come to [us] and say 'I don't want to do this.'"[19] Several buyers related experiences where they had challenged large off-contract purchases, only to find a lack of support from management, or when they did have support, it withered under pressure ("It wasn't going to be a big enough purchase to fight over").[20] In addition to inconsistent support, interviewees expressed that a lack of clear consequences (either positive or negative) and monitoring have hindered progress.

---

[16] Subject matter expert interview, 8/3/10
[17] Subject matter expert focus group, 7/28/10
[18] Subject matter expert interview, 7/28/10
[19] Subject matter expert interview, 8/2/10
[20] High Value Buyer interview, 6/22/10

26

One buyer noted, "It's hard to mandate at a place like Berkeley, but we don't even do much 'velvet glove,' truthfully."[21] The same interviewee stated that in her experience, even random spot checks and monitoring can go a long way towards increasing compliance. Mandates and clear consequences have not historically been a part of campus culture, but most of our interviewees agreed that they are necessary in this case.

There is a perception that central procurement does not have a clear strategic vision. UCOP and UC Berkeley have guiding principles for strategic sourcing, and those principles are available on their respective websites. However, from our interviews and focus groups, we uncovered a general perception that there is no clear strategic procurement vision for campus. As indicated in the previous chapter, perceptions, whether or not based on fact, can impact buying behavior, so it is important to acknowledge and address this as a potential barrier to success.

Several interviewees conveyed a sense of being "caught in the middle" between the pressure to support small and diverse business and to use strategic agreements. "I think from an ethical standpoint we should be utilizing small businesses," one buyer noted, "but you want to do that and you want to use the system-wide agreements […] so it's a juggling act between the two."[22] These competing demands and mixed messages are one contributor to this perception.

In addition, interviewees questioned how procurement can be truly strategic when, from their perspective, there was lack of transparency. Several expressed concern that some contracts seemed to work in the favor of the vendor instead of campus, and that better prices could be negotiated even with the same vendor through departmental or principal investigator (PI) agreements. As one subject matter expert warned, "If we allow a situation where vendors have sales reps and sell to certain people at a lower price, but the University is saying that they are getting the lowest price, this just won't work. […] We don't want to end up with a two-tier system where we [have] different prices and vendors [representatives] just undercut their own contracts."[23] Clearly, strategic contracts have been negotiated with price as well other factors in mind, but their benefits are not widely understood by campus customers, and in some ways, are undermined by their own vendor representatives.

There is inefficient allocation of resources to strategic sourcing. With the budget challenges that the University currently faces, it is to be expected that resources to devote to any change effort would be limited. However, we found from our interviews and focus groups that even in the past, when the University was in a less precarious financial position, resources were not sufficiently allocated by campus leadership to strategic sourcing, which is in alignment with one of the key findings

---

[21] High Value Buyer interview, 6/22/10
[22] High Value Buyer interview 6/15/10
[23] Subject matter expert interview, 8/2/10

of the OE Diagnostic Report.[24] As one buyer put it, "the biggest piece is allocating the resources that are really needed to manage these contracts and relationships effectively."[25] Currently, the strategic sourcing program staff includes only two dedicated specialists and one analyst. The lack of resources to effectively manage contracts is related to other concerns outlined in this section; specifically, limited resources make it difficult to effectively communicate and spread awareness of strategic contracts and to elicit and process feedback about contract vendors.

In addition, several high value buyers we interviewed commented that their strategic sourcing expertise is not being fully utilized. One lamented, "a lot of my job is just routine filing, retrieving files, documenting work I've already done, writing it up, and it seems to me an incredible misuse of purchasing power."[26] It appears that the *desire* is there to devote expertise, but the opportunity to do this does not exist within the current structure. Therefore, the resource barrier is two-fold: Berkeley needs to not only to increase overall resources for this effort, but also to better leverage the expertise and resources that exist.

Communication
Effective communication is a challenge in a large, complex institution like Berkeley. As noted before, our literature review affirmed that careful communication planning is vital to the success of a change effort; most failed or stalled change initiatives can be linked to communication failure. We identified two main barriers to success in this area.

There is limited awareness of strategic procurement contracts, including how and why to use them. Our research showed that this awareness depends on one's position within the organizational structure. Almost unanimously, high value buyers said that Business Services administration is good at communicating with them directly regarding strategic contract use. However, others on campus who are not part of this inner procurement circle do not have that same knowledge and understanding. High value buyers and other subject matter experts interviewed agreed that communication on campus is in itself problematic, and that individuals who do not deal with purchasing in their day-to-day activities are not aware of the importance of contracts or how to use them. One buyer said, "I think there are a lot of people in the department that are not in purchasing that are only vaguely aware of campus contracts, strategic sourcing contracts, know how to access them, know what to look for; it's not widely publicized."[27]

In addition, interviewees expressed a desire for lateral sharing of information and purchasing practices. "I think a lot of people are doing the same thing we're doing," one buyer noted, "[but] we're all doing it differently."[28] Access to information is key

[24] OE Final Diagnostic Report, p. 16, 4/12/10
[25] High Value Buyer interview 6/21/10
[26] High Value Buyer interview, 6/21/10
[27] High Value Buyer interview, 6/16/10
[28] High Value Buyer interview, 6/15/10

28

in this effort.   Campus strategic sourcing experts note that all the information about contracts is on the website; other stakeholders note that such information is not easily accessible to customers. In this constantly changing environment, information goes stale fairly quickly. Therefore, communication should be disseminated through the website, but interviewers recognized that this is often problematic. "You should be able to go on [the Procurement Services] website and in a minute know who to call, what their phone number is, or their email. I often go to the website, call a contact, and it turns out they're not the [vendor] contact for campus." The same buyer concluded, "The number one thing that's going to be critical for success in this whole thing [is] a good, well-laid-out, consistently maintained website."[29]

There is a belief that central procurement does not sufficiently consider individual departmental needs. As discussed above, perception, whether accurate or not, can have a large impact on buying behavior. Interviewees often expressed concern that central procurement has not taken into account departmental needs. This perception may, in some ways, limit progress in driving contract spend, since customers who believe this may not feel that using strategic contracts is in their best interests because they did not feel included or consulted in the process. In effect, this is a communication and strategic challenge to overcome. Sentiments related to this stemmed from the feeling that individual departments were not adequately consulted in the planning and roll-out of BFSv9 and eProcurement. Other interviewees expressed concern that their individual department ordering systems were not considered. According to many respondents who discussed this issue, these are not superfluous "shadow systems"; they provide essential functions that the BFS system does not provide.   Another challenge involves engaging faculty and departments so that central procurement, instead of being seen as an obstacle, is seen as a purchasing facilitator. "I feel like faculty is willing to listen," one subject matter expert said, "but they want to hear central campus is acknowledging it. A lot of times they feel that central campus doesn't listen to them or keep them updated."[30]

Culture
Much can be said about Berkeley campus culture. In brief, "The Berkeley Way" is characterized by a highly decentralized and entrepreneurial campus culture that affects many aspects of the campus organization, including the way that we acquire goods and services. According to one source, "an advantage of this approach is that it recognizes and responds to the unique contexts of various disciplines."[31] This culture is essential to the prestige and success of the mission of the University. However, it can prove daunting in some areas, especially when the freedom essential to academia collides with administrative functions, where staff and faculty are expected to embrace changes and accept decisions with little or no input. From

---

[29] High Value buyer 6/21/10
[30] Subject matter expert interview, 7/28/10
[31] *Educational Effectiveness Review: Introduction* http://vpapf.chance.berkeley.edu/acrreditation/ee_intro.html, 2002

our research, we have identified two aspects of campus culture and behavior that may challenge the procurement goal to increase contract spend.

The Berkeley campus culture values autonomy. A campus culture that values freedom and autonomy has enabled Berkeley to lead the way in a number of areas. However, interview participants widely agreed that this tendency has ultimately proved detrimental to contract use and compliance. "Many of the faculty members view themselves as free agents," one subject matter expert explained. "It's like having 90 individual companies or small businesses that we're providing support for."[32] Some faculty and other departments, that "raise" their own money, fail to see how contributing to contract spend is linked to the other educational missions of the University; this can make leveraging buying power difficult. As one campus leader put it, they fail to see that "individual optimization damages the larger group."[33] In addition, several interviewees commented that campus departments in general firmly believe that their needs are "special" and "unique," which becomes a challenge since customers might consider campus or system-wide negotiated contracts as insufficient without really considering what they have to offer.

Other interviewees expressed that compliance in revenue-producing departments is often a challenge because, similar to some faculty or principal investigators, they do not see the link between spend behavior and the larger University goal, since they receive little money from central campus funds. Speaking from personal experience, one high value buyer noted, "The sad truth is that the revenue-producing units believe that they have an exemption. It is a very strongly held belief and I've not seen anything that contradicts [it]."[34]

Change resistance is due in part to fear of the unknown and losing something of value. In analyzing our data, we found two distinct factors of resistance to driving contract spend: First, campus customers will not readily accept a change (e.g., BFSv9/eProcurement) unless it is perceived as offering something better than the current system; and second, many customers, out of habit or a long established relationship with a vendor, may be reluctant to change buying behavior. This stems ultimately from a very human reaction: the fear of losing something of value and the unknown. "Campus keeps telling us that they want people to stop using shadow systems," said one interviewee. "And the message I keep providing is that they are not shadow systems. There are ways of allowing me to do what I need to do. *I will gladly give up the system as soon as campus provides something better*."[35] System glitches and limitations, as we will note next, can also greatly impact the perception of the entire change initiative, and can, in the long run, impact how receptive users will be in future initiatives. Other hindrances we uncovered include the perceptions that contracts do not always provide the best price, and, as described under the previous barrier, the tendency to focus on maximizing savings locally, without

---

[32] Subject matter expert interview, 8/22/10
[33] Al Pisano, speaking to LDP group, 8/12/10
[34] High Value Buyer interview, 6/24/10
[35] Subject matter expert interview, 7/28/10

30

keeping in mind the larger picture. "If I put myself in the purchaser's shoes," one interviewee stated, "then I'd have to wonder why I need to pay a higher amount of money to bring another product's price down."[36]

Tools and Resources
In order to fully use strategic procurement contracts, the necessary tools must be in place. Berkeley has invested in an eProcurement system that will eventually help channel purchases through these agreements. However, from our interviewees, we have gleaned that there are constraints with the system as it currently exists that may hinder this goal.

System limitations may hinder short and long-term contract spend and data collection. The topic of bluCard use came up frequently throughout our research. In some cases, widely used procurement cards are a best practice, but on the Berkeley campus, their ease of use has historically facilitated off-contract spend. While catalogs are being added to the eProcurement system, campus customers are being instructed to purchase low value items using the bluCard. We see this as problematic, since once a sufficient number of catalogs are available, Procurement Services will reverse those directives and expect users to purchase through the eProcurement system instead. In addition, spend data that could potentially impact future leveraging of campus buying power is not currently being collected through the new system.

Having bluCard as the preferred purchasing method, buyers explained, involves an additional burden on department administrators who have to obtain the appropriate documentation from the purchaser and then reconcile it in the campus system. In addition, several sources noted that many users are not aware of how to purchase through a strategic contract using a bluCard, so there is a potential for lost contract revenue.

Interviewees recognized that there were valid reasons to roll out BFSv9 and eProcurement at the time that it was implemented (and during a time of limited resources), but they also expressed frustration that problems within the system were hindering its use and department workflow. "Before we expect faculty to be able to do this, we need to make sure that the staff is well versed and that it is bug-free," one interviewee noted. "We don't want to roll out something to the faculty until it's better than what they have right now. […] They have forced [faculty] into a system that is more cumbersome than the one that they were using before."[37] Understandably, each new system roll-out or update will have its problems; the charge going forward will be to re-focus customers onto the system once the problems have been resolved.

---

[36] Subject matter expert interview, 7/28/10
[37] Subject matter expert interview, 7/28/10

Current contract utilization reporting is insufficient. Related to the above barrier, interviewees in general expressed a strong desire for reports regarding department spend behavior, vendor performance, and campus spend in general. Procurement Services does compile some spend reports regarding contract use, but most interviewees did not find them accessible. Several buyers commented that such reports would go a long way in creating awareness and accountability. "They say… they'd like to see [80 percent compliance] in the UCOP contracts," one buyer noted, "then there's no reports back to us and there's no way that we know to generate reports to see what the utilization rate is."[38] Others pointed to the lack of contextual data in reports to compare spend with other departments.

In addition, some interviewees mentioned the lack of information regarding vendor performance and in general, the lack of mechanisms to capture such feedback. "If we are required to put 80 percent of our spend with contracted vendors," one buyer stated, "we want more information about those vendors, e.g. how many returns and why, how many errors in processing, delivery time and reliability, etc."[39]

Despite the above barriers, we are confident that campus spend can be re-directed towards contracts and savings. Throughout our interviews, we noticed a commitment to Operational Excellence and the savings initiatives. To that end, we identified a number of critical enablers that, if implemented, can overcome these barriers.

Critical Enablers
The Operational Excellence Diagnostic Report indicates that campus spend is fragmented and individuals are optimizing locally, undermining campus buy power.[40] At the same time, our interview and survey respondents expressed general distress with changes already being implemented within the BFS system, lack of resources to support the change, and lack of clear directives. We recognize that an organization has a limited capacity for change and that some level of resistance is expected regardless of the how the change is perceived (negatively or positively).[41] However, we strongly believe that campus customers are ready to change buying behavior once they are given the right messages, tools, and incentives.

To that end, we have identified the following critical enablers to increase contract utilization on campus:

Create a policy aimed towards increasing contract utilization. We recommend the establishment of a policy that would mandate campus target contract spend percentages for specific commodities. The policy would require campus consumers to use strategic vendors to the maximum extent possible. Given the nuances of

---

[38] High Value Buyer interview, 6/15/10
[39] High Value Buyer interview, 6/22/10
[40] Operational Excellence Diagnostic Report, 4/12/10
[41] Subject matter expert interview, 6/8/10

campus needs, we recommend that the procurement team conduct an in-depth analysis to establish categories where required spend percentages are feasible. For example, a 100 percent target might be reasonable for office supplies, but a 75 percent or 80 percent target might be set for catering or furniture, given the diversity of campus needs in these areas.

Such a policy would give campus written guidelines to follow when making purchasing decisions and would give all stakeholders a playbook to follow. This strategic procurement contract utilization policy may be part of a larger policy developed in conjunction with the OE procurement initiative, and would complement existing UCOP purchasing policy (BUS 43).

As an alternative, the policy could mandate one target for overall spend, or, instead of a written policy, campus leadership could continue to strongly recommend the use of strategic procurement contracts. However, one percentage target may not account for the diversity of campus needs, and strong recommendations may not have a large impact on the behavior of certain members of the campus community without a written, mandated policy.

As stated above, most survey respondents and interviewees listed a clearly articulated and accessible purchasing policy, mandates, and consequences as the most important tools in helping to drive their department's use of strategic procurement contracts. Operational Excellence research found that the procurement savings success of one institution studied was dependent in part on a campus policy mandate from senior leadership to make procurement an institutional priority.[42]

After a policy has been established, it must be clearly articulated and widely communicated. Additionally, the policy must be endorsed by campus leadership. We recommend that such endorsement come from the Chancellor and the executive vice chancellor and provost (EVCP) in the form of an email to all campus faculty and staff. In this way, staff will have support from the highest levels for the implementation of and adherence to strategic sourcing contracts. This should be in conjunction with the communication plan referenced below. As an alternative, this could be announced as an Operational Excellence Highlight message in the context of the regular OE communication plan. In either case, the endorsement must be communicated to all sectors of campus.

A widely enforced and communicated policy will benefit the campus by eliminating ambiguity, sending one clear, unified message to campus customers, creating a sense that the entire campus must follow the same set of guidelines, and stressing the importance of cost savings for institutional survival.

---

[42] OE Diagnostic Report, p. 47, 4/12/10

Establishing and enforcing policy on the Berkeley campus is not an easy venture. As previously described, a campus culture that values autonomy may lead to push-back from certain segments. Some policies can be perceived as too rigid and may further the perception that leadership lacks understanding of and/or interest in departmental needs. Furthermore, a policy requiring strategic procurement contract use will require that there are effective working tools and enough significant vendor options to make it feasible.

Send a comprehensive communication to clarify Procurement Services' mission and strategic plan, and to stress the importance of strategic procurement contracts to campus customers. In conjunction with the Chancellor's and EVCP's endorsement of the policy recommended above, Procurement Services should communicate a clear, consistent, and compelling vision that is in alignment with the goals of Operational Excellence and the University's mission of teaching, research, and public service. Procurement Services' current mission includes both "Leveraging the University's buying power through strategically sourced agreements" and "Promoting the purchase of goods and services from local and diverse suppliers." Recognizing that these two are not mutually exclusive, this communication would clarify procurement priorities and the strategic plan going forward and how it fits with other Procurement goals (e.g. sustainability).

In addition, this communication should emphasize the campus business case for the use of strategic procurement contracts (with clear data showing the savings potential), and the advantage of using them (e.g., commodity research and negotiations that have already been done, saving time for everyone else). It should also convey the consequences for low compliance. This communication should include clear directives regarding how the campus' commitment to the local community can be furthered in specific procurement categories (such as catering); UC Berkeley commitment to local business should be clearly stated on the Procurement Services website. In addition, it is important to illustrate how to use strategic procurement contracts while remaining compliant with federal grant rules and to support local businesses.

Like the previous recommendation, such communication will resolve any ambiguity regarding the campus' resolve to use strategic procurement contracts.   This is in alignment with the OE critical enabler to create mechanisms to effectively cascade communication of institutional priorities throughout all levels of the organization. It may, however, challenge the ability and habit to optimize locally (within departments). Therefore, it will take some time and effort to craft a message that is both clear and diplomatic, and University Communications should be consulted regarding this. It is also imperative that supervisors and managers be engaged in transmitting this message to employees.

Create a comprehensive marketing plan for strategic procurement contracts that conveys a compelling vision to elicit ownership in the process. Ongoing marketing communications from Procurement Services should educate stakeholders regarding

the operational value and benefits of strategic contract utilization and raise their awareness and access to the information they need to spend on contract. In light of these goals, we developed a communication and marketing plan for "Driving Contract Spend to Savings" (see Appendix L).

The plan includes the following key components as part of a campaign approach to change communication:

- Announcement of new and changed high-potential contracts – This email announcement would include contracts that can be widely used (across departments) and a clear business case, emphasizing price factors valued by campus (e.g., delivery time, service, sustainability) and the advantages of using it. It would also highlight opportunities to provide vendor feedback.

- Targeted marketing of high-potential and new contracts – Marketing strategies (e.g., posters, handouts, and other communication strategies) should be used to promote the use of specific contracts and contract use in general.

- Periodic newsletter – Procurement Services should also create a periodic (quarterly email) newsletter including information relevant to customers, information regarding new and changed contracts, opportunities for campus engagement in the strategic sourcing process, and University spend data as it relates to the goal of increasing strategic procurement contract use.

- Updated email listserv – Communications should be addressed to the right population. Therefore, instead of having an opt-in/opt-out listserv (similar to the current BFS users listserv), we recommend the development of comprehensive email lists of target audiences for efficient, targeted dissemination of information and feedback. This will ensure that all those involved in the purchasing process receive the appropriate messages.

Our research showed that a campus culture that values autonomy has in part contributed to lower strategic procurement contract use. In addition, there is a general sense that central procurement does not sufficiently take into account individual departmental needs. A targeted marketing strategy could better address individual department needs and create a compelling vision that elicits a sense of ownership. As a procurement best practice, procurement should feel like an extension of each department, and the OE Diagnostic Report recommends Berkeley drive contract utilization through policies and incentives, as well as through marketing and customer service strategies.[43]

Potentially, this will increase buy-in from campus customers, especially in departments that historically have lower contract usage. On the other hand, since

---

[43] OE Diagnostic Report p. 16, 4/12/10

the marketing communications may put emphasis on large high-potential contracts, stakeholders may fear a loss of community investment, which can be alleviated through appropriate incentives, as outlined below. In addition, there will have to be a considerable investment of time and resources into this marketing effort.

Build a system of incentives and consequences to create awareness and positive peer pressure. In order to be effective, incentives should be aligned with the organizational culture, values, and goals, and should be meaningful enough to inspire people to action. Consequences should be reasonable, logical, and require consistent follow-through. Based on our data analysis and what we heard from stakeholders, we compiled a comprehensive strategy including both (see attached Incentives and Consequences Strategy in Appendix M).

The plan includes the following key components:

- Metrics – Departments should be made aware of their strategic procurement contract compliance levels through regular reports. The report should include a contract spend data comparison with other departments within the control unit and across control units. We understand that procurement reporting modules are planned for the near future, and once these reports are running, they should be accompanied with a standard methodology to quantify procurement savings and define performance metrics and targets.

- Corporate discounts with strategic vendors through negotiated affinity programs - Procurement Services should consider availability of employee/students discounts with strategic contract vendors for personal use (e.g., the Office Max Customer Perks program).

- Recognition program at departmental and individual level to award high compliance – Departments with high strategic procurement contract use should be recognized with a special designation (similar to the Office of Sustainability's Green Certification Program). Procurement Services could also work with the Chancellor's Staff Advisory Committee (CSAC) and Human Resources to make "savings" an identified criterion for the Chancellor's Outstanding Staff Award (COSA) and Berkeley Campus SPOT awards in order to recognize individual staff or staff teams who go above and beyond in their contribution to the campus by driving "savings" through strategic procurement contract spend.

- Vendor commitment based on contract use – Procurement could negotiate with vendors to include a specific contribution to the Chancellor's Community Partnership Fund once campus utilization reaches a certain point. This could be marketed as an incentive to drive higher utilization.

- Consequences for low contract compliance – Departments should understand that there are clear consequences for non-compliance. For example, Procurement Services could assign fees for cost recovery/recharge at the campus department and control unit levels for off-contract spend, limit reimbursements for purchase made off contract for common goods and services, and include strategic procurement contract utilization in job performance expectations.

As identified in the previous chapter, our research highlighted a campus culture that values autonomy and a lack of mandates and enforcement as two root causes of low strategic procurement contract use. In addition, consequences have a greater impact on behavior than antecedents.[44] Therefore, a system of incentives and consequences will both create awareness and provide positive peer pressure to comply through quantifiable data and visibility on campus. Furthermore, enhancing performance management and incentive systems to ensure accountability for high performance has been identified as a critical enabler in the Operational Excellence Diagnostic Report.[45]

However, in order to be effective, incentives (like department recognition) have to be perceived as something of value, and providing accurate metrics requires accurate and comprehensive spend data.

Extend formal feedback mechanisms regarding strategic procurement contracts and incorporate this feedback in contract negotiation and maintenance. Commodity committees should continue to be consulted throughout the contract establishment process. In addition, Procurement Services should seek to diversify the membership and visibility of these committees to include administrative managers (CAOs, MSOs, etc.) and faculty from low compliance departments, with rotating membership. In this way, once contracts are established, their involvement can be used as an incentive to drive their department's use. Recognizing that UCLA's campus culture is vastly different from Berkeley's, a strategic sourcing expert at UCLA identified inclusion of faculty on commodity teams as a key factor in their willingness to support the adherence to strategic contracts for those particular commodities. These committees should be in close contact with senior level procurement administration and, as an incentive to participate, the visibility and prestige associated with these committees should be increased.

In addition, for existing contracts and those established in the future, a mechanism should be in place to provide formal feedback regarding strategic vendor performance. This could be in the form of a secure online rating and comment system (similar to Yelp) or, in the interest of protecting the vendor relationship, it might be preferable for Procurement Services to store and filter such data. In either case, customers should have access to some sort of feedback rating for key vendor

---

[44] "Change Discuss with LDP Procurement Project Team" 8/3/2010, for UC Berkeley prepared by Bain & Company
[45] OE Final Diagnostic Report, p. 21, 4/12/10

performance factors (e.g., delivery time, reliability, customer service), and should see that their feedback generates results. In addition, the system should allow departments to suggest alternate businesses or companies they would like to see included in contract considerations. As an alternative, a feedback query ("How was your shopping experience?") could be integrated into the eProcurement system, similar to the way that online shopping portals like Amazon request this information after purchases. To facilitate feedback integration, contract agreements may need to be shortened (e.g., two- or three-year terms with annual renewal options). In this way contracts can be better managed and re-negotiated to meet the needs of customers and to reflect market changes.

In conjunction with this feedback mechanism, Procurement Services should increase the number of contract options and avoid exclusive contracts with vendors. Options should be kept to a limited number, perhaps three or four categorized by price point. If campus customers have multiple contracts from which to select goods and services, most will feel like they have some autonomy regarding vendor choice. The OE Diagnostic Report also recommended that Procurement increase categories covered by contracts.[46]

Additionally, Procurement Services should take advantage of the expertise of campus high value buyers and provide a mechanism to disseminate information about contracts currently being negotiated, and hold regular meetings to share contract information and best practices. In general, the expertise of these High Value Buyers is not being fully utilized; some of them expressed concern that much of their day-to-day activities consist of routine tasks (e.g., related to bluCard purchases), rather than utilizing their departmental and disciplinary knowledge and commodity mastery.

In our research, we noted the perception among campus customers that central procurement does not sufficiently take into account individual department needs. A formal feedback mechanism will allow these stakeholders to have a stronger voice in the process. The feedback process will enable Procurement Services to become a better service provider, exploring the feasibility of department-based catalogs, capturing vendors of choice, and expanding the options of pre-configured/standardized goods (e.g., a standard office computer). All of these components could in turn serve as marketing points, since the contracts would become in part a direct result of campus requests. In addition, the involvement of more faculty and other campus customers in user committees would build support for strategic procurement contracts that will ultimately better serve campus, especially if those who are most resistant are included in the committees. On the other hand, one must acknowledge that 100 percent of campus customers cannot be satisfied 100 percent of the time -- the challenge for Procurement Services will be to filter and use the feedback in a way that both considers customer needs and concerns and furthers its vision.

---

[46] OE Diagnostic Report p. 16, 4/12/10

Increase training focused on the use of strategic procurement contracts. In order to expand the use of strategic procurement contracts, we recommend that Procurement Services make contract utilization an integral part of training for all customers. Since campus buyers, bluCard holders, and BFS users already participate in required trainings, a module regarding strategic procurement contracts -- stressing their benefits and the importance of using them -- should be incorporated into all applicable trainings. In addition, the training should emphasize that ensuring department compliance and communicating the importance of contract use is one of their job responsibilities. This strategic procurement contract utilization training component could also be integrated into the New Employee Orientation, KEYS Supervisory Training Program, and the Financial Management Certificate Program in order to increase exposure.

Recognizing that many customers who request goods and services do not participate in any required training, we recommend a campus-wide "Buying at Berkeley" or "Procurement 101" training initiative that would be required for all faculty and staff (similar to the ethics or sexual harassment trainings), and would be required for new employees in the future. Ongoing, widely-available training is considered a procurement best practice among peer institutions. The actual deployment of the new training, if done online, will require minimal effort from participants and can be completed at their convenience. The online training would highlight purchasing policy, the importance of using strategic procurement contracts, and directions to further resources (e.g., website, helpdesk, etc.). In addition, it would serve campus by ensuring that all faculty and staff are on the same page with regards to strategic sourcing expectations. As an alternative, a more targeted approach could be used, but this would involve an in-depth departmental analysis to identify who has a role in purchasing and purchasing decisions (e.g., eProcurement shoppers). In conjunction with this training, a manual should be developed outlining the policies and procedures for purchasing on strategic contracts in more detail. It is imperative that this training reach all sectors of campus, since our research showed that purchasing requestors and not necessarily supervisors are most influential in guiding choice of vendors.

As noted in the previous chapter, investment in human resources within strategic sourcing is a best practice in procurement. Sufficient resources have not been directed towards procurement communication and training, and as a result there is a lack of familiarity with procurement policy and procedures and confusion in regards to campus priorities. Increased training would serve to clarify relevant policies and procedures and would foster a mass awareness on campus regarding the existence of strategic procurement contracts and how they can benefit individual departments and campus as a whole. In accordance with *The Tipping Point*, potential salesmen and connectors (from departments) could be engaged in creating a word-of-mouth epidemic. However, they first need to be in the same room with the mavens (Procurement Services, high value buyers, and departmental purchasing staff).

Securing compliance with training requirements may prove challenging, and preparing training materials will require that more resources be directed to this effort. However, this fits with the OE critical enabler of ensuring appropriate employee development and support, and the OE recommendation to restructure the procurement organization to shift focus to strategic sourcing instead of transactional activities.

Improve website and technical tools facilitating the use of strategic procurement contracts. Tactics to increase strategic procurement utilization must be accompanied by effective tools facilitating their use. Therefore, we recommend that Procurement Services support a dynamic and robust internal website to provide information to internal customers. We recognize that the current Procurement Services website has a wealth of information, including contract information that could serve customers. However, we recommend that the website content and order be re-evaluated given current priorities (see Marketing and Communications Plan in Appendix L for suggested content). The website should be in language that is clear and accessible to users and should be easy to use. It should include a regularly updated FAQ section that answers the most common procurement questions and should clearly present purchasing policies (BUS 43 and any additional policies that would drive contract spend).

In the interim period while catalogs are being gradually added to the system, the list of agreements on the website should be easy to find and search. In addition, because customers are being asked to use bluCards for low-value purchases until more catalogs are added to the eProcurement system, the list should include instructions on how to get the agreement price using the bluCard, and should clearly highlight the primary (preferred) and secondary methods for purchasing.

Our research showed that sufficient resources have not been directed for procurement communication and the website; many of the concerns we outlined regarding lack of information could be addressed by a regularly updated and supported website. In addition, given limited resources, a robust website can answer questions in lieu of direct interactions. However, as with training, revising and updating the website can take a considerable amount of resources. In addition, it requires ongoing support to ensure that the latest information is available to campus.

The above critical enablers are possible ways that campus could address the barriers to success, and are consistent with the overall Operational Excellence initiative. Furthermore, they are consistent with the procurement best practices identified in Chapter Two. We recognize that any change effort comes with its costs and requires consistent investment of financial and human resources. However, over time, we are confident that these strategies will result in financial savings for UC Berkeley, because they will drive campus to the tipping point of consistent contract use.

Conclusion

We questioned our interview subjects regarding what they saw as the greatest opportunities in procurement for UC Berkeley that will result from increased contract utilization. Almost unanimously, they answered savings of time and money, and better vendor service. "If your costs for common goods and services decrease, then you have more money to spend elsewhere," one buyer explained. "It means we stretch our dollars, and can make us more efficient."[47] Clearly, those educated about strategic contracts see their potential. As noted before, we discovered that most campus customers want to support strategic sourcing procurement, but in many ways lack the tools and support to achieve this. Within the context of change management, we conducted an extensive literature and best practices review. Then we identified and queried stakeholders regarding the challenges they encounter and opportunities they saw in the area of driving contract spend.

From our analysis, we identified key leadership barriers, including a lack of clear directives and policy from campus leadership, and incentives and consequences to support them. We identified communication barriers, including a general lack of awareness of strategic contracts and their benefits, and a disconnect from central procurement. We acknowledged cultural aspects, including autonomy and the fear of losing something of value, as key challenges to the initiative. Furthermore, we recognized resource allocation and technical limitations as potential hindrances. However, these same barriers led us to identify key critical enablers and to make recommendations that could increase contract use on campus. Campus leadership should set and endorse a policy aimed at increasing contract utilization, with systems and tools in place to enable departments to follow that policy. We constructed a marketing and communication plan that will educate stakeholders regarding the benefits of strategic procurement contracts and convey the information they need in order to utilize them. We also recommended a system of incentives and consequences aimed at increasing contract spend, which we believe will inspire people to action. In order to enable campus buy-in, we identified extended feedback mechanisms and training initiatives that will better align central procurement with individual department needs.

Increasing contract utilization is one important step in the larger Operational Excellence initiative, and our research and recommendations are in alignment with the goals and critical enablers of this effort. UC Berkeley is entering a period of continuous learning and improvement, and the shift in contract use will not happen overnight. When this shift does occur, it must be consistently monitored and supported so that it becomes the campus norm. As members of the campus community, we have confidence that our recommendations, if implemented, will result in achieving this goal of increased efficiency and cost savings, aligning campus operations with the world-class teaching, research, and public service for which UC Berkeley is renowned.

---

[47] High Value Buyer interview, 7/27/10

APPENDIX TABLE OF CONTENTS

Appendix A

LDP Project Proposal

Project Title:
Berkeley Buying Power – A Study Aimed at Significantly Increasing Utilization of Strategic Procurement Contracts

Sponsors:
Associate Vice Chancellor Ron Coley

Functional Lead: Lila Mauro

Background

The Berkeley campus spends ~$600M annually on goods and services, including capital projects. This is one of the campus' highest drivers of cost, behind labor costs. We currently purchase goods from more than 18,000 vendors; and, of these vendors, 90% account for less than 10% of our spend. Due to this spend fragmentation, campus consumers may not get the best pricing from vendors because we are not taking advantage of volume discounts and negotiated price contracts. In addition, there are overhead and administrative costs associated with processing orders from such a large volume of vendors.

Recent procurement spend data indicates that identical products are being purchased at different prices from different vendors across campus. In some cases these price differences are significant. Based on knowledge of best-in-class educational institutions, we know that we can achieve significant savings by changing *how* we buy, without affecting *what* we buy. As a campus, we need to consolidate our spend to the lowest price vendors for the basket of goods we buy in order to leverage our size and negotiate further discounts.
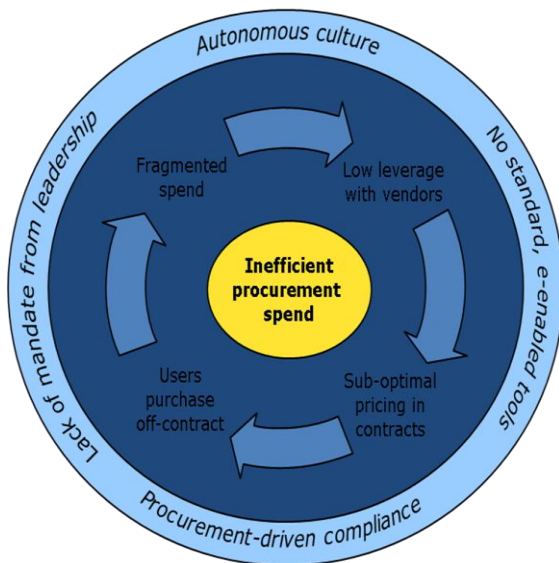
The chart to the left illustrates the vicious procurement cycle we find ourselves caught in – our spend is fragmented across many vendors, resulting in low leverage, resulting in sub-optimal pricing, resulting in more users purchasing off-contract. To turn this vicious cycle into a virtuous cycle, we need to act collectively as a campus and consolidate our spend to the best value vendors.

LDP Project Proposal

LDP Project Opportunity – Develop a comprehensive plan aimed at transforming Berkeley's buying power into a strategic campus asset.

The Office of the President and the Berkeley procurement office are staffed with sourcing specialists tasked with identifying and securing procurement contracts designed to lower the campus' overall cost of goods. The campus utilization of these contracts is mixed. We are currently implementing an eProcurement "catalogue marketplace" that will help channel campus purchases to these contracts. In addition to the new eProcurement system, in order to significantly increase our buying power and reduce unnecessary expense, we need to develop a contract implementation marketing and communication strategy that can be the basis of driving utilization for all new campus and system-wide agreements.

Scope

Working closely with the Berkeley strategic sourcing team and buyers:
1) Understand current contract implementation processes
2) Interview campus customers to understand what additional contract implementation steps would motivate campus customers to utilize agreements
3) Develop "standard" contract implementation strategies (which can be adapted depending the type of the agreement), including marketing and communication plans for increasing contract utilization
4) Recommend incentives and consequences aimed at significantly increasing usage, especially high potential contracts

|	
Project Title:	***Berkeley Buying Power – A Study Aimed at Significantly Increasing Utilization of Strategic Procurement Contracts***
Brief Project Description:	As part of the Leadership Development Program, we aim to develop a comprehensive plan to transform Berkeley's buying power into a strategic asset and cost-saving method. Currently spending is fragmented among different vendors, many off-contract. The project will investigate the reasons for low contract utilization among buyers and provide specific recommendations regarding how to increase utilization and implement campus and system-wide agreements.
Prepared By:	Tipping Point Solutions (TPS)
Date:	5/25/10	*Version:*	Final

CONTENTS

1. Background

2. Scope of Work
    2.1.   Objectives
    2.2.   Assumptions
    2.3.   Exclusions

3. Roles, Responsibilities & Resources
    3.1.   TPS Project Team Members
    3.2.   Project Sponsors
    3.3.   Project Team Roles and Responsibilities
    3.4.   External Consultant
    3.5.   Project Resources

4. Deliverables

5. Expected Long-term Project Benefits

6. Stakeholder Analysis

7. Risk Management Plan

8. Acceptance Criteria

9. Signatures

1.   Background

The University of California, Berkeley spends $600M annually on goods and services, including capital projects. This is one of the campus' highest drivers of cost, behind labor costs. We currently purchase goods from more than 18,000 vendors; and, of these vendors, 90% account for less than 10% of our spending. Due to this spend fragmentation, campus consumers may not get the best pricing from vendors because we are not taking advantage of volume discounts and negotiated price contracts. In addition, there are overhead and administrative costs associated with processing orders from such a large volume of vendors.

Recent procurement spend data indicates that identical products are being purchased at different prices from different vendors across campus. In some cases these price differences are significant.   Based on knowledge of best-in-class educational institutions, we know that we can achieve significant savings by changing *how* we buy, without affecting *what* we buy. As a campus, we need to consolidate our spending to the lowest price vendors for the basket of goods we buy in order to leverage our size and negotiate further discounts.

- UC Berkeley procurement policies, practices and processes are not currently efficient or effective, with the result that the University is not realizing significant potential cost savings possible through improved procurement.
- UC Berkeley is not realizing full benefits from current negotiated contracts, as they are either not effectively implemented or complied with (mixed)
- A number of factors have combined to make it imperative for the campus to identify and pursue opportunities for productivity and financial performance improvements.
- The Chancellor engaged Bain & Company to conduct an initial high-level review of the procurement functions at UC Berkeley, including procurement policy, process and strategic sourcing. Bain & Company have been working with the University since October 1, 2009, to achieve productivity and performance improvements. The review identified a number of potential projects to address the current issues facing the University.

The objectives of the Procurement / Strategic Sourcing team are to achieve significant cost savings through an improvement in purchasing accountability and processes and effective use of the buying power of the University by developing effective University contracts for key commodities.

2.   Scope of Work

2.1. Objectives

Working closely with the Berkeley strategic sourcing team and buyers:

- Our analysis and recommendations will focus on the following strategic sourcing contract categories:

    o   Office supplies
    o   Furniture

    o   Food and beverages (catering)

- Review current contract implementation processes
- Interview campus customers to understand what additional contract implementation steps would motivate campus customers to utilize agreements
- From our categories, we will extrapolate findings to develop "standard" contract implementation strategies (which can be adapted depending on the type of the agreement), including marketing and communication plans for increasing contract utilization
- Recommend incentives and consequences aimed at significantly increasing usage, especially high-savings potential contracts
- Develop recommended contract utilization policy and procedures

2.2. Assumptions

In deciding to charter this project, the following assumptions were made:

- We will be provided the information that we are requesting from our sponsors and the Operational Excellence Program Office
- Stakeholders and experts will cooperate with our request to meet and discuss
- Those who respond to our surveys/interviews/focus groups will be honest
- We will have a reliable return response rate for surveys/interviews
- It is possible to increase contract utilization/change behaviors
- Department buyers will be willing to consider other vendors
- Increased contract utilization will save the University money
- We will have enough resources to complete the project
- Some smaller local vendors can't provide competitive bids
- There are business reasons besides price that contribute to the University establishing contracts (such as flexibility)
- In 2011 a data analytics module will be implemented and contract utilization reports will be available to departments. This will not be implemented during the timeframe of our project.
- Contract compliance for strategically sourced contracts on average is targeted at eighty percent in part in an effort to dedicate a significant percentage of UC Berkeley's business to small and local business providers.
- Alignment with Operational Excellence is critical.
- Any changes to this charter, scope or deliverables of the project will be agreed to by both project team and functional sponsor.

2.3. Exclusions

The following requirements and activities are specifically excluded from this scope:

- Contract analysis: our project analysis will focus on the contract utilization/buyer side, not on contract negotiation nor specific contract analysis.
- Technology assessment: the project will not include analysis/evaluation of eProcurement, but our recommendations will align with it and support its use.

- Recharge services: the project will exclude an analysis of recharge services (IT, phone, mail, etc.).
- This project will take a category approach to contract utilization analysis. Specific analysis of travel and entertainment, IT goods, and lab equipment contract utilization is not included in the scope of this project.

3.   Roles, Responsibilities, & Resources

3.1.   TPS Project Team Members

- Jonathan Banda
- Alexis Bucknam
- Carmen Foghorn
- Maria Fong-Pedro
- Karen Lobo
- Andrea Rex
- Ken Tanaka
- Erin Wixson

3.2.   Project Sponsors

Project sponsors are UC Berkeley administrators who have the responsibility for defining the requirements and reviewing deliverables. Sponsors will facilitate outcomes and contribute in-depth knowledge of procurement operations.

Assigned project sponsor: Associate Vice Chancellor for Business and Administrative Services Ron Coley

Functional sponsors: Director of Procurement Strategies Richard Taylor & Director of Business Services Lila Mauro (through June 1)

3.3.   Project Team Roles and Responsibilities

Sponsors and project team members will work closely in various roles across the project, with team members responsible for achieving the core objectives in alignment with Operational Excellence. Team Members are expected to attend each meeting and contribute their best thinking and work to resolve issues in the best interest of the group. Members will actively participate in all project phases and follow through on deliverables to which they are assigned.

The Process Consultant (Steve Garber) will attend group meetings periodically and provide advice/constructive criticism regarding group and meeting process issues. The Project Leader (rotating) will help the team make progress towards achieving the desired project outcomes and support team members working effectively. The Project Leader will take the lead in planning meeting agendas, supporting sustainable decisions, and resolving conflicts. The Facilitator (rotating) will observe group dynamics and support members contributing their best thinking and decision making during each meeting. The Facilitator will help the Project Leader plan meetings agendas and facilitate decision making during the meeting. The Progress Trackers are charged with holding the "big picture" view and project timeline through the duration of the project. They will track the planned project tasks as well as monitor the resources and deliverables. Karen Lobo and Erin Wixson are the Progress Trackers for this project.

3.4.   External Consultant

Meera Chary from Bain & Company will serve as liaison between the project team and the Operational Excellence, attend meetings as requested, provide relevant Operational Excellence data and keep TPS abreast of the OE developments. TPS will work closely with Meera throughout the project to ensure alignment with OE initiatives.

A full project team structure is shown below.
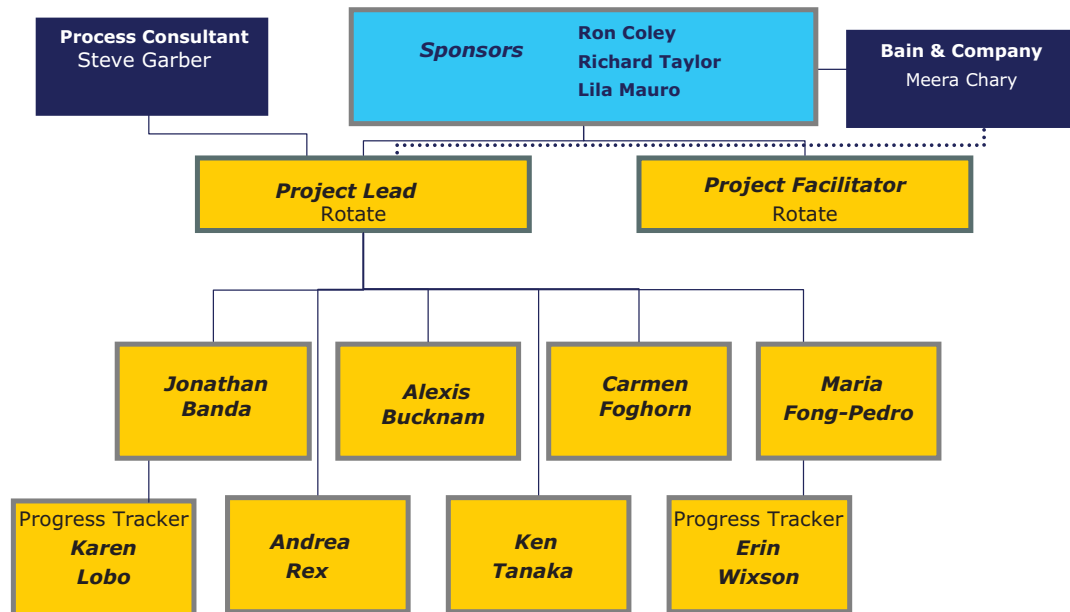
3.5.   Project Resources

Resource	Constraint
Funds for printing of reports	Unknown/depends on sponsors
Information requested from sponsors	What they have available and are willing to share
Time from team members	Limit of 40/week total
Time from sponsors	Unknown/depends on sponsors
Materials for data collection (paper, incentives, etc.)	Dependent on sponsor/member commitment

4.   Deliverables

TPS will deliver the following key outputs:

Project Stage	Deliverable	Milestone Date
1) Program Management		
	Weekly meetings	Ongoing
	Material review	Ongoing
	Scope review	Ongoing
2) Planning		
	Work Breakdown Structure	4/15/10
	Gantt chart	4/29/10
	Project charter	4/28/10
	Sponsor meeting #1	5/5/10
3) Research		
	Review of existing purchasing procedures & initiatives	5/5/10
	Review of UCOP strategic sourcing initiatives	5/7/10
	Review of peer institution and "best in class" practices	5/25/10
	Change management literature review	5/25/10
	Review of existing campus-based change management initiatives	5/26/10
	Marketing literature review	5/26/10
4) Primary Data Collection		
	Finalize data collection instruments	5/28/10
	Conduct high value buyers interviews	6/14/10
	Conduct focus groups	6/17/10
	Conduct low value buyers interviews/surveys	6/18/10
	Conduct subject matter interviews	6/25/10
5) Analysis		
	Identify common themes	6/22/10
	Sponsor meeting #2	6/29/10
	Prioritize findings	7/7/10
	Develop recommendations aligned with University values and Operational Excellence findings	7/15/10
	Compile and edit report	8/11/10
6) Report/Presentation		
	Design presentation	8/23/10

Project Stage	Deliverable	Milestone Date
	Finalize report	9/1/10
	Print and bind report	9/7/10
	Deliver report to sponsors	9/9/10
	Deliver presentation to sponsors	9/15/10

5.   Expected Long-term Project Benefits

Expected project benefits estimated by the Project Team

Area	Expected Long-term Project Benefits
Procurement Process	• Standardized activities • Optimized processes • Clear responsibilities/accountabilities for buyers and approvers (include clear expectations in New Employee Orientation, Job Description, and Performance Evaluations) • Reduced error through access to necessary information and support
Strategic Sourcing	• Use of strategic sourcing principles and processes for contract management • University/systemwide contracts, aggregating volume and purchasing power • Improved data quality through collaboration with suppliers to identify University spend • By July 1, 2013, contract utilization rates will increase to 80% on average • $~25-40M potential savings identified if recommendations are implemented across all procurement areas (from Operational Excellence Final Diagnostic Report).

6. Stakeholder Analysis

Our team was able to identify a number of stakeholders that would be affected (either positively or negatively) by our project outcomes. We analyzed the current level of trust and agreement between our team and these stakeholders. The following graph summarizes our findings and categorizes stakeholders into 5 categories:

Agreement

High

FELLOW TRAVELERS

UC Regents
California State Legislature
Strategic Sourcing Contract Vendors

ALLIES

Chancellor Birgeneau
Bain & Company – Operational Excellence
Associate Vice Chancellor Coley
Lila Mauro
Richard Taylor
Inette Dishler
Tipping Point Solutions
Steve Garber

NEUTRAL

Students
Post-Docs

Berkeley Residents
UC Berkeley Community Relations
Faculty End Users
City of Berkeley Businesses
Non-Strategic Contract Vendors
Labor Unions

ADVERSARIES

Low Value Buyers   BFS Approvers
Staff End Users

MSOs
Department Chief Administrative Officers
Government Relations

OPPONENTS

Low

Low   High

Trust

Allies (high agreement/high trust): These stakeholders share our vision and want the project to succeed. They are treated as members of the team.

Opponents (high trust/low agreement): We have an honest, high trust relationship with these, but conflicting visions, goals or methods. Opponents challenge what we are doing and can make our strategies more effective.

Fellow Travellers (high agreement/low trust): These are aligned with our vision, goals, and objectives, but we may not trust each other to be honest and share the whole story.

Neutrals (some trust/some agreement): These stakeholders are cautious and non-committal.

Adversaries (low agreement/low trust): Adversaries are stakeholders with whom our attempts at negotiating agreement and trust may fail.[1]

7.   Risk Management Plan

Risk Identification	Priority (L/M/H)	Mitigation Strategies	Responsibility
Stakeholder engagement with project, leading to lack of compliance	H	Ensure project initiation communications are completed in line with Operational Excellence, sponsors' objectives Ensure importance of support is understood by senior mgt group	TPS
Existing contracts in place	H	Ensure working groups formed are active to investigate current arrangement in place with their areas	TPS
Availability of key personnel impacting project timelines	H	Ensure sufficient notice is given for workshops and clear deadlines are provided for any items required Ensure importance of support is understood by senior mgt group Plan far in advance to schedule meetings and leave extra float time to use if needed	TPS
Lack of ongoing communication and feedback	M	Ensure project communications are completed in line with communications plan and that it is regularly reviewed to check current status and updated	TPS
Supplier perception of University approach to procurement	L	Ensure new approach is clearly communicated to suppliers	Sponsor/TPS

---

[1] Adapted from LDP-Stakeholder Analysis, Katherine Mitchell, Center for Organizational and Workforce Effectiveness (COrWE), UC Berkeley

Risk Identification	Priority (L/M/H)	Mitigation Strategies	Responsibility
End-users and low-value buyers perceive a disconnect between stated University values and business models of contracted vendors	H	Develop tools to communicate how UC Berkeley's values are manifested through non-procurement initiatives and efforts	TPS
Lack of alignment/divergent direction from the Operational Excellence working team.	H	Keep in frequent communication with the Operational Excellence effort and Meera Chary.	TPS/Meera

8. Acceptance Criteria

Successful completion metrics for our LDP project include the following:

- Our project charter is endorsed by sponsors.

- Through collaboration with Business and Administrative Services and independent data collection/analysis identify the root cause of contract underutilization for identified categories.

- Sponsors accept and review our recommendations and implement them as they deem appropriate.

- Our recommendations support the development of strategic sourcing contract utilization policy and procedures.

- We provide useful recommendations that align with the larger Operational Excellence initiative.

- Our recommendations take into account and fit within other organizational structures, e.g., career compass, performance management, and other campus initiatives (outside of the Operational Excellence effort).

9.   Signatures

The signatures of the people below document approval of the formal Project Charter. The project members are empowered by this charter to proceed with the project as outlined in the charter.

<Redacted>

Appendix B

GLOSSARY OF TERMS AND ABBREVIATIONS

Academic department chairs: faculty administrative leader of an academic department selected by faculty peers

AVC: assistant/associate vice chancellor

Berkeley Financial System (BFS): PeopleSoft system used to process and track University of California, Berkeley financial transactions

BFSv9: Berkeley Financial System version 9 implemented on July 1, 2010

bluCard: a basic University procurement card that enables the timely purchase of low-value goods or services up to $4,999.00 (including taxes, shipping, and handling)

Blue & Gold Contracts: recommended rebranding terminology for strategic procurement contracts when the "Driving Contact Spend to Savings" campaign is launched

BUS 43: University of California Office of the President policy governing systemwide purchasing and procurement

Cabinet: standing group comprised of vice chancellors and other senior administrative officers that is convened by the Chancellor

Campus community: campus stakeholders including executive leadership, faculty, staff and students (where appropriate)

Campus department leader: directors of programs, departments, divisions, control units, centers, chief administrative officers, management service officers, etc.

Campus leadership: Chancellor, executive vice chancellor and provost, cabinet, council of deans, Chancellor's executive advisory committee, and faculty representatives from the academic senate

Campus consumers: a campus community member that makes a purchasing request

Campuswide: impacts the campus community

Central campus: term used by some campus stakeholders to refer to senior administrative officers many of whom are situated near the center of campus in California Hall

Change agent: individual (or group) who, on behalf of change leader(s) facilitates execution. Agents are appointed and legitimized by change leader(s).

Change implementer: individual (or group) whose perceptions, behaviors, and performance must actually change to achieve the goals of the change

Change leader: individual (or group) who has the power to authorize or legitimize the change, positioned with in a group of implementers to provide communication and consequences. Change leaders are identified, not appointed.

Common goods: standard commercial equipment, materials, and supplies readily obtainable through conventional marketing channels

Common services: standard services readily obtainable from various competent vendors. Vendors are fairly interchangeable, and selection is usually based on price. Think "Yellow Pages." Examples of these readily-available services that can be provided by various suppliers include the following: auto repair, cabinet makers, cellular phone service, cleaners, computer technicians, copier technicians, data entry technicians, mailing services, pest control services, furniture repair, gardeners, moving services, photographic services, tree trimming services.

Communities of practice: staff-led groups focusing on specific work-related practices (e.g. Cal Assessment Network, Berkeley Process Analysis Work Group, etc.)

Connectors: a term coined by Malcolm Gladwell to denote individuals who know many other people and who can spread information quickly via these connections

Contract: shorthand for strategic procurement contract

COrWE: Center for Organizational and Workforce Effectiveness

Council of deans: standing group comprised of all academic deans that is convened by the executive vice chancellor and provost

Chief administrative officers (CAO): standing group comprised of all assistant deans in colleges and schools and chiefs of staff for cabinet members

Administrative directors and management service officers: department level managers who oversee all administrative and business functions

eProcurement: facilitates the purchase and sale of common goods and services through BFSv9

High value buyer: campus staff member and purchasing subject matter expert authorized to make purchases above $5,000 on behalf of campus departments

Leadership spine: metaphor used in Operational Excellence change management presentations to represent the need for leadership involvement throughout the organization to effect change. The leadership spine is developed by 1) articulating changes, 2) using changes to determine implementers, and 3) based on implementers, identifying change leaders.

Low value buyer: campus staff member with authorization to make purchases up to $5,000

Mavens: a term coined by Malcolm Gladwell to denote individuals who embody a natural desire to acquire and share information

Operational Excellence: a Chancellor's initiative designed to achieve world-class operations that align with the teaching, research and public service missions of the University of California, Berkeley

Requisition creator: newly introduced Procurement Services terminology to describe the role of low value buyers in the BFSv9 financial transaction process

Salesmen: a term coined by Malcolm Gladwell to denote individuals able to convey energy and enthusiasm about an idea through their charm and likeability

Senior administrative officers: Chancellor, executive vice chancellor and provost, cabinet, and Chancellor's executive advisory committee

Staff organizations: voluntary groups open to all staff typically focused identity or general staff interests

Strategic sourcing and procurement: collaborative and systematic approach to dramatically reduce "external spend," while improving contract quality, internal processes and lowering total cost

UC Berkeley: University of California, Berkeley

Appendix C

BIBLIOGRAPHY

Alagazzi, L., et al. (2008). *Change management for energy efficient computing at UC Berkeley.* Berkeley, CA: Leadership Development Program. Retrieved May 2010 from http://hrweb.berkeley.edu/ldp/ldp.htm

Allen, J., Jimmieson, Nerin L., Bordia, Prashant and Irmer, B. (2007). Uncertainty during organizational change: Managing perceptions through communication, *Journal of Change Management*, 7(2), 187-210.

Bain & Co (2010). *Achieving operational excellence at University of California, Berkeley final diagnostic report.* Berkeley, CA. Retrieved from http://www.berkeley.edu/oe/phase1/phase1-full.pdf

Baker, W., Cross, R., et al. (2003). Positive organizational network analysis and energizing relationships. In K. Cameron, J. Dutton & R. Quinn *Positive Organizational Scholarship: Foundations of a New Discipline* (pp. 328 – 342). San Francisco: Berrett-Koehler.

Bommer, W., et. al. (2005). Changing attitudes about change: Longitudinal effects of transformational leader behavior on employee cynicism about organizational change. *Journal of Organizational Behavior,* 26 (7), 733-753.

Cameron, K., Dutton, J., et al. (2003). Foundations of positive organizational scholarship. In K. Cameron, J. Dutton and R. Quinn *Positive Organizational Scholarship: Foundations of a New Discipline* (pp. 3 – 313). San Francisco: Berrett-Koehler.

Carmeli, A. & Tishler, A. (2004). The relationship between intangible organizational elements and organizational performance. *Strategic Management Journal,* 25(13), 1257- 1278.

Cohen, M. (1977) It's in the cards. *Purchasing Today*. February, 50-52.

Cohen, M. (1998) Making procurement cards work for you. *PurchasingToday*, October, 37-41.

Di Virgilio, M. & Ludema, J. (2009). Let's talk: Creating energy for action through strategic conversations. *Journal of Change Management*, 9 (1), 67-85.

Dutton, J., & Ashford, S. (1993). Selling issues to top management. *The Academy of Management Review,* 18(3), 397-428.

Eddy, P. (2003). Sensemaking on campus: How community college presidents frame change. *Community College Journal of Research and Practice* 27, 453-471.

EPIQ Advance (2010) Purchasing software: Procurement best practices. Retrieved from http://www.epiqtech.com/Purchase-Procurement-Best-Practices.htm

Fiol, C. & O'Connor, E. (2002). When hot and cold collide in radical change processes: Lessons from community development. *Organizational Science,* 13(5), 532-546.

Gindlesperger, W. (2009, June 19). *Procurement best practices -- A smart way to save money*. Retrieved from http://www.prurgent.com/2009-06-19/pressrelease43076.htm

Gioia, D. & Thomas, J. (1996). Identity, image, and issue interpretation: Sensemaking during strategic change in academia. *Administrative Science Quarterly,* 41(3), 370-403.

Gioia, D., et. al. (1994). Symbolism and strategic change in academia: The dynamics of sensemaking and influence. *Organizational Science,* 5(3), 363-383.

Gittell, J. (2000). Organizing work to support relational co-ordination. *The International Journal of Human Resource Management,* 11(3): 517-539.

Gladwell, M. (2000). *The tipping point: How little things can make a big difference.* Boston: Little, Brown and Company

Glaser, E., Abelson, H., et al. (1983). *Putting knowledge to use*. San Francisco: Jossey-Bass.

Goral, T. (2009, 19 June) *Business technology, principles of purchasing.* Retrieved from http://www.universitybusiness.ccsct.com/page.cfm?p=780

Guitouni, A. (2004). Decision-aid to improve organizational performance. *European Journal of Operational Research,* 162, 581-583.

Gulati, R. & Kletter D. (2005). Thinking core, expanding periphery: The relational architecture of high-performing organizations. *California Management Review,* 47 (3), 77-104.

Gunsch, J. (2010) *What are best practices?* Retrieved from http://www.wisegeek.com/what-are-best-practices.htm

Guth, S. (2007) *The vendor management office unleashing the power of strategic sourcing*. United States: Lulu Press.

Guth, S. (2010) *Implementing best practices: The procurement maturity model* [power point slides]. Retrieved from http://vmo-blog.com/files/106598-99438/CH__Implementing_Best_Practices__The_Procurement

Guth, S. (2010, May 23) *Procurement maturity model*. Retrieved from http://www.vmo-blog.com/

Heinrich, C. (2007). Evidence-based policy and performance management: Challenges and prospects in two parallel movements. *American Review of Public Administration* 37(3), 255-277.

Hirschhorn, L. (2002). Campaigning for change. *Harvard Business Review,* 80 (7), 98-104.

Hirschhorn, L , & May, L. (2000). The campaign approach to change: Targeting the university's scarcest resources. *Change,* 32(3), 32-37.

Institute of Supply Management. (1996). Understanding differences in group purchasing. *NAPM INFOEDGE*, December, 90-92.

Institute of Supply Management (1999) Critical supplier relationships: Generating higher performance. *Purchasing Today*, February, 22-35.

Jansen, K. (2004). From persistence to pursuit: A longitudinal examination of momentum during the early states of strategic change. *Organizational Science,* 15(3), 276-294.

Karp, T & Helgø, T. (2008). From change management to change leadership: Embracing the chaotic change in public service organizations. *Journal of Change Management,* 8(1), 85-96.

Kezar, A. (2000). Understanding and facilitating change in higher education in the 21st century. *ERIC Digest (*ERIC identifier: ED457763).

Kotter, J. (2000). Leading change: why transformation efforts fail. *Harvard Business Review,* 72(3), 59-67.

Lawson, S. (2010) *What are procurement best practices?* Retrieved from http://www.wisegeek.com/what-are-procurement-best-practices.htm

Lewis, L. (2000). Communicating change: four cases of quality programs. *Journal of Business Communication,* 37(2), 128-155.

Lin, Z. (2006). Environmental determination or organizational design: An exploration of organizational decision making under environmental uncertainty. *Simulation Modeling Practice and Theory,* 14(4), 438-453.

Maak, T. & Pless, N. (2006). Responsible leadership in a stakeholder society. *Journal of Business Ethics*, 66(1), 99-115.

Markocsky, L (2001). Consensus formation during strategic change. *Strategic Management Journal,* 22(11), 1013-1031.

Miller, R. (2010) Driving behavioral change. Retrieved from http://www.pilat.com/reference/driving-behavioral-change.pdf

Morris, T. (2008) Buying power. *Accountancy Age*, 24. Retrieved May 2010 from http://www.accountancyage.com/

Moynihan, D. & Pandey, S. (2005). Testing how management matters in an era of government by performance management. *Journal of Public Administration Research & Theory* ,15(3), 421-439.

National Minority Supplier Development Council. (2007). Best practices in minority supplier development. New York, NY. Retrieved May 2010 from http://www.nmsdc.org/nmsdc/app/template/contentMgmt%2CContent Page.vm/contentid/2019;jsessionid=19F2D586DFD70E51E87BDD1B D642E0E7

Piderit, S. (2000). Rethinking resistance and recognizing ambivalence: A multidimensional view of attitudes toward an organizational change. *Academy of Management Review,* 25(4), 783-794.

Richardson, P. & Denton, D. (1998). Communicating change. *Human Resource Management,* 35(2), 203-216.

Russ, T. (2008). Communicating change: A review and critical analysis of programmatic and participatory implementation approaches. *Journal of Change Management*, 8(3), 199-211.

Robertson, P. & Seneviratne, S. (1995). Outcomes of planned organizational change in the public sector: A meta-analytic comparison to the private sector. *Public Administration Review*, 55(6): 547-558.

Rodriguez, D., Patel, R., et al. (2002). Developing competency models to promote integrated human resource practices. *Human Resource Management,* 41(3): 309-324.

Scott, G. (2003). Effective change management in higher education. *Educause Review,* November/December, 64-80.

Staber, U. (2003). Social capital or strong culture? *Human Resource Development International,* 6(3): 413-421.

Stanley, D., Meyer, J. & Topolnytsky, L. (2005). Employee cynicism and resistance to organizational change. *Journal of Business and Psychology*, 19 (4), 429-459.

Strebel, P. (1996). Why do employees resist change? *Harvard Business Review,* 74(1), 86-92.

University of Pennsylvania. (2007, 7 January). Penn expands E&I collaborative buying initiative. Retrieved from http://www.purchasing.upenn.edu/news/050107_01.php

University of Pennsylvania. (2010)
Business services balanced scorecard. Retrieved from
http://www.purchasing.upenn.edu/supply-chain/BS%20Goals.doc
Customer focus groups. Retrieved from
http://www.purchasing.upenn.edu/about/focus-groups.php
Mission, vision and values Retrieved from
http://www.purchasing.upenn.edu/about/mission.php
Strategic plan. Retrieved from
http://www.purchasing.upenn.edu/about/mission.php

van Dijk, R. & van Dijk, R. (2009). Navigating organizational change: Change leaders, employee resistance and work-based identities. *Journal of Change Management*, 9(2), 143-163.

Virany, B., Tushman, M. et al. (1992). Executive succession and organization outcomes in turbulent environments: An organization learning approach. *Organization Science,* 3(1): 72-91.

Appendix D

The interview and survey questions were written using an Appreciative Inquiry model and were vetted by the entire team to ensure consistency of message, concise language, clarity about the purpose of question, and connection with our defined scope.

High value buyer interviews: For these interviews, we used a defined set of questions that were vetted and discussed by the team and sent at least one day in advance to the interview subjects. Interviews were recorded and transcribed—in some cases by the interviewer and in others by a paid transcriber from ASUC Lecture Notes. We assured all subjects that the conversations and resulting recordings and transcriptions would remain confidential, thus we stripped each transcript of identifying details before use in any context besides our private team analysis. We designed questions to cover a range of issues of interest within a 90 minute time span. Most interviews lasted the full hour and a half.

Subject matter expert interviews: For most interviews, we used a defined set of questions that were vetted and discussed by the team and sent at least one day in advance to the interview subjects. Interviews were recorded and transcribed—in some cases by the interviewer and in others by a paid transcriber from ASUC Lecture Notes. Some subject matter data was collected within more informal conversations than question-and-answer interviews. Those notes and impressions were captured by the interviewer and posted for use by the team. We designed questions to cover a range of issues of interest within a 90 minute time span. Most interviews lasted the full hour and a half.

Subject matter focus groups: We used a defined set of questions that were vetted and discussed by the team and sent at least one day in advance to the focus group participants. We assured our respondents that their answers would remain confidential and that no identifying data would be included in our report. We stripped the survey results of identifying details before use in any context besides our private team analysis. These focus groups were transcribed by ASUC Lecture Notes. We designed questions to cover a range of issues of interest within a two hour time span.

Campus Buyer Survey: We wrote questions and designed the survey to make it easy and accessible. We crafted an introductory message that explained our purpose, the reason we were requesting their expertise, and that the survey would take no more than ten minutes. The survey consisted of 12 yes/no or multiple-response questions and two open-ended questions. We assured our potential respondents that their answers would remain confidential and that no identifying data would be included in our report. We stripped the survey results of identifying details before use in any context besides our private team analysis.

We created our survey in SurveyMonkey and used their email feature with discrete survey links for each respondent to allow us to send reminders and to keep track of response rate. We sent 136 invitations to participate in the survey and opened the survey for one week. To increase response rate, we offered a survey completion incentive, worth approximately $250, to be chosen by a grand prize winner randomly chosen from all completed submissions. Each prize option was from a unit under the purview of the associate vice chancellor for business and administrative services.

Catering Mini-Survey: As with all other data collection, we assured our potential respondents that their answers would remain confidential and that no identifying data would be included in our report. We stripped the survey results of identifying details before use in any context besides our private team analysis.

Since we did not have a list of events planners as we did requisition creators, we used the feature in SurveyMonkey that allows the placement of a multiple-use link to the survey within a non-personalized email to a broadly disseminated events listserv. We held the survey open for completion for five days and received 31 completed surveys. The data from the quantitative and qualitative data was used to inform our recommendations.

Tipping Point Solutions (TPS) selected a sample of departments and divisions from four UC Berkeley campus control units with a diversity of spend and contract compliance. We obtained this information from Procurement Services. Ease of access to departments and personnel was also a consideration in our selection process. The following represents our research sample:

Executive Vice Chancellor and Provost (EVCP) Control Unit
College of Letters & Science, Molecular & Cell Biology (MCB) and Ethnic Studies
High spend-low contract compliance
College of Letters and Science was selected to represent the spending of a dean's office within an academic department. MCB was selected to represent typical spending of a large academic department. We also included Ethnic Studies in order to represent the spending and compliance of a small academic department.

Vice Chancellor - Student Affairs Control Unit
Residential & Student Service Programs (RSSP) & Lawrence Hall of Science (LHS)
High spend-low contract compliance
RSSP was selected to represent a large non-academic department (auxiliary) with large spend on furniture, food and beverage. LHS represents a resource center for science and mathematics education, and a public science center. Both of these units are currently in the process of moving toward a clustered environment to increase efficiency and reduce service duplication.

Vice Chancellor - Facilities Services Control Unit
Facilities Services
High-medium spend with high contract compliance
Facilities Services was selected to represent a non-academic unit with a large spend on construction materials.

Vice Chancellor – Research Control Unit
Research Enterprise Services (RES)
Medium spend-mixed contract compliance
RES represents an administrative unit that provides services to specific research units on the Berkeley campus. It has an extensive procurement program that researchers use and a stockroom of lab supplies. RES has already streamlined its purchasing services.

From these departments and divisions we collected data from various stakeholders. These stakeholders included: high value buyers, subject matter experts, requisition creators, and chief administrative officers.

Appendix E

TIPPING POINT SOLUTIONS

Interview Questions for High Value Buyers
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, June, 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories that our team is specifically focusing on are office supplies, furniture and catering services (food and beverage). You have been contacted because you were identified as a High Value Buyer.

The goal of this focus group/interview is to gather information regarding best practices in the University of California strategic sourcing and contract utilization.

Best Practices in the University of California Strategic Sourcing and Contract Utilization – What Works Well?

1. How do you define best practices? What are some best practices in campus and system-wide strategic sourcing?

2. Please describe the most important or valued criteria you use when strategic sourcing (i.e., price, quality, overall service, etc.)?

3. Can you think of a positive change implemented in Procurement Services at UC Berkeley in the past? If so, what made this change successful? If not, what would have made this change positive?

4. Describe how blucards can best be used and managed to increase contract utilization, especially on especially high potential contracts?

New Organizational Practices to Enhance Contract Utilization

1. How can the University of California, Berkeley best drive the $25-40 million savings in procurement as recommended by the Operational Excellence Final Diagnostic Report? (issued in April 2010)

2. What new features excite you about BFS 9.0/ePro?

3. What would an effective campus-driven contract utilization policy need to include?

4. What are the greatest opportunities for the University of California, Berkeley and Procurement Services that will result from increased contract utilization?

<u>Additional</u>

Do you have procurement expertise in the following categories: Furniture, Food & Beverage (Catering), or Office Supplies?

TIPPING POINT SOLUTIONS

Interview Questions for Subject Matter Experts, Senior Event Planners
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of UCB's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories our team is specifically focusing on are office, furniture, and catering services. You have been contacted because you were identified as a seasoned, knowledgeable, and respected events planner.

The goal of this interview is to gather information on how to best yield high usage of catering contracts by event planners and other catering purchasers at UC Berkeley.

1. Are you aware that UC Berkeley is entering into a set of strategic catering contracts?

2. How do you think strategic procurement contracts in catering will provide savings to the UC Berkeley?

3. How should strategic procurement catering contract implementation be communicated to event planners and other catering purchasers on campus?

4. What will entice event planners et. al. to use strategic procurement contracts with caterers?

5. I have provided a list of the UC Berkeley contract caterers. What is your reaction to the list?

6. If you were to advise UC Berkeley Procurement Services on additional strategic procurement contracts who would you recommend be added to the list and why?

TIPPING POINT SOLUTIONS

Interview Questions for Subject Matter Experts, Chief Administrative Officers
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories our team is specifically focusing on are office, furniture, and catering services. You have been contacted because you were identified as chief administrative officer for a school/college or department manager with extensive experience and the University of California, Berkeley campus knowledge.

The goal of this focus group/interview is to gather information on how to yield high strategic procurement contract utilization in schools, colleges and academic departments.

1. From your perspective, what would an effective campus-driven strategic procurement utilization policy need to include? What would need to be in place to support compliance with a strategic procurement policy?

2. How much do you know about the new e-procurement (ePro) site that is being rolled out with BFS 9.0? (Where did you learn this information?)

3. If you have seen it what are your initial observations? If you have not seen it what do you think it will need in order to get faculty and staff to use it (e.g. functions)

4. What else beyond ePro can the University of California, Berkeley's Procurement Services do to facilitate increased strategic procurement contract utilization?

5. What needs to be communicated to faculty to encourage and facilitate the use of both ePro and strategic procurement contracts?

6. How and when does a message about e-pro and the expectations around procurement contract utilization need to be received by faculty and staff?

7. Our LDP group is focusing specifically on three contract categories – office supplies, furniture, and catering. Do you have any recommendations on how to increase strategic procurement contract utilization in those specific areas?

TIPPING POINT SOLUTIONS

8. What are the greatest opportunities for the University of California, Berkeley and Procurement Services that will result from increased strategic procurement contract utilization?

9. How can the University of California, Berkeley best drive the $25-40 million savings in procurement as recommended by the Operational Excellence Final Diagnostic Report? (issued in April 2010)

Interview Questions for Late Adopters of ePro and BFS 9,
Research Enterprise Services (RES)
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July 2010

As participants in UCB's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories that our team is specifically focusing on are office supplies, furniture and food & beverages, primarily catering services. You have been contacted because you were identified as a late adopter of ePro and BFS 9.

The goal of this interview is to gain better understanding of RES's adoption of ePro/BFS 9 at the University of California, Berkeley.

1. It is our understanding that RES decided to adopt ePro/BFS 9 later in the roll out. What were the reasons for that decision?

2. What are your thoughts of the new e-Pro system?

3. How does this fit in with RES's current system?

4. What has been RES's experience with the ePro and other BFS 9 training?

5. How often do units buy off contract? What reasons do they give?

6. How effective is RES' online purchasing site?

7. How often is the stockroom of lab supplies used? Why is this? Is it more convenient?

8. The Operational Excellence Final Diagnostic Report (2010) stated the University of California, Berkeley could save $25-40 million in procurement. Do you think this is feasible? Why/why not? How can departments like yours best support this goal?

Interview Questions for Subject Matter Experts, Supplier Diversity Program
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of UCB's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories our team is specifically focusing on are office, furniture, and catering services. You have been contacted because you were identified as a subject matter expert with the Supplier Diversity Program at the University of California, Berkeley.

The goal of this interview is to ensure informational input regarding how strategic procurement contract utilization fits into the Supplier Diversity Program at the University of California, Berkeley.

1. How have the strategic procurement contracts affected business relationships & contract opportunities for small, local & diverse businesses?

2. Are any diversity vendors on strategic procurement contracts? If yes, what process did they have to go through? If no, when is it necessary for these contracts to be utilized?

3. Do you feel the Operational Experience final diagnostic report (April 2010) has fairly represented the diversity vendors? If yes, how? If no, how can this be accomplished?

4. What are your overall future goals or objectives for the Supplier Diversity Program?

5. How are you planning or preparing for how the e-pro and strategic procurement contracts might affect your program?

Interview Questions for eProcurement Trainer
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July 2010

As participants in the University of California, Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of UCB's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories our team is specifically focusing on are office, furniture, and catering services. You have been contacted because you were identified as a Subject Matter Expert in e-Procurement at UC Berkeley.

The goal of this interview is to gather information on how to best use the eProcurement (ePro) system to yield high usage of strategic procurement contracts.

1. What has been your role in the eProcurement system roll-out at the University of California, Berkeley? What are your/your office's (name the office) responsibilities in the process and development of the ePro system?

2. What do you see as the greatest challenges and opportunities with the ePro system itself?

3. What have been the greatest successes and challenges with the ePro roll-out & ePro training?

4. Re: the ePro trainings, what types of questions most commonly come up? Are there any aspects of the system that seem to be less clear or confusing? What type of feedback from users have you received thus far about the ePro system?

5. Going forward, what needs to happen in order for campus customers to take full advantage of the eProcurement system at the University of California, Berkeley?

6. Why do you think that the University of California, Berkeley campus *in general* has low participation in utilizing strategic procurement contracts?

7. What do you think the campus's greatest challenges are concerning strategic procurement contract utilization? Do you think those challenges can be successfully overcome? If so, how?

8. As an eProcurement trainer, how do you see your role in assisting the campus in meeting its goals regarding strategic procurement contract utilization?

Interview Questions for Operational Excellence (OE) Procurement Initiative Leaders
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, August 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories that our team is specifically focusing on are office supplies, furniture and catering services (food and beverage). You have been contacted because you were identified as Operational Excellence (OE) Procurement Initiative Leaders

 In order to successfully implement the LDP Berkeley Buying Power Project, full engagement from each level of the campus leadership spine is needed. The goal of this interview is to ascertain the point of view of the Operational Excellence Procurement Initiative Design Team leaders, as primary change agents.

1. What insights have you gained from past attempts to increase strategic procurement contract utilization at the University of California, Berkeley and/or other institutions?

2. Would you agree that the primary change leaders that need to be engaged in order to significantly increase the utilization of strategic procurement contracts at the University of California, Berkeley are the members of the Chancellor's Cabinet and the Council of Deans? If not, who should be targeted?

3. What incentives or consequences would motivate the Change Leaders at the University of California, Berkeley to help transform Berkeley's buying power into a strategic campus asset?

4. How can information best trickle up to the Change Leaders at the University of California, Berkeley?

5. What are the pros and cons of creating campus policy or leadership mandates aimed at significantly increasing utilization of strategic procurement contracts at the University of California, Berkeley?

TIPPING POINT SOLUTIONS

6. Do funding issues for system and process changes (such as ePro and BFS upgrade) need to be addressed at the Cabinet and Council of Deans? If not, where should they be addressed?

7. How can the University of California, Berkeley best drive the $25-40 million savings in procurement as recommended by the Operational Excellence Final Diagnostic Report? (Issued in April 2010)

TIPPING POINT SOLUTIONS

Interview Questions for Subject Matter Expert, Change Management
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, June, 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories that our team is specifically focusing on are office supplies, furniture and catering services (food and beverage). You have been contacted because you were identified as a subject matter expert in change management.

The goal of this focus group/interview is to gather information regarding best practices in the University of California strategic sourcing and contract utilization.

1. What is the campus leadership's perspective on or philosophy of successful change management?

2. Is it your understanding that the last BFS upgrade was a successful change initiative on campus? If the BFS upgrade was a successful change initiative, what made it work? How can we implement those strategies again?

3. Are there other examples of effective change management on campus?

4. How are the various phases of Operational Excellence being communicated with staff in order to seek buy-in and participation?

5. What would you categorize as "easy wins" for OE?

6. What can we do in our process to build momentum and trust for OE?

7. Who would you characterize as our allies and fellow travelers in this project? (Ken)

8. Who do you think we should be talking with (individuals and functional groups) to maximixe partcipation and buy-in?

Questionnaire for Subject Matter Experts,
Office Furniture Purchasers
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, August 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories our team is specifically focusing on are office supplies, office furniture, and catering services. You have been contacted because you were identified as a seasoned and knowledgeable purchaser of office furniture.

The goal of this questionnaire is to gather information on how to best yield high usage of the office furniture contracts at UC Berkeley.

1. What do you think about the existing office furniture contracts?

2. Do you solely purchase your furniture through these contracts? If not, why not?

3. Do you think strategic procurement contracts in office furniture will provide savings to UC Berkeley?

4. Are you aware that UC Berkeley is increasing the number of strategic furniture contracts? How do you think this will impact your furniture purchases, please explain?

5. Who influences your buying decisions?

6. What criteria influence your furniture purchase decisions (i.e., price, quality, overall service, etc.) and explain why?

7. What can UC Berkeley do to increase your usage of strategic furniture contracts – i.e. add additional vendors (please state which vendors and why), etc?

8. Is there any additional information you would like to share with us?

TIPPING POINT SOLUTIONS

Interview Questions for Early Adopters, eProcurement,
Physical Plant - Campus Services (PPCS)
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories that our team is specifically focusing on are office supplies, furniture and catering services (food and beverage). You have been contacted because you were identified as part of the early adopter group for the e-procurement rollout and your input is vital in this process.

The goal of this focus group/interview is to gather information on the e-procurement rollout, functionality, and strategic procurement contract section.

1. How is the e-procurement rollout going? What is working? What could be improved in the e-procurement rollout?

2. What do you think about the functionality of e-procurement? What is working? In your opinion, what will be most useful to the end user? Are there needed improvements to the functionality of e-procurement?

3. Are there specific issues that you have come across during the e-procurement rollout that you think could have an impact on the success of this project?

4. Achieving Operational Excellence at University of California, Berkeley Final Diagnostic Report: Bain & Company said the University of California, Berkeley could save $25-40 million in procurement. Do you think that is feasible?

5. From your perspective and experience with e-procurement, do you think it will be successfully embraced by the University of California, Berkeley campus community? If not, please tell us what you think needs to happen?

6. What else beyond e-procurement can Procurement Services do to facilitate increased strategic contract utilization at the University of California, Berkeley?

7. Is there any additional information that you would like to share that would be valuable to our project?

Interview Questions for Subject Matter Experts, Strategic Sourcing
Tipping Point Solutions, Leadership Development Program (LDP)
University of California, Berkeley, July, 2010

As participants in UC Berkeley's Leadership Development Program we have been tasked by Associate Vice Chancellor Ron Coley to investigate the current state of the University of California, Berkeley's strategic procurement contract implementation and make recommendations that could significantly increase their usage. The procurement categories that our team is specifically focusing on are office supplies, furniture and catering services (food and beverage). You have been contacted because Richard Taylor identified you as having a critical role and your input is vital.

The goal of this interview is to gather information on how to best yield high usage of strategic procurement contracts at UC Berkeley.

1. Do you think the projected $25-40M potential savings in procurement recommended in Achieving Operational Excellence at University of California, Berkeley (Final Diagnostic Report: Bain & Company) is feasible?

2. From your perspective, what needs to be in place (e.g., tools, policy, etc) to realize those savings?

3. Why do you think that the University of California, Berkeley campus *in general* does not take advantage of strategic procurement contracts when purchasing office supplies, furniture and catering?

4. What do you think the University of California Berkeley campus's greatest challenges are regarding strategic procurement contract utilization?

5. How do you think those challenges can be successfully overcome?

6. Are you familiar with the term "Vendor Management Office"?

7. Do you have any thoughts on the differences between a VMO and a Strategic Sourcing Program?

8. What are the primary responsibilities of the University of California Berkeley's Strategic Sourcing Program?

9. How is the work divided in your office (number of contracts/specialties)?

10. How many campus buyers are there in your office?

11. Concerning strategic sourcing contracts -who at UC Berkeley is responsible for managing the following:
   - Market Research
   - Competitive bidding
   - Negotiations
   - Value Initiatives—projects to achieve untapped value (vendor consolidation, renegotiations, spend rationalizations etc)
   - Vendor Management
   - Risk Mitigation
   - Dispute Resolution

12. What are your thoughts on the balance between "price" versus "value" and the total cost of ownership and the entire vendor relationship lifecycle? What is UCOP's perspective on this balance?

13. Does UC Berkeley's Strategic Sourcing Program conduct user group feedback sessions or survey end users for feedback? If not, why not? If yes, what do you do with their information?

Interview Information
Berkeley Buying Power – A Study Aimed at Significantly
Increasing Utilization of Strategic Procurement Contracts

Introduction and Purpose

Thank you for agreeing to this interview. The insight you share will be used to help us understand current contract implementation processes and what additional contract implementation steps would motivate campus customers to utilize agreements. We have been charged to develop "standard" contract implementation strategies—including marketing and communication plans for increasing contract utilization and to recommend incentives and consequences aimed and significantly increasing usage, especially high potential contracts.

We are using Appreciative Inquiry to frame solutions based questions. This will help us focus on positive experiences, best practices, and possibilities for the future.

Interview Procedures

This interview should last approximately 90 minutes. With your permission, I will audiotape and take notes during the interview. The taping is to accurately record the information you provide, and will be used for transcription purposes only. If you choose not to be audio taped, I will take notes instead.

I expect to conduct only one interview; however, follow-ups may be needed for added clarification. If so, I will contact you by mail/phone to request this.

Confidentiality

Your study data will be handled as confidentially as possible. When results of this study are published or presented, your data will be combined with others and presented anonymously in our LDP report and presentation. Individual names and other identifiable information will not be used.

As an additional precaution, I will erase any audio recording of this interview as soon as it is transcribed.

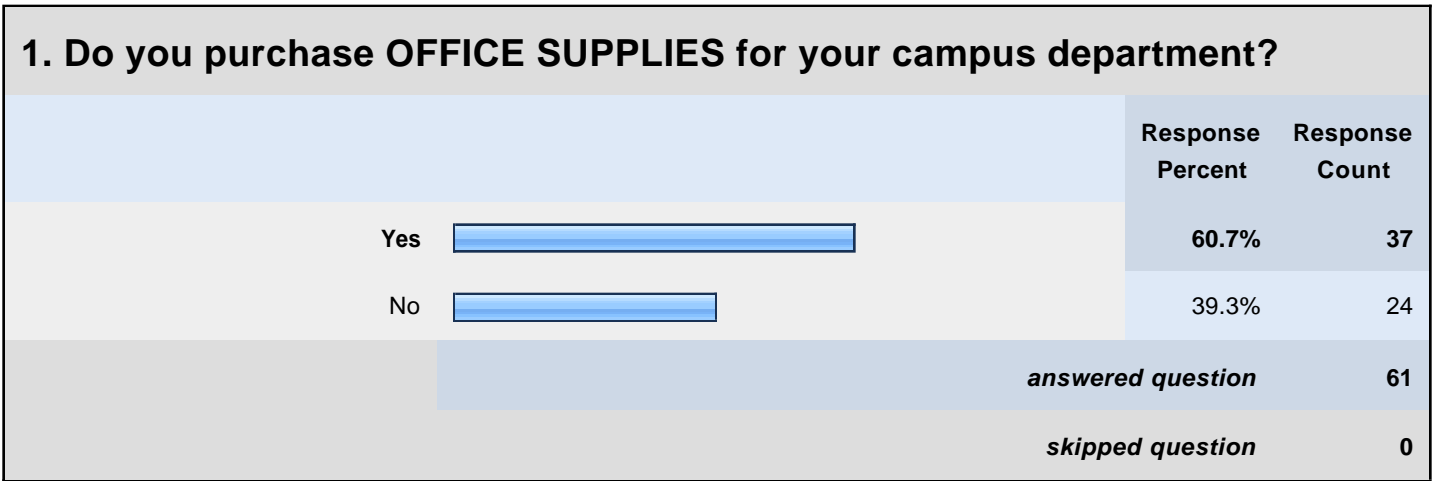***As a reminder, you can decline to answer any questions and are free to stop taking part in the interview at any time.***

Appendix F

UC Berkeley Campus Buyer Survey

1. Do you purchase OFFICE SUPPLIES for your campus department?

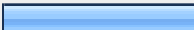|		Response Percent	Response Count
Yes		**60.7%**	**37**
No		39.3%	24
		answered question	61
		skipped question	0

2. Which of the following factors most influence your decisions when selecting a vendor for purchase of OFFICE SUPPLIES for your campus department:

	Extremely important	Very Important	Important	Not Important	Rating Average	Response Count
Pricing (competitive pricing, price stability, price accuracy, advance notice of price changes, sensitive to costs, billing)	77.1% (27)	20.0% (7)	2.9% (1)	0.0% (0)	1.26	35
Delivery (time, packaging, quantity, lead time, documentation, emergency delivery)	55.9% (19)	26.5% (9)	14.7% (5)	2.9% (1)	1.65	34
Quality (product reliability, durability, state of the art product, warranty, reliability of repairs, support, compliance with purchase order)	41.2% (14)	44.1% (15)	14.7% (5)	0.0% (0)	1.74	34
Service (good vendor representatives have a sincere desire to serve, technical support, emergency support, problem resolution)	44.1% (15)	35.3% (12)	20.6% (7)	0.0% (0)	1.76	34
Promoting the purchase of goods and services from local and diverse suppliers	17.6% (6)	50.0% (17)	20.6% (7)	11.8% (4)	2.26	34
				answered question		35
				skipped question		26

3. Do you purchase FURNITURE for your campus department?

		Response Percent	Response Count
Yes		28.8%	17
No		71.2%	42
		answered question	59
		skipped question	2

4. Which of the following factors most influence your decisions when selecting a vendor for purchase of FURNITURE for your campus department:

	Extremely important	Very Important	Important	Not Important	Rating Average	Response Count
Pricing (competitive pricing, price stability, price accuracy, advance notice of price changes, sensitive to costs, billing)	62.5% (10)	31.3% (5)	6.3% (1)	0.0% (0)	1.44	16
Delivery (time, packaging, quantity, lead time, documentation, emergency delivery)	43.8% (7)	37.5% (6)	18.8% (3)	0.0% (0)	1.75	16
Quality (product reliability, durability, state of the art product, warranty, reliability of repairs, support, compliance with purchase order)	43.8% (7)	43.8% (7)	12.5% (2)	0.0% (0)	1.69	16
Service (good vendor representatives have a sincere desire to serve, technical support, emergency support, problem resolution)	43.8% (7)	43.8% (7)	12.5% (2)	0.0% (0)	1.69	16
Promoting the purchase of goods and services from local and diverse suppliers	6.3% (1)	37.5% (6)	31.3% (5)	25.0% (4)	2.75	16
					answered question	16
					skipped question	45
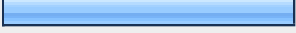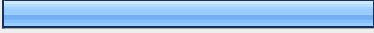
5. Do you purchase CATERING (FOOD AND BEVERAGE) for your campus department?

	Response Percent	Response Count
Yes	33.3%	19
No	**66.7%**	**38**
	answered question	57
	skipped question	4

6. Which of the following factors most influence your decisions when selecting a vendor for purchase of CATERING (FOOD AND BEVERAGES) for your campus department:

	Extremely important	Very Important	Important	Not Important	Rating Average	Response Count
Pricing (competitive pricing, price stability, price accuracy, advance notice of price changes, sensitive to costs, billing)	68.4% (13)	26.3% (5)	5.3% (1)	0.0% (0)	1.37	19
Delivery (time, packaging, quantity, lead time, documentation, emergency delivery)	78.9% (15)	10.5% (2)	10.5% (2)	0.0% (0)	1.32	19
Quality (product reliability, durability, state of the art product, warranty, reliability of repairs, support, compliance with purchase order)	78.9% (15)	10.5% (2)	10.5% (2)	0.0% (0)	1.32	19
Service (good vendor representatives have a sincere desire to serve, technical support, emergency support, problem resolution)	68.4% (13)	15.8% (3)	15.8% (3)	0.0% (0)	1.47	19
Promoting the purchase of goods and services from local and diverse suppliers	42.1% (8)	26.3% (5)	26.3% (5)	5.3% (1)	1.95	19
					answered question	19
					skipped question	42

7. In your purchasing role, which of the following would help increase your campus department's use of strategic procurement contracts (i.e. contracts with specific vendors negotiated by the University, taking advantage of buying power across the organization in order to cut the costs of goods and services)? (check all that apply)

	Response Percent	Response Count
A clearly articulated and accessible purchasing policy	**74.0%**	**37**
Direct communication regarding UCB's purchasing policy to all campus consumers	68.0%	34
Regular reports regarding your campus department's strategic procurement contract utilization	44.0%	22
Rewards (e.g. rebates from vendors) to departments for high utilization of strategic procurement contracts	36.0%	18
Inclusion of strategic procurement contract utilization in the purchaser's and approver's job performance expectations	24.0%	12
Training and communication from UCB Procurement Services	56.0%	28
e-Procurement (online purchasing portal)	58.0%	29
Other:		8
answered question		**50**
skipped question		**11**
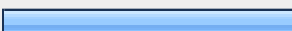
8. Who is the most influential in guiding your choice of vendors when purchasing OFFICE SUPPLIES?

		Response Percent	Response Count
My direct supervisor		19.2%	10
Requisition or Purchase Order Approver		5.8%	3
Department Administrative Head (MSO, CAO, Budget/Finance Managers)		9.6%	5
The campus consumer making the purchase request		**32.7%**	**17**
UCB Procurement Services		9.6%	5
Not applicable/I don't purchase office supplies		23.1%	12
		answered question	52
		skipped question	9
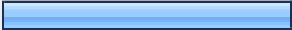
9. Who is the most influential in guiding your choice of vendors when purchasing FURNITURE?

	Response Percent	Response Count
My direct supervisor	11.8%	6
Requisition or Purchase Order Approver	2.0%	1
Department Administrative Head (MSO, CAO, Budget/Finance Managers)	9.8%	5
The campus consumer making the purchase request	15.7%	8
UCB Procurement Services	9.8%	5
Not applicable/I don't purchase furniture	**51.0%**	**26**
	answered question	51
	skipped question	10
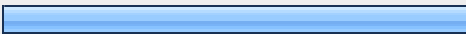
10. Who is the most influential in guiding your choice of vendors when purchasing CATERING (FOOD AND BEVERAGE)?

	Response Percent	Response Count
My direct supervisor	20.8%	10
Requisition or Purchase Order Approver	2.1%	1
Department Administrative Head (MSO, CAO, Budget/Finance Managers)	2.1%	1
The event host/planner making the purchase request	31.3%	15
UCB Procurement Services	0.0%	0
Not applicable/I don't purchase catering (food and beverage)	**43.8%**	**21**
	answered question	48
	skipped question	13

11. Have you received messages that stress the importance of utilizing strategic procurement contracts?

	Response Percent	Response Count
Yes	**56.6%**	**30**
No	43.4%	23
	answered question	53
	skipped question	8

12. From whom are messages stressing the importance of utilizing strategic procurement contracts coming?

	Response Percent	Response Count
My direct supervisor	33.3%	9
Requisition or Purchase Order Approver	3.7%	1
Department Administrative Head (MSO, CAO, Budget/Finance Managers)	29.6%	8
UCB Procurement Services	**70.4%**	**19**
If Other:		4
answered question		**27**
skipped question		**34**

13. What are the roadblocks in your purchasing role to utilizing strategic procurement contracts? Please explain.

	Response Count
	27
answered question	**27**
skipped question	**34**

14. Is there anything you would like to share with us about purchasing at UC Berkeley?

	Response Count
	21
answered question	**21**
skipped question	**40**

What are the roadblocks in your purchasing role to utilizing strategic procurement contracts? Please explain.

Central Campus

a easy to find list that that would that is organized by catagory

Sometimes the lack of information.

One possible roadblock is the vendor we want to use or regularly use is not listed. Second possible is a service or goods vendor is not a strategically source vendor.

Limited vendor list hinders choices of supplies or services

Many other businesses supply items necessary for workplace processes that are not included (and do not have substitute items) in current strategic procurement contracts.

There are no road blocks that I can think of.

I generally only process business contracts, professional service requests, and specialized software requests, so it is difficult for me to speak to this. However, more training and quick reference or comparison sheets regarding vendors might help purchasers of office supplies, furniture, and catering services.

None at this time. All supplies I have needed to buy, I have been able to purchase with either Office Max or Cal Dining/Cal Catering.

I'm guessing what that means based on the name. Our volume is not sufficient to warrant the time to be stratigic but if like entities within UC were to know each others practices then the combined purchases would benefit.

Information to verify that the pricing that is available through these contracts match or better the pricing that has been negotiated locally for specific products within the vendors catalog.

There should be personnel in central procurement available to assist us with making purchases from existing procurement contracts. For example, UC has many different vendors for copy machine contracts. There is no assitance available from central procurement to make buying decisions about what's available. It would be much more efficient that the people who set-up the procurement contracts to also provide assistance in making decisions about which copier would be the best value to the units needing to make those purchases. Instead we are left on our own to sort out complicated details when the buyer who set-up the contract has valuable information which is not being leveraged at the campus level by those who have first hand knowledge about the products available. This is a waste of valuable resources because we are left to trying to discern what option is best for us when the buyers who set-up the contracts already have first hand knowledge.

The client not being aware of such contracts.

Lack of information.

End user preference.

Most food and beverage purchasing its tied to special events. We use competitive bids, however, we also have to be sensitive to the needs of the donor/prospect and or professional audience we are trying to attract. We follow the rules, and we set our specifications to ensure we receive high quality products.

We usually use office max for supplies except when their commerical site does not cross to uc blu site. Steelcase oneworkplace is just awful to deal with and very slow to deliver.

Lack of easy access to database Lack of time to research strategic contracts

I do Req/PO for services, mostly contracts or sole source. My colleagues who purchase offc supplies, furniture, & catering are mainly influenced by dept communicated policy and purchaser/host requests.

The campus contracts do not provide all the products we wish to purchase - Example - Office Max does not carry all lines of products. Refills of standard items or styles or products that we are using. Alko carries more choices.

We in [X] negotiate directly with vendors, and frequently need to validate pricing and shipping at the time of order placement. This puts us in an awkward position in relation to the new purchasing system, as the pricing flows directly from the campus system and meets the vendor with whatever expectations the campus contract puts on it. as a result, we've gone to the use of blanket purchase orders, which a) don't appear to be decrementing properly on receipt as yet (although that appears to be in the way our particular purchase orders were carried through to v9), b)will be inconvenient for us to use even when working properly and c) don't allow the campus to capture the data about what we're spending. If it were possible to create a requisition that didn't flow through to the vendor automatically, then we could continue getting sustainable pricing. I know that this seems as if the campus is giving up control over the negotiated contracts, but as long as the prices are communicated to us, we won't pay more for them--we can use the campus channels when it's cheaper. e-procurement, hopefully, will communicate those prices to us.

We need a list of contracts updated as often as possible.

Our products include many high quality printing works. The quality and cost-effectiveness sometimes don't always agree with each other

Sometimes other vendors can match our contract pricing or are women owned, minority owned local businesses, which we would also like to support, which the same next day delivery and great customer service

Is there anything you would like to share with us about purchasing at UC Berkeley?

Anyway of expanding who enters a request?

A training class for everyone that is involved in procurement to know about the campus agreement and how they work.

Cumbersome ordering process through V9 creates massive work for a simple task, causing delay in placement of orders, confusion and frustration to both administrative staff and end users.

Yes, I would like to be able to elicit more comparables. There are many less expensive stores that we could purchase our items through.

I find the new BFSv9 system to be much more complicated. I can't separate freight charges and calculating tax is confusing. Way too much unnecessary information is included on the reconcile reports, whereas useful info, like tax and freight, were excluded. I'm not an accountant, although I feel like I should be just to navigate through this system. I prefer the old system, which was imperfect, but way better than the new system. I'm sorry so much money and time was wasted on developing BFSv9.

It seems the buyers in Purchasing carry an extraordinarily heavy workload. Policies with the current conversion are unclear about things like Business Contracts. The BFS v9 conversion seems designed to increase strategic purchasing, but it is hard to fit some goods and services into the available categories, especially for professional services and business contracts. I am hoping this will improve over time.

As an administrative support staff, we are trained and re-trained to follow UC's purchasing policies. Our supervisors or the people we serve, if they are academics or less in touch with the University's purchasing expectations, often perceive us (the admins) as "making it hard for them to get things done..." Being the messenger, I feel caught between a rock and a hard place. My montra of sanity that I say to myself day in and day out is "don't take it personal, I'm just want to do a good job." But the feeling of not being liked by the people you work with is very sad... while I only tried to keep my P.I.s aways from making purchasing mistakes... (thank you for reading this.)

Purchasing is no longer my job duty as I now have a different position on campus.

In 2000 I tried to get commitment from [X] to purchase recycled paper for the copy machines.I contacted recycled copy paper vendors and manufacturers to get price information to send on to the [X] Business Office and ultimately to Lisa Bauer on campus who was working on recycling efforts. We eventually did but the slightly higher price kept it from being consistent. I was delighted to read in 2009 or 2010 that UC policy was to use 30% or higher recycled content in copiers/printers. I don't know how much it would be to buy by the pallet which no office really can do.

I appreciate Rich Taylor's effort to include departments into the Strategic Sourcing process. At some point, though, the decision has to be made by the senior management on the campus to enforce the mandate to use stragetic sourcing contracts. It may cause some problems short term, but if people know they have to use the contracts, they will be more likely to work towards improving the contracts rather than finding ways out of using them. Also, the more Rich and others in Strategic Sourcing know what your needs are, the better they can match those needs with other campus users and find ways to improve pricing and service from common vendors.

It is changing rapidly without a clearly articulated goal.

I am very leery of corporate catering contracts or any other one size fits all food and beverage arrangement. Our audience ranges from [X to Y], and includes a large number of culturally inclined donors. We tailor our specs for each type of food and beverage bid to meet the audience needs.

Allow drinking water to be purchased thru office max on blucard (currently restricted item). Arrowhead is difficult to deal with on one time order requests.

The Purchasing website is impenetrable and difficult to navigate. Especially regarding Business Contracts...there is no phone number or email contact information. And the current process to purchase individual services like editing or music performance is a nightmare.

While I support utilizing strategic procurement contracts, I hope there will always be allowance for purposeful deviations (e.g., on quality, local, sustainable principles), and an openness to hear new or alternate vendor recommendations from campus constituents.

I can help! I know the campus has been trying to eliminate shadow systems, but I think I can create systems that take reports from bfs, and from all other procurement agents on campus, and integrate them all in one place, to allow for the type of comprehensive comparison UC purchasers need in order to make decisions--and the campus needs in order to define contracts. UC will never eliminate competitive pricing departments, or direct negotiation by departments with vendors. I'm a little unclear as to why it would even want to. But the current situation is that different prices exist, and the campus needs to know those prices. If there were a central price-comparison engine, then everyone on campus would know where to get their stuff.

Not completely related, but BFS9 needs much better communication during it's initial implementation. Way too much confusion. I hope the same is not repeated for e-procurement.

I like to see a depository of preferred vendor list and a list of their insurance policies so we don't have to contact them individually.

Would be nice if we could have a physical catalogue that showed uc pricing..ie Office Max..instead of just online

I am interested in how the purchase order/encumbrance balances are used for planning cash flow/control purposes. I've heard more than a few times no need to pay attention, yet we are missing the use of a valuable resource for planning purposes.

Appendix G
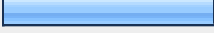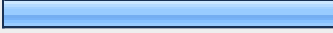
UC Berkeley Campus Catering Survey

1. Do you purchase CATERING (FOOD AND BEVERAGE) for your campus department?

		Response Percent	Response Count
Yes		90.3%	28
No		9.7%	3
		answered question	31
		skipped question	0

2. Which of the following factors most influence your decisions when selecting a vendor for purchase of CATERING (FOOD AND BEVERAGES) for your campus department:

	Extremely important	Very Important	Important	Not Important	Rating Average	Response Count
Pricing (competitive pricing, price stability, price accuracy, advance notice of price changes, sensitive to costs, billing)	66.7% (18)	25.9% (7)	7.4% (2)	0.0% (0)	1.41	27
Delivery (time, packaging, quantity, lead time, documentation, emergency delivery)	74.1% (20)	18.5% (5)	7.4% (2)	0.0% (0)	1.33	27
Quality (product reliability, durability, state of the art product, warranty, reliability of repairs, support, compliance with purchase order)	48.1% (13)	48.1% (13)	3.7% (1)	0.0% (0)	1.56	27
Service (good vendor representatives have a sincere desire to serve, technical support, emergency support, problem resolution)	61.5% (16)	30.8% (8)	7.7% (2)	0.0% (0)	1.46	26
Promoting the purchase of goods and services from local and diverse suppliers	15.4% (4)	19.2% (5)	46.2% (12)	19.2% (5)	2.69	26
				answered question		27
				skipped question		4
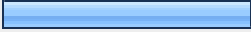
3. In your purchasing role, which of the following would help increase your campus department's use of strategic procurement contracts (i.e. contracts with specific vendors negotiated by the University, taking advantage of buying power across the organization in order to cut the costs of goods and services)? (check all that apply)

	Response Percent	Response Count
A clearly articulated and accessible purchasing policy	**77.3%**	**17**
Direct communication regarding UCB's purchasing policy to all campus consumers	50.0%	11
Regular reports regarding your campus department's strategic procurement contract utilization	31.8%	7
Rewards (e.g. rebates from vendors) to departments for high utilization of strategic procurement contracts	31.8%	7
Inclusion of strategic procurement contract utilization in the purchaser's and approver's job performance expectations	18.2%	4
Training and communication from UCB Procurement Services	50.0%	11
e-Procurement (online purchasing portal)	59.1%	13
Other:		3
answered question		22
skipped question		9

4. Have you received messages that stress the importance of utilizing strategic procurement contracts?

	Response Percent	Response Count
Yes	38.5%	10
No	**61.5%**	**16**
answered question		26
skipped question		5

5. From whom are messages stressing the importance of utilizing strategic procurement contracts coming?

	Response Percent	Response Count
My direct supervisor	25.0%	2
Requisition or Purchase Order Approver	25.0%	2
Department Administrative Head (MSO, CAO, Budget/Finance Managers)	**37.5%**	**3**
UCB Procurement Services	12.5%	1
If Other:		2
answered question		8
skipped question		23

6. What are the roadblocks in your purchasing role to utilizing strategic procurement contracts? Please explain.

	Response Count
	8
answered question	8
skipped question	23

7. Is there anything you would like to share with us about purchasing at UC Berkeley?

	Response Count
	6
answered question	6
skipped question	25

What are the roadblocks in your purchasing role to utilizing strategic procurement contracts? Please explain.

As I stated earlier, event planning is more creative than this procurement process seems to allow. I am concerned that centralizing this will take the creativity out of my position and adversely effect the quality of my events.

We still need to be able to have direct contact with a vendor, especially when it comes to catering services (each event is special - can't just place an order via an online system or Procurement Services).

Need more variety in options

are you speaking specifically about catering? I don't know that there are many (if any) strategic procurement contracts regarding catering.

The approval process is cumbersome. Also, we have relationships with vendors that we have developed over time, that we value and would like to continue. Also, I can usually negotiate better with vendors I use regularly.

Strategic procurement contracts do not allow flexibility for negotiating event - specific requirements for multi-agency events - they are only good for in-house consumption. We need direct contact with the suppliers.

The lack of information

"What is in it for me?"

Is there anything you would like to share with us about purchasing at UC Berkeley?

It is a time consuming and burdensome process. There are too many layers of bureacracy and it is very inefficient. Vendors are not paid in a timely manner and this effects who will work with us.

When will the Event Card no longer be a pilot? Hasn't it been in the pilot phase for more than 2 years? Having more Event Cards would make purchasing much less time consuming and frustrating for everyone involved.

Polices are not clear and are very hard to determine - new BFS 9.0 is working poorly

It is unncessarily complex in the approval process. Also, I have had bad experiences with prompt payments to vendors. This is especially important with small businesses. Often it takes six weeks or more, which is too long.

Strategic procurement is many good for material supplies and equipment, or for simple events. It does not allow the flexibility needed for negotiating concessions specific to an event with many multiple variable needs (ie it is a static rather than a dynamic process).

If the campus decides which vendors we will be allowed to use, this could greatly decrease the "Berkeley" culture of utilizing local vendors. Furthermore, I wonder what will be the metric used for determining which caterers make it onto the list.

Appendix H

TIPPING POINT SOLUTIONS DATA COLLECTION SUMMARY		
Activity	**Subject**	**Date**
High Value Buyer Interviews		
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 15, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 15, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 16, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 16, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 16, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 17, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 18, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 21, 2010
High Value Buyer Informational Interview (2)	Strategic procurement contract utilization best practices and opportunities	Jun 22, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 22, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 24, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jun 28, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jul 8, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jul 14, 2010
High Value Buyer Informational Interview	Strategic procurement contract utilization best practices and opportunities	Jul 21, 2010
Informational Interviews		
Informational Interview-Elizabeth Gillis, Vice Chancellor for Equity and Inclusion Immediate Office, Director of Special Projects	Appreciative Inquiry	May 21, 2010
Informational Interview-Elizabeth Elliott, Center for Organizational and Workforce Effectiveness	Internal change management-UC Berkeley & Operational Excellence	Jun 8, 2010
Informational Interview-Roia Ferrazares, Department of Music, Manager and Staff Representative for Operational Excellence Task Force	Strategic procurement contract utilization best practices and opportunities	Jun 15, 2010

Activity	Subject	Date
Subject Matter Expert Interviews		
SME Interview: Physical Plant and Campus Services	Strategic procurement contract utilization best practices and opportunities; ePro and BFS late adopters	Jul 16, 2010
SME Interview: eProcurement Trainer	eProcurement and training overview	Jul 27, 2010
SME Interview: UCB Strategic Sourcing	Strategic procurement contract utilization best practices and opportunities	Jul 28, 2010
SME Interview: Event Planners	Strategic procurement contract utilization best practices and opportunities	Jul 29, 2010
SME Interview: Diversity Supplier Program	Strategic procurement contract utilization as relates to local, small business	Jul 30, 2010
SME Interview: Research Enterprise Services	Restructuring of admin services and how it affects strategic sourcing; affect of ePro on business processes-early adopters	Jul 30, 2010
SME Presentation: Change Management (OE)- Elizabeth Elliott, Center for Organizational and Workforce Effectiveness	Driving Change: Operational Excellence	Aug 3, 2010
SME Interview: UCLA Strategic Sourcing	Strategic procurement contract utilization best practices and opportunities	Aug 13, 2010
SME Interview: Lila Mauro, former Director of Business Services, UC Berkeley	Vet data analysis and recommendations	Aug 17, 2010
Subject Matter Focus Groups		
Focus Group: Chief administrative officers/ departmental administrative directors	Strategic procurement contract utilization best practices and opportunities	Jul 28, 2010
Focus Group: Procurement Initiative design team: Mark Schlissel, Heidi Hoffman	Strategic procurement contract utilization best practices and opportunities	Aug 2, 2010
Surveys and Questionnaires		
Best Practices Questionnaire: UCSC Procurement Services	Strategic procurement contract utilization best practices and opportunities	Jun 1, 2010 & Aug 9, 2010
Best Practices Questionnaire: University of Michigan, Procurement Services	Strategic procurement contract utilization best practices and opportunities	Jun 4, 2010
Campus Buyer (Requisition Creator) Survey	General purchasing, strategic contract utilization, and communication strategies	July 16-23, 2010
Catering Mini-Survey	General purchasing, strategic contract utilization, and communication strategies	Aug 4-9, 2010
Furniture Purchasing Questionnaire	General purchasing, strategic contract utilization, and communication strategies	Aug 4-9, 2010
Strategic Sourcing Questionnaire	Strategic procurement contract implementation steps	Aug 4-9, 2010
Instructional Overview		
eProcurement Forum	eProcurement overview	Jul 19, 2010

Activity	Subject	Date
Data Presentation Training		
Presentation Boot Camp Overview, **Summer Series-Turning Data into Information – Tools, Tips, and Training** **Presenters: all summer data camp leaders (below)**	Data presentation	Jun 1, 2010
Let's Get Organized - bSpace to Google Docs, **Summer Series-Turning Data into Information – Tools, Tips, and Training** **Presenters: Angela White, James Dudek**	Collaboration tools	Jun 24, 2010
What Did They Say? Tools to Present Survey Data, **Summer Series-Turning Data into Information – Tools, Tips, and Training** **Presenters: Gregg Thomson, Greg Dubrow**	Survey data presentation tools	Jul 6, 2010
Infographics: Tools to Present a Lot of Data in a Condensed Space, Summer Series-Turning Data into Information – Tools, Tips, and Training **Presenters: Pamela Brown, Russ Acker**	Infographics	Jul 13, 2010
Web Tools: From Google Charts to Screen Casting, **Summer Series-Turning Data into Information – Tools, Tips, and Training** **Presenters: Russ Acker, Tim Heidinger**	Web tools	Jul 22, 2010
How to Create a Supergraphic, Summer Series-Turning Data into Information – Tools, Tips, and Training **Presenters: Linda Moran, Russ Acker, Pamela Brown**	Supergraphics	Aug 3, 2010
Framing Your Message: Panel Discussion on Creating Handouts and Presentation Materials, **Summer Series-Turning Data into Information – Tools, Tips, and Training** **Presenters: Janet Gilmore, Kim LaPean, Christine Shaff**	Handouts and presentation materials	Aug 10, 2010
From A to B: Presenting Process Maps and Redesign Tools, **Summer Series-Turning Data into Information – Tools, Tips, and Training** **Presenters: Stephanie Metz, Russell Connacher, James Dudek**	Process maps and redesign tools	Aug 19, 2010

Appendix I

In your purchasing role, which of the following would help increase your campus department's use of strategic procurement contracts (i.e. contracts with specific vendors negotiated by the University, taking advantage of buying power across the organization in order to cut the costs of goods and services)? (check all that apply)

Factor	Percentage
A clearly articulated and accessible purchasing policy	74.0%
Direct communication regarding UCB's purchasing policy to all campus consumers	68.0%
e-procurement (online purchasing portal)	58.0%
Training and communication from UCB Procurement Services	56.0%
Regular reports regarding your campus department's strategic procurement contract utilization	44.0%
Rewards (e.g. rebates from vendors) to departments for high utilization of strategic procurement contracts	36.0%
Inclusion of strategic procurement contract utilization in the purchaser's and approver's job performance expectations	24.0%

Note: Total percentage exceeds 100 due to allowance of multiple selections.

Source: UC Berkeley Campus Buyer Survey, question 7 - July 2010

Appendix J

Chart 2: Most Influential People in Guiding Vendor Choice

Who is the most influential in guiding you choice of vendors when purchasing catering, furniture and office supplies?

	Catering	Furniture	Office Supplies
The campus consumer making the purchase request	31.3%	15.7%	32.7%
My direct supervisor	18.9%	11.8%	19.2%
Department Administrative Head (MSO, CAO, Budget/Finance Managers)	2.1%	9.8%	9.6%
UCB Procurement Services	0.0%	9.8%	9.6%
Requisition or Purchase Order Approver	2.1%	2.0%	5.8%
Not Applicable/I don't purchase this commodity	43.8%	51.0%	23.1%
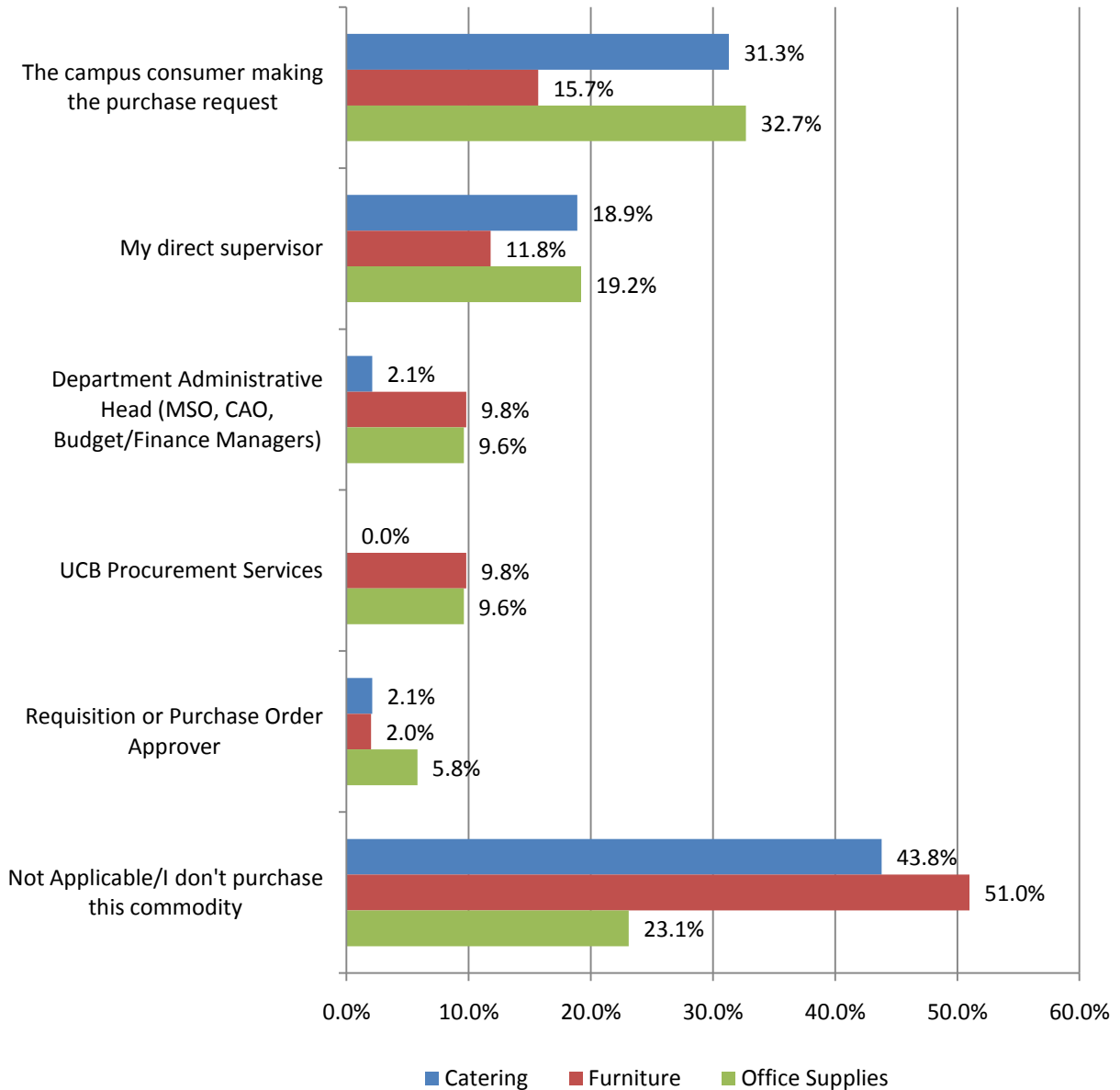
Source: UC Berkeley Campus Buyer Survey, questions 8, 9 and 10 - July 2010

Appendix K

Berkeley Buying Power   *Driving Contract Spend to Savings*

Chart 3: Sources of Messages Stressing the Importance of Strategic Procurement Contracts

From whom are messages stressing the importance utilizing strategic procurement contracts coming?
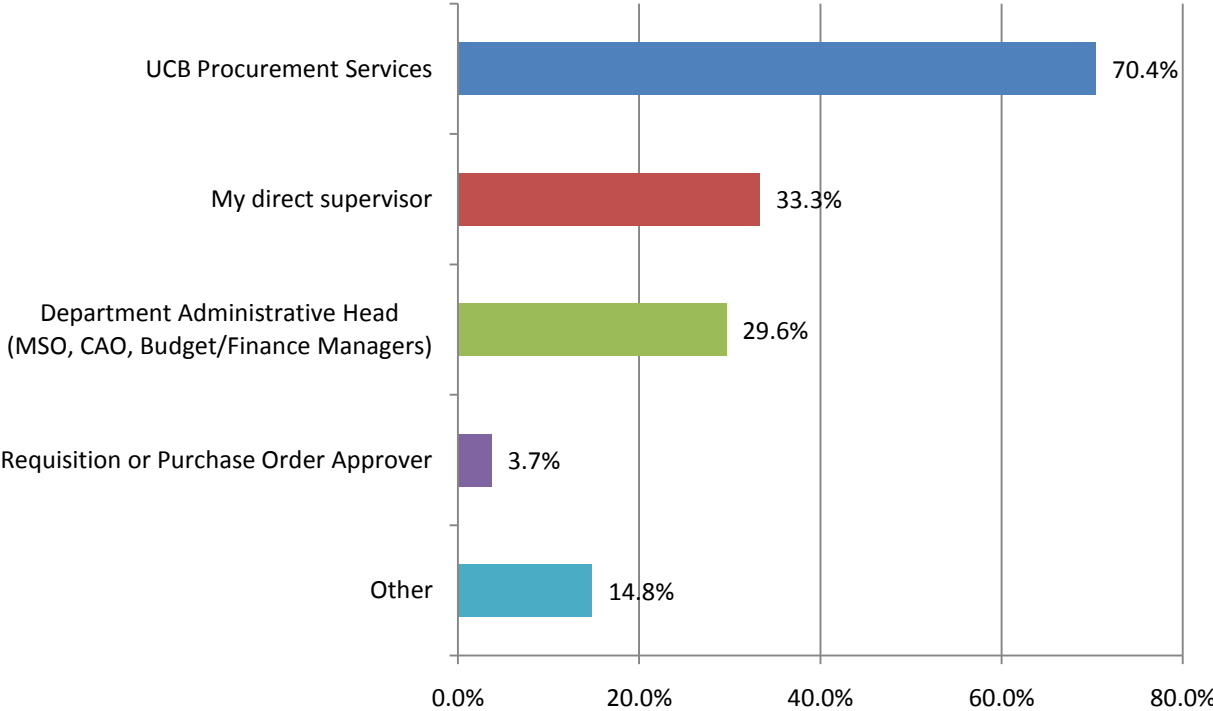
Note: Total percentage exceeds 100 due to allowance of multiple selections.

Source: UC Berkeley Campus Buyer Survey, question 12 - July 2010

Appendix L

Berkeley Buying Power

Marketing and Communications Plan

"Driving Contract Spend to Savings"

$25 Million in Savings ≈

Avoiding an additional 13 percent
increase in student fees

or

10-20 furlough days for all affected staff

or

Needing to raise $50 million for the
UC Berkeley endowment

~Al Pisano
Director, Operational Excellence Program Office
Professor of Mechanical Engineering

Marketing & Communications Plan
"Driving Contract Spend to Savings"

Executive Summary
We developed a marketing and communications plan to assist Procurement Services with the roll out of a cascading campuswide campaign to promote the benefits of strategic sourcing. This plan includes how to:
1. Increase understanding of Berkeley's strategic contracts
2. Implement marketing strategies to help create awareness of strategic contracts
3. Measure utilization of strategic contracts to leverage Berkeley's vast buying power

The Berkeley campus spends approximately $410 million annually on goods and services, excluding capital projects. This is far too much money to spend and not capture the full benefit of leveraging our scale and buying power.

UC Berkeley currently purchases goods and services from more than 18,000 vendors. Since 90 percent of our goods and services are procured from roughly only 2,000 vendors. (Berkeley Buying Power Project Proposal, 2010) We should make a concerted effort to reduce the number of vendors we procure from. The cost of procuring goods and services from a myriad of vendors not only leads to higher prices, but also leads to increased processing and administrative costs.

If we are able to narrow the vendors we procure from to a few preferred vendors per product or category, we will then be able to negotiate volume discounts and established price contracts. This in turn will enable UC Berkeley to save money through economies of scale.

Since UC Berkeley is facing an unprecedented financial crisis, every opportunity to improve our businesses processes and save money strengthens our research and teaching mission and increases overall ability to stay competitive.

Setting the Stage for Change: The Three Rules of Epidemics
Malcolm Gladwell's seminal text *The Tipping Point: How Little Things Can Make a Big Difference* has played an essential role in developing the recommendations in this Marketing and Communications plan. The central premise of the *Tipping Point* is that "ideas, products, messages and behaviors spread like viruses do." (Gladwell, page 7) It is with this in mind that we have applied the "Three Rules of Epidemics" whenever possible.

The Law of the Few: The importance of "the few" in the decentralized and relationship based UC Berkeley culture cannot be overstated. Procurement Services staff, high value buyers, and the Operational Excellence design team will need to be the mavens (educators) of this effort by proactively sharing the critical information that will support contract utilization. In addition, the Chancellor's cabinet and council of deans should be invited to identify the salesmen (persuaders) and connectors (social glue) amongst their faculty and staff to enlist for this effort much like, and perhaps not mutually exclusive to, the effort that was undertaken for the Operational Excellence design teams. These 'few" by their very

nature cannot be categorized by job function and therefore, are not identified explicitly in the attached Communications Actions Matrix.

The Power of Context: Procurement Services must be very attentive to the context of the moment that they choose to roll out the "Driving Contract Spend to Savings" campaign. The issues that have emerged in the Berkeley Financial System (BFSv9) implementation have generated skepticism among many campus community members that could spill over to eProcurement if the campaign is launched prior to the remedy of all BFSv9 concerns. It will also be imperative to have eProcurement fully populated and beta tested and a redesigned website (as outlined below) to insure campus consumers can find and use strategic procurement contracts with ease.

The Stickiness Factor: Campus community members are inundated with messages that are often confusing and conflicting. Stickiness is dependent not just on the clarity and compelling nature of the message but also on the nuance. The "Driving Contract Spend to Savings" campaign will not only need to stress the business case for and importance of contracts but must provide a clear and concise road map for the identified "tipping point" agents (salesmen & connectors) and ultimately the campus consumers.

Objective
The primary objective of this marketing and communications plan is to provide a comprehensive communication strategy to educate the campus stakeholders on the operational value and benefits of strategic contracts.

Goals
1) **<u>Awareness & Access</u>** – There is a perception on campus that strategic contracts have traditionally favored the vendor more than the campus. In order to develop a common understanding of Berkeley's strategic sourcing contracts Procurement Services must raise awareness and ensure that the UC Berkeley community has access to the requisite information needed to spend on contracts.

What is Strategic Sourcing?
Strategic sourcing is a collaborative and systematic approach to dramatically reduce "external spend," while improving contract quality, internal processes and lowering total cost. Strategic sourcing is a process by which a few preferred vendors are selected for purchase of common goods and services by campus stakeholders.

The campus can achieve substantial savings by changing how we buy without appreciably affecting what we buy. Buying on contract, or utilizing strategic procurement contracts, allows: shoppers in aggregate to save money on the products, the campus to leverage total buying with a vendor to reduce overall costs and, the campus to collect buying data to influence and guide future contract negotiations.

Although it may take time and effort to convince some campus customers, it is a "high gain/ low pain" cost reduction initiative that drives procurement spending in a direction that will ultimately benefit the University.

Strategic sourcing methodology includes:
   a. Defining the campuswide requirements for a product or service
   b. Testing the alignment between campus requirements and current or potential providers of that product or service, and
   c. Monitoring the supplier's performance versus the defined requirements.

It may sound like textbook theory, but it is actually very straightforward common sense:
   a. The buyer gets the exact product or service they want
   b. The buyer gets it delivered to their workplace
   c. The buyer frequently gets products and services at a much lower cost over time by leveraging the University's buying power through volume discounts
   d. The University as whole benefits from the aggregate spend
   e. The buyer does not hassle with reimbursement or invoice requisition processing

In light of the existing negative perceptions about the terminology strategic sourcing contracts we recommend re-branding the term used by UC Berkeley to "Blue & Gold Contracts" or something similar.

2) **Educate, Empower, and Engage** – Leaders must invoke behavior change and empower the UC Berkeley community to integrate strategic procurement contracts into their daily activities.

a) Procurement Community of Practice: Communities of practice (e.g. Berkeley Process Analysis Working Group or BPAWG) have been very successful in supporting staff professional development outside the formal training and development offered through Center for Organizational and Workforce Effectiveness (COrWE) and Human Resources over the past several years. Although these groups have traditionally been generated by particularly proactive staff members, a similar group could be launched by Procurement Services itself to engage and empower campus department leaders and low value buyers in professional development while simultaneously pushing the "Driving Contract Spend to Savings" and other critical messages to continue to develop mavens, salesmen and connectors.

b) Visibility of Buyer/Vendor Experiences: Gather information about the buyer experience using web based tools and/or direct e-mail surveys.

c) Employee Professional Development: Provide new opportunities for staff to enhance their skills and understanding of procurement best practices by adding a Blue and Gold Contracts module or procurement track in the KEYS Supervisor Training, and by adding a procurement module or track in the Financial Management Certificate Program.

3) **<u>Strategic Sourcing Communication</u>** – Procurement Services must implement marketing strategies to help create awareness of strategic contracts.

Procurement Services Blurbs and Taglines
<u>Long Blurb</u>
Procurement Services helps develop, coordinate, and support campus strategic sourcing goals and initiatives. Our goal is to foster a culture of contract utilization and to help the campus meet its objectives. We strive for excellence in breadth and depth, by--

- Implementing incentives and consequences to motivate staff to utilize strategic contracts
- Raising awareness through the "Driving Contract Spend to Savings" campaign
- Striving for transparency and accountability through quarterly campus strategic procurement contract spend reports

<u>Elevator Pitch</u>
Procurement Services coordinates campus strategic sourcing goals and initiatives with a focus on contract utilization. We strive for excellence in breadth and depth, by implementing contract utilization incentives and consequences, raising strategic sourcing awareness through our Blue Star campaign, and emphasizing transparency and accountability through our annual Campus Strategic Sourcing Report and Plan.

<u>One Sentence Blurb</u>
Procurement Services strives for excellence coordinates campus strategic sourcing goals with a focus on Operational Excellence initiatives.

<u>Tagline</u>
"Driving Contract Spend to Savings"

"Driving Contract Spend to Savings" Communications Tactics

Tactics include an array of communications tools and actions that drive strategic sourcing objectives. These tactics will be itemized – along with a description, target audience, responsibility and Communications Actions Matrix. Communications tools and actions include, but are not limited to, the following:

a) Upgrade and Redesign Procurement Services Website: At a very high level, the website should be easy to view and navigate with new content published on a regular basis. Our extensive research and data analysis have led us to conclude that the current Procurement Services' website is not effectively providing the information that the campus community needs to conduct business efficiently.

In comparing UC Berkeley's Procurement Services website with other higher education institutions, known for their procurement best practices, such as the University of Michigan and the University of Pennsylvania, content from UC Berkeley's Procurement Services website is either missing or buried deep within the website. However, such content plays a

significant role in informing, educating, and motivating the campus community to use strategic contracts.

The website should be redesigned with the end-user experience in mind. A brief summary of suggested content to improve UC Berkeley's Procurement Services website follows:

Messaging

- Mission, vision, and values statement
- Strategic sourcing purchasing policy (new)
- Code of ethics by suppliers and buyers
- Benefits of strategic sourcing
- Social responsibility and sustainability statements (our vendors support sustainability)
- Clear messaging on where the campus recommends the use of local, small and minority owned businesses (e.g. catering, printing)
- Quarterly and special edition newsletters
- Better utilization of an active screen (too much empty space)
- Actively seeking opportunities to place the procurement URL on related campus departmental sites and printed materials

Tools

- eProcurement training material and videos
- Frequently Asked Questions (FAQs)
- A highly visible list of all contract vendors with an emphasis on strategic contracts
- Customer support hotline and/or form
- RSS (Really Simple Syndication) feed to subscribe
- Functionality for vendor and purchasing experience feedback
- The ability to access the website through mobile devices

We recommend engaging a consultant that has extensive knowledge of best practices for academic procurement websites. It is imperative to ensure that the website is a tool to that assists the campus community in utilizing strategic contracts.

b) Day-to-Day Business Communications: Internally, place continuing emphasis on clarifying and defining clear lines of communications and decision-making processes. This includes documenting ongoing decisions and concerns and sharing this information with the appropriate core team members and stakeholders. Focus on releasing clear information and direction.

c) Coordination with Chancellor Robert J. Birgeneau and Executive Vice Chancellor and Provost (EVCP) George Breslauer: Launch the communications campaign with a Cal Message from the Chancellor and EVCP highlighting the business case and key message for driving contract spend to savings. Continue assisting executive leadership with development of communications tools to support strategies, including publications, reports, briefing papers, talking points, presentation materials, and displays, in concert with the Procurement Services to ensure timely, accurate and consistent messages.

d) Campus Leadership Blue and Gold Contract Business Case and Message Presentation: Develop a short, two or three page PowerPoint presentation that provides a quick high-level overview of strategic sourcing. This will be presented at cabinet and council of deans meetings and be broadly e-mailed to senior managers. Managers and executive leadership will also have access to a more general presentation to cascade down the leadership chain in the effort to communicate a consistent and clear message about strategic contract utilization.

e) Standard Blue and Gold Contract Business Case & Message Presentation Template and Updates: Develop a standardized PowerPoint design template and a standard presentation for general use by department chairs, managers, and Procurement Services core team. Continuously update and post standard and topic specific PowerPoint presentations to reflect appropriate changes.

f) Presentations and Town Halls: As the "Driving Contract Spend to Savings" campaign is rolled-out, Procurement Services will need to make a proactive effort to meet with stakeholder groups to communicate the business case and core message for contract utilization. (See communication actions matrix for details)

g) Meetings & Workshops: Continuously assist in developing effective meetings and workshops, including meeting strategies and presentation materials. Also work to streamline Procurement Services team participation in meetings and forums by seeking opportunities to:

    I.   Make core team members available to present a meeting;
    II.   Send PowerPoint presentation, poster, handouts and other meeting materials when Procurement Services core team members can't be present;
    III.   Seek opportunities for use of electronic distance technologies, such as USTREAM, conference calls, etc.;
    IV.   Recruit managers and other representatives outside the Procurement Services core team to talk about strategic sourcing using on-demand PowerPoint presentations, handouts and other meetings materials developed by the core team, creating a "ripple effect" in getting the word out;

h) Target Audience E-Mail Messages: Develop comprehensive e-mail lists of target audiences for efficient, targeted dissemination of information and feedback. Preparation of these lists may require additional outside assistance. These lists should include all stakeholders and partners, including:

    I.   Senior administrative officers, deans, directors & department chairs
    II.   Procurement Services
    III.   Department purchasing staff—includes low and high value purchasing
    IV.   Management service officers, directors, and chief administrative officers
    V.   Operational Excellence initiative teams
    VI.   Faculty and other campus consumers, local vendors and Berkeley residents.

Even though faculty, other campus consumers, local vendors and Berkeley residents are listed last, we believe that they represent a significant roadblock to success unless careful marketing of the rationale and benefits of strategic sourcing is articulated and repeated frequently, particularly by executive leadership.

i) Print Campaign Develop and print limited quantities of posters to handout for use at meetings, workshops and forums. The information should provide awareness of the overall goals and objectives of strategic sourcing.

j) Feature Article Series: Develop a list of topics and write a series of feature articles for broad distribution to stakeholders, campus magazines and news sources.

k) Standardized Definitions, Language, and Acronyms: Conduct review and ensure ongoing process for capturing and publicizing standard definitions, language and acronyms, including posting this information, as appropriate, on eProcurement and on the Berkeley Financial System.

l) Communications Timeline Linked to Operational Excellence Initiative: With Procurement Services' input, develop specific communications actions tied to the Operational Excellence timeline. Describe and list these actions in the Procurement Services Communications Action Plan Matrix. Provide target audiences with clear on-time well-defined updates of progress, as needed in preparation for Operational Excellence implementation.

m) Messages Directed to Target Audiences: Continue to develop different types and levels of messages directed to target audiences. Identify the organization or audience to be addressed and craft a message that will be relevant for that audience.

4) **Measurement and Evaluation –** Methods for measuring and evaluating the success of the communications strategy plan.

Metrics
- Aggregate spend on contracts as well as total number of buyers using contracts through the PeopleSoft reporting module scheduled to launch in 2011
- Using off-the-shelf e-mail message analytic software (e.g. constant contact) to determine how many buyers are reading/responding to the communications around strategic contracts i.e. opinions, feedbacks
- Measure response rate to surveys inquiring about the shopping experience

Use website analytics data to evaluate the number of buyers and commodity end users accessing web portals and important information such as FAQs, buying instructions, and video training modules related to strategic contracts. This could include follow-up data collection and assessment of communications actions to the timely completion of deadlines and tactical steps, change in employee behavior, achievement of organizational results, etc.

Communication Actions Matrix
In the interest of providing a framework for implementing the recommendations outlined above a Communication Actions Matrix has been developed. The actions are categorized in three ways:

1) **Priority** by indicating the urgency of any given action within the campaign effort as high, medium, or low.
2) **Anticipated Contract Utilization Impact** by projecting a high, medium-high, medium , or medium–low level of impact on overall contact utilization based on information gleaned in Tipping Point Solutions data collection activities.
3) **Implementation** was assessed as easy, medium, or difficult given the requisite human and/or financial resources required to successfully accomplishing a particular action.

Conclusion
The necessity to save and reallocate money, if clearly articulated and communicated, can serve as motivation for change that is not possible in less exigent times. This marketing and communications plan supports the campus commitment to world-class operations by focusing attention to the savings that can be realized through increased and consistent strategic contract utilization

This proposal is modeled after the Office of Sustainability's Green Department Certification. Provided is a brief description of what the program would address, however, if implemented would require further development by Procurement Services.

Procurement Services' Blue and Gold Certification

Summary:

Blue and Gold Certification is a new program offered by Procurement Services to identify and recognize departments on campus that have taken extra steps to increase their usage of strategic sourcing contracts. The program identifies a set of conditions and actions, some optional and some required, that departments can take in order to be certified as a Blue and Gold Department. The metrics would be determined by Procurement Services. This recognition would motivate departments and business officers, especially if a financial incentive, i.e. SPOT Award or a percent rebate back to the department based on contract spend savings, was given in addition to the distinguished award.

Blue Star Award
Driving Contract Spend to Savings

Audience	Existing Group	Change Management Role	Convener(s)/Sender	Activity	Priority	Anticipated Contract Utilization Impact	Implementation	Timeline by Month*
Cabinet	Y	Change leaders	Chancellor Robert Birgeneau	Blue & Gold Contract Business Case and Message Presentation - campus leadership focus	High	High	Easy	1
Cabinet	Y	Change leaders	Chancellor Robert Birgeneau	Quarterly Blue & Gold Contract Spend Reports by control unit	High	High	Easy**	Ongoing ‡
Council of deans	Y	Change leaders	Executive Vice Chancellor and Provost (EVCP), George Breslaurer	Blue & Gold Contract Business Case and Message Presentation - campus leadership focus	High	High	Easy	1
Council of deans	Y	Change leaders	EVCP George Breslaurer, Procurement Services	Quarterly Blue & Gold Contract Spend Reports by college, school and department	High	High	Easy**	Ongoing ‡
Academic department administrative managers	N	Change agents and change implementers	Assistant deans, Procurement Services	Blue & Gold Contract Business Case and Message Presentation - standard	High	High	Easy	2
Academic department administrative managers	N	Change agents and change implementers	Assistant deans, Procurement Services	Semi-Annual Blue & Gold Contract Town Halls	High	High	Easy	Ongoing
Administrative and student services department managers	N	Change implementers	Vice chancellors, assistant vice chancellors, Procurement Services	Quarterly Blue & Gold Contract Spend Report by control unit	High	High	Easy**	Ongoing ‡
Administrative and student services department managers	N	Change implementers	Vice chancellors, assistant vice chancellors, Procurement Services	Semi-Annual Blue & Gold Contract Town Halls	Medium	High	Easy	Ongoing
Campus consumers	N	Change agents and change implementers	Procurement Services	Semi-Annual Commodity, Contract Specific Town Halls	Medium	High	Easy	Ongoing‡
Campus consumers	N	Change agents and change implementers	Procurement Services	Pre-contract negotiation user group invitations to a broad cross section of campus consumers and low value buyers	High	High	Medium	Prior to RFP
Academic department administrative managers	N	Change agents and change implementers	Assistant deans, Procurement Services	Quarterly Blue & Gold Contract Spend Reports by college, school and department	High	High	Easy**	Ongoing ‡
Low value purchasers	N	Change implementers	Procurement Services	Blue & Gold Contract Business Case & Message Presentation - training module	High	High - medium	Medium	Ongoing
Low value approvers	N	Change implementers	Procurement Services	Mandatory Listserv for Blue & Gold Contract and spend related messages	High	High - medium	Easy	Ongoing
Campus community	N/A	All	Chancellor Robert Birgeneau, EVCP George Breslauer, Procurement Services	"Driving Contract Spend to Savings" Cal Message	High	High - medium	Easy	1
Campus community	N/A	All	Procurement Services	"Driving Contract Spend to Savings" redesigned website	High	High - medium	Difficult	Pre-launch
Department faculty	Y	Change implementers	Department chairs, Procurement Services	Blue & Gold Contract Business Case & Message Presentation	High	High - medium	Medium	3 to 4
Deans, directors and department chairs	Y	Change leaders and change agents	Vice chancellor- administration, EVCP	Quarterly New Blue & Gold Contract E-Mail Message (newsletter attached)	Medium	Medium	Medium	Ongoing
Academic department chairs	Y	Change agents	College/school dean	Blue & Gold Contract Business Case & Message Presentation - standard	High	Medium	Easy	1
Academic department chairs	Y	Change agents	College/school dean, Procurement Services	Quarterly Blue & Gold Contract Spend Reports by college, school and department	High	Medium	Easy**	Ongoing ‡
Chief administrative officers	Y	Change agents	Assistant Vice Chancellor (AVC)-Budget, Teresa Costantinidis	Blue & Gold Contract Business Case and Message Presentation - standard	High	Medium	Easy	2
Chief administrative officers	Y	Change agents	AVC Costantinidis, Procurement Services	Quarterly Blue & Gold Contract Spend Reports by college, school and department	High	Medium	Easy**	Ongoing ‡
All faculty	N	Change implementers	Faculty Head, Operational Excellence Program Office, Al Pisano, Dean Mark Schlissel, Procurement Services	Semi-annual Strategic Sourcing Town Hall Meeting	High	Medium	Easy	Ongoing

*Timeline will be set in accordance with Operational Excellence Procurement Initiative
** Dependent on PeopleSoft reporting module scheduled to launch in 2011
‡ On-going starting the quarter after meetings are held with stakeholder groups

Audience	Existing Group	Change Management Role	Convener(s)/Sender	Activity	Priority	Anticipated Contract Utilization Impact	Implementation	Timeline by Month*
Commodity end users	N	Change agents and change implementers	Procurement Services	Annual Vendor Fair	High	Medium	Medium	Ongoing
Supervisors	Y	Change implementers	Center for Organization and Workforce Effectiveness (COrWE), Procurement Services	Add a Blue& Gold Contracts module or procurement track in the KEYS Supervisor Training	High	Medium	Medium	Ongoing ‡
Financial managers	Y	Change implementers	COrWE, Procurement Services	Add a procurement module or track in the Financial Management Certificate Program	High	Medium	Medium	Ongoing ‡
Staff organizations	Y	All	Organization specific leadership, Procurement Services	Request the opportunity to present the Blue & Gold Contract Business Case & Message Presentation - standard to staff organizations	Medium	Medium	Easy	3 to 4
New staff	Y	All	Human Resources, Procurement Services	Introduce "Driving Contract Spend to Savings" information and materials during New Employee Orientation	High	Medium	Easy	1
Communications Roundtable	Y	Change leaders	Associate Vice Chancellor Claire Holmes-Public Affairs	Appoint a business and administrative services representative to attend monthly Communications Roundtable meetings	High	Medium	Easy	Ongoing
Buyers, management services officers (MSO's)	N	Change implementers	Procurement Services	Monthly procurement community of practice meetings	Medium	Medium	Medium	Ongoing ‡
Low value buyers	N	Change implementers	Procurement Services	Mandatory listserv for Blue & Gold Contract and spend related messages	High	Medium - low	Easy	Ongoing
Campus community	N/A	All	Procurement Services	"Driving Contract Spend to Savings" Print Campaign	High	Medium - low	Medium - difficult	1
Campus community	N/A	All	Procurement Services	"Driving Contract Spend to Savings" Web-based Quarterly & Special Edition Newsletter	Medium	Medium - low	Medium	Ongoing‡
Communities of practice	Y	All	Community of practice leaders, Procurement Services	Identify and present on the intersections between the "Driving Contract Spend to Savings" initiative and existing community of practice efforts	Medium	Medium - low	Medium	3 to 4
Campus community	N/A	All	Procurement Services	Increase website visibility	Low	Medium - low	Easy	Ongoing
Campus community	N/A	All	Procurement Services/ Public Affairs	Feature Article Series in the Berkeleyan	Low	Medium - low	Easy	Ongoing
Staff organizations	Y	All	Procurement Services	Encourage Procurement Services staff to participate in appropriate staff organizations	Low	Medium - low	Easy	Ongoing ‡

*Timeline will be set in accordance with Operational Excellence Procurement Initiative
** Dependent on PeopleSoft reporting module scheduled to launch in 2011
‡ On-going starting the quarter after meetings are held with stakeholder groups
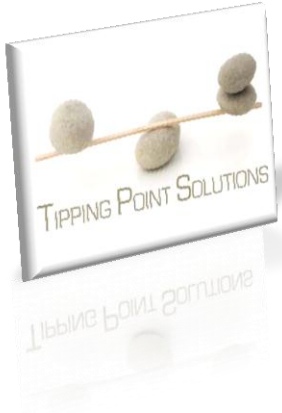
Appendix M

Berkeley Buying Power

Incentives Strategy

"Driving Contract Spend to Savings"

Executive Summary: We developed an incentives strategy to assist Procurement Services in "transforming Berkeley's buying power into a strategic campus asset". This incentives strategy is based on the following key principles:

1. Incentives should be aligned with the campus culture and values, and affirm Procurement Services' goal of significantly increasing the utilization of strategic procurement contracts.
2. Incentives should be meaningful to inspire people to action.
3. Incentives should include a comprehensive approach of communication, measurement, and reinforcement.
4. Incentives should be implemented in phases to measure effectiveness and to balance ambition with the ability to deliver and the capacity for change.

Background

The University of California, Berkeley spends $410 million annually on goods and services. This represents a significant driver of cost for the University and also a prime opportunity for savings. The campus spend is currently fragmented across 18,000 vendors, which weakens Berkeley's buying power. By driving campus spend through strategic contracts that are negotiated at the lowest price per quality point, we can leverage our buying power to generate critical saving for the University. This will require a shift in purchasing behavior from one of autonomous local optimization to strategic campus cost savings.

Objective

The primary objective of this incentive strategy is to define critical elements that influence purchasing behavior on campus and to recommend success factors that will enable Procurement Services to achieve the goal of significantly increasing contract spend. Our research revealed that campus consumers at Berkeley are, in general, supportive of utilizing strategic contracts if they are provided with a clear vision for purchasing at UC Berkeley, the requisite tools and resources that enable campus consumers to realize this vision, and local purchasing needs are met through available contracts. Thus, the recommended incentives strategy is based largely on intrinsic motivators and performance enablers.

This strategy includes thirteen comprehensive recommendations, which have been ranked in order of priority. Each recommendation is qualified by the complexity of its implementation. We defined the following implementation categories:
1. *Easy:* requires a limited commitment of human and financial resources.
2. *Medium:* requires a substantial commitment of human and financial resources.
3. *Difficult:* requires a substantial commitment of human and financial resources and complex strategic planning.

Summary of Recommendations

1. Create and communicate a clear vision for procurement as a "world-class" operation that maximizes Berkeley's buying power to support the University of California, Berkeley's fundamental missions of teaching, research, and public service.

2. Communicate to faculty the specific benefits of utilizing strategic procurement contracts for UC Berkeley and research and teaching enterprises.

3. Negotiate low price and high quality delivery on common goods and services through strategic procurement contracts and demonstrate University savings.

4. Meet diverse shopping needs by providing three vendor options per product that address various price points.

5. Qualify and guarantee optimal goods, services, and customer service for campus consumers through enhanced vendor management.

6. Ensure that contract utilization processes and tools are efficient, easy to use, and save time for end-users.

7. Provide campus departments with analytical tools and metrics to evaluate contract spend performance against clearly articulated performance targets.

8. Build collaborative relationships between Procurement Services, campus department leaders, and faculty and increase Procurement Services' visibility among campus consumers.

9. Advertise the University's small business spending goals and utilization statistics and cultivate the use of small businesses by increasing inclusion in Supplier Diversity Database or eProcurement.

10. Create partnerships between contract vendors and the Chancellor's Community Partnership Fund.

11. Recognize campus departments for achieving a defined strategic contract utilization target with a "Blue and Gold" department certification from Procurement Services.

12. Add "savings" as a specific criterion for nomination and selection for the Chancellor's Outstanding Staff Award (COSA) and the Berkeley Campus Spot Award.

13. Negotiate affinity programs with strategic vendors so that faculty, staff, and students receive corporate discounts.

Recommendation 1	Create and communicate clear vision for procurement as a world-class operation that maximizes Berkeley's buying power to support the University of California, Berkeley's fundamental missions of teaching, research, and public service.
Goal	To significantly increase strategic procurement contract use.
Key Message	*Driving contract spend to savings is a key University priority and all campus consumers play a vital role in creating world-class operations.*
Strategy	Communicate a compelling vision for the use of strategic contracts that supports the University's fundamental mission. All campus consumers must see themselves in this vision in order for it to be meaningful. This vision includes adopting procurement best practices and increased strategic procurement contract utilization.
Research	- The vision for Operational Excellence (OE) describes "world-class teaching and research supported by world-class operations." - Through qualitative research, Tipping Point Solutions (TPS) discovered that in order for change to be possible, it is essential to build a common understanding of what defines success. - In "Achieving Operational Excellence at the University of California, Berkeley Final Diagnostic Report," participants in the Capacity for Change Survey responded that communication was an important reason for the success of past change efforts.
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Campus leadership
Incentive	1. Communication about the procurement vision demonstrates commitment from campus leadership to saving and inspires campus consumers to modify buying behavior. 2. Communication about the procurement vision creates buy-in because all stakeholders understand why increasing contract utilization is necessary and are convinced it is necessary. 3. Campus consumers develop a greater sense of purpose and autonomy.

Evaluation	This is an intangible incentive. However, communicating a clear and compelling vision for target performance goals is fundamental to developing an effective incentive program.
Cost	Dedicated human resources for campus communication.
Implementation	Easy

Recommendation 2	**Communicate to faculty the specific benefits of utilizing strategic procurement contracts for UC Berkeley and research and teaching enterprises.**
Goal	To significantly increase strategic procurement contract use.
Key Message	*Driving contract spend is a key University priority, and faculty play a vital role in creating world-class operations and will directly or indirectly benefit from the savings.*
Strategy	Chancellor and Executive Vice Chancellor and Provost communicate to faculty the benefits of utilizing strategic procurement contracts for UC Berkeley and faculty. This message is consistently conveyed though the Academic Senate, business operations, and a town hall meeting for faculty facilitated by the OE Procurement Initiative Leader. Clarify that local department and lab needs are interconnected with the academic and public service missions of the University. Give faculty spend and savings reports/statistics to justify the business case for increased contract utilization and to support the stated benefits. Faculty use contracts when it benefits their work and campus.
Research	• Our research suggests that faculty are key stakeholders in this change effort and can often perceive themselves as "free agents" when making purchasing decisions. We also found that often times, faculty are most qualified to make their own purchasing decisions, especially in a research lab or hard science environment because of expertise in products. • Subject matter expert interviews revealed that support from senior administration all the way down to the deans would help reinforce staff who often function as buyers for faculty.

Research (cont'd)	• Engaging key influencers for procurement program roll out and continued expansion was identified as a best practice.
Target Audiences	Faculty
Change Management Roles	Change Leaders: Chancellor Change Agents: Procurement Services Change Implementers: Campus leadership, academic senate, council of deans, directors of administration, management service officers, and chief administrative officers
Incentive	1. Faculty can provide input and contribute to generating solutions which promotes buy-in. 2. Faculty develop a greater sense of purpose and autonomy.
Evaluation	Campuswide annual and long-term budget report.
Cost	Dedicated campus and University officials for collaboration and communication.
Implementation	Easy

Recommendation 3	**Negotiate low price and high quality delivery on common goods and services through strategic procurement contracts and demonstrate University savings.**
Goal	To significantly increase strategic procurement contract use.
Key Message	*UC Berkeley and University of California Office of the President (UCOP) procurement has negotiated low price and high quality strategic agreements that generate savings for campus.*
Strategy	Procurement Services negotiates low price and high quality delivery on common goods and services through strategic procurement contracts. In eProcurement and on the Procurement Services

Strategy (cont'd)	website, articulate and communicate University savings garnered through contract utilization.
Research	• Results from the Campus Buyer Survey and Catering Mini-Survey revealed that pricing and delivery were the most influential factors in vendor selection when purchasing office supplies, furniture, and catering. • Our research suggested that a roadblock to utilizing strategic procurement contracts was lack of information verifying that contract pricing was equal to or less than that of local vendors. • Additionally, comparison shopping to easily identify "best matching and lowest priced products" was cited as a benefit of eProcurement in the "Achieving Operational Excellence at the University of California, Berkeley Final Diagnostic Report."
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Communication about University savings through increased use of strategic procurement contracts creates buy-in. 2. Campus consumers develop confidence that negotiated contracts for common goods and services are offered at low prices with high quality delivery.
Evaluation	Benchmark current strategic procurement contract spend against contract spend after the roll-out of PeopleSoft reporting module.
Cost	Dedicated human and financial resources for vendor negotiation and campus communication.
Implementation	Medium

Recommendation 4	Meet diverse shopping needs by providing three vendor options per product that address various price points.
Goal	To significantly increase strategic procurement contract use.
Key Message	*Procurement Services understands the diverse needs of campus consumers and departments and will ensure that purchasing needs are understood and met while driving contract utilization.*
Strategy	Campus consumers want a variety of vendor options per category, rather than exclusive contracts. However, this strategy does not align with the OE recommendation of limiting multiple awards. Thus, to motivate campus consumers to utilize strategic contracts, we recommend providing three vendor options per product that address various price points. This will limit multiple awards, but realistically address the needs of campus consumers. We also recommend designing a simple and clear process for off-contract purchasing and actively recruiting preferred campus vendors for contract bidding opportunities.
Research	• Our research suggested that a wide variety of awards for each procurement category and inclusion of preferred vendors would motivate campus consumers to utilize contracts. This was a common theme in all the data collected. Event planners commented that multiple contracts were necessary to meet a wide array of catering needs. Quality, price point, and vendor relationships were cited as critical factors for vendor selection. • Furthermore, it was suggested that extending an invitation for contract bidding to preferred local vendors should be a courtesy and is important in maintaining goodwill between the University and local East Bay communities.
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services

Incentive	1. Campus consumers develop confidence that unique purchasing needs will be met while driving contract utilization.
	2. Campus consumers are motivated to purchase common goods and services through strategic contracts if they are confident that there is a clearly defined process for exceptions when needed.
	3. Campus consumers develop trust that Procurement Services is a strategic partner that supports the diverse needs of campus departments and campus consumers.
	4. Campus consumers develop a greater sense of purpose and autonomy.
Evaluation	Analyze utilization rates prior to and after preferred vendors are added to the eProcurement system. Track exception requests made to purchase off-contract and analyze data to identify products that are commonly purchased through exception. Consider negotiating strategic contracts for these products.
Cost	Dedicated human and financial resources for communication and contract negotiation. This requires ongoing strategic planning.
Implementation	Hard

Recommendation 5	Qualify and guarantee optimal goods, services, and customer service for campus consumers through vendor management.
Goal	Significantly increase strategic procurement contract use by offering quality products from quality vendors.
Key Message	*Strategic contract vendors are vendors of choice providing optimal goods and services ensured by vendor management relationship with Procurement Services.*
Strategy	Increase campus consumer confidence in contract vendors through effective vendor management and communication that qualifies and guarantees optimal goods and services (more information about returns, processing errors, delivery time, and reliability). Negotiate one to two years contracts with established vendor performance

Strategy (cont'd)	targets and incentive clauses.
Research	• Our research suggested that campus consumers need more comprehensive information about contract vendors to motivate them to utilize strategic contracts. They also want assurance that strategic agreements are negotiated in the best interests of the campus, rather than the vendor. There is a perception that some strategic contracts favor the vendor over the University. • High value buyers suggested that transparency and communication from Procurement Services about strategic contract awards is important and could help ameliorate the stigma associated with some contracts.
Target Audiences	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Campus consumers use contracts because quality control of products and vendors is ensured and they feel well informed by the comprehensive information about vendor performance in eProcurement. 2. eProcurement becomes the preferred method of purchasing because it eliminates the need for vendor research which saves campus consumers time. 3. Campus consumers trust that strategic contracts are negotiated in the best interest of campus and thus feel good about contract use. 4. Campus consumers develop a greater sense of purpose and autonomy.
Evaluation	Distribute contract vendor customer service surveys quarterly and allow campus consumers to complete surveys after every transaction in eProcurement.
Cost	Dedicated human resources to manage customer service survey implementation and negotiate with contract vendors. This requires ongoing strategic planning.
Implementation	Hard

Recommendation 6	Ensure that contract utilization processes and tools are efficient, easy to use, and save time for campus consumers.
Goal	To significantly increase strategic procurement contract use.
Key Message	*Utilizing strategic procurement contracts is easy and saves time.*
Strategy	Establish strategic procurement contract use as the preferred method of buying due to sufficient vendor options available through eProcurement, comprehensive vendor information, and purchasing process efficiencies that save time. Campus consumers use eProcurement because it provides easy access to a contract database that is continually updated and organized by category, has a central price comparison engine and vendor comparison sheets, is easy to find, and has a quick reference guide.
Research	• Our research suggested that ease of use and time savings would significantly motivate high value buyers and requisition creators to utilize strategic contracts. • In "Achieving Operational Excellence at the University of California, Berkeley Final Diagnostic Report", effective on-time implementation and drive usage of eProcurement to make purchasing easier and more efficient was identified as an opportunity for procurement at Berkeley.
Target Audiences	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Campus consumers are motivated to use eProcurement because it is intuitively designed, easy to use, and saves time. 2. Campus consumers develop a greater sense of purpose and autonomy.

Evaluation	Survey campus consumers prior to and post full roll-out and implementation of eProcurement. Frequent users of eProcurement can be automatically e-mailed a customer service survey after reaching a targeted number of transactions. This survey can assess procurement processed and determine if end-users feel that eProcurement saves administrative time.
Cost	Dedicated financial and human resources to continually enhance the functionality of eProcurement to ensure end-user satisfaction. This requires on-going strategic planning.
Implementation	Hard

Recommendation 7	**Provide campus departments with analytical tools and metrics to evaluate contract spend performance against clearly articulated performance targets.**
Goal	To significantly increase strategic procurement contract use.
Key Message	*Campus leadership has prioritized and invested in effective analytical tools to drive savings in procurement at the campus department level. These tools enable campus departments to quantify savings through strategic procurement contract spend and evaluate performance against stated performance targets.*
Strategy	Procurement Services provides campus departments with analytical tools to evaluate contract spend performance against clearly articulated performance targets. Departments are made aware of their contract compliance levels through regular, user-friendly spend reports. These reports include spend data comparisons of departments within and across control units. Campus department leaders are empowered with data and motivated to drive contract use by positive peer pressure associated with public spend reports.

Research	• Interviews with high value buyers suggested that detailed spend analysis would be a key enabler for success in evaluating spend, setting savings targets, and driving contract use locally. • A lack of analytical tools and contract utilization data was consistently cited in subject matter expert interviews as a barrier to success for procurement at Berkeley. • In "Achieving Operational Excellence at the University of California, Berkeley Final Diagnostic Report," findings revealed that procurement currently has limited data analytics and aspires to enhance technology and data analytics.
Target Audiences	Campus department leaders and campus buyers
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Internal communication of set expectations, performance measures, and targets create buy-in. 2. Effective analytical tools enable campus department leaders and campus buyers to evaluate spend performance against communicated targets with user-friendly data. 3. Campus department leaders use available spend data to help drive contract use locally and are motivated by positive peer pressure associated with public spend reports. 4. Campus department leaders and campus buyers develop a greater sense of purpose and autonomy.
Evaluation	Benchmark current strategic contract spend against contract spend after roll-out of PeopleSoft reporting module.
Cost	Dedicated human and financial resources for roll-out and implementation of PeopleSoft reporting module.
Implementation	Easy with fully functioning eProcurement and Berkeley Financial System (BFSv9)

Recommendation 8	Build collaborative relationships between Procurement Services and campus department leaders and faculty and increase Procurement Services visibility among campus consumers.
Goal	To significantly increase strategic procurement contract use.
Key Message	*Procurement Services is a strategic campus partner that cares about the needs of campus departments. Procurement Services reinforces the goal of increased contract utilization by having a visible and influential local presence.*
Strategy	Procurement Services develops symbiotic relationships with campus department leaders and faculty by conducting local trainings on analyzing consumption reports, providing available purchasing support, and actively disseminating procurement information. High value buyers facilitate quarterly town hall meetings or information sessions so they have a visible and influential presence within departments. The procurement vision trickles down to all levels in the organization by building local communities around savings.
Research	- Our best practice procurement research suggested that strategic sourcing should feel like an extension of campus departments. While high value buyers have been strategically placed in some large campus departments at Berkeley, we discovered they are often bogged down by transactional work and less able to do strategic planning and sourcing. As a result, they can have limited visibility and influence on local purchasing behaviors. Interactions may be limited to finance staff, budget custodians, and executive level management. - Interviews with subject matter experts and high value buyers suggested that availability of additional Procurement Services staff was necessary to adequately support strategic sourcing and increase contract utilization. - A Campus Buyer Survey participant commented that lack of personnel in central procurement to assist with purchasing was a roadblock to utilizing strategic procurement contracts.
Target Audiences	Campus department leaders, faculty, and campus consumers

Change Management Roles	Change Leaders: Campus leadership
	Change Agents: Procurement Services
	Change Implementers: Procurement Services
Incentive	1. Campus department leaders, faculty, and campus consumers feel that Procurement Services is an available and influential local resource.
	2. Campus consumers interact with Procurement Services staff and are provided requisite information to drive contract spending.
	3. Campus department leaders, faculty, and campus consumers develop a greater sense of purpose and autonomy.
Evaluation	Procurement Services distributes customer service surveys twice per year to the campus consumers. These surveys are designed to assess the impact of Procurement Services' increased local support and visibility on driving contract utilization.
Cost	Dedicated human and financial resources for training, communication, and additional purchasing support.
Implementation	Medium

Recommendation 9	**Advertise the University's small business spending goals and utilization statistics and cultivate the use of small businesses by increasing inclusion in Supplier Diversity Database or eProcurement.**
Goal	To significantly increase strategic procurement contract use.
Key Message	*UC Berkeley supports small, disadvantaged, and/or minority businesses in our local East Bay communities.*
Strategy	Advertise the University's small business spending goals and utilization statistics on the Procurement Services website (e.g., dollars spent with diverse and local businesses annually). Make Supplier Diversity Database easy to navigate for end-users. Display product, service, and diversity classification prominently at the user

Strategy (cont'd)	interface. Provide one click access to the database from the Procurement Services home page. Display a clear small business spending goal on the website and increase small business inclusion in Supplier Diversity Database or eProcurement to meet stated goal.
Research	• High value buyers suggested that providing diversity classification information for all strategic contract vendors in eProcurement might help motivate contract use. Some felt that procurement can create an ethical dilemma. On the one hand they want to support small, disadvantaged, and/or minority businesses in local East Bay communities and on the other hand they want to use strategic contracts to generate savings for the University. One buyer commented that this ethical dilemma was confounded by the perceived responsibility of spending state money and student fees. • AT&T is known as a pioneer and a national leader in developing and implementing supplier diversity best practice and host a noteworthy website: www.attsuppliers.com/sd/. This website articulates the value of diversity suppliers and displays diversity spending goals.
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Internal communication quantifies and clarifies the various ways the University supports small, disadvantaged, and/or minority businesses and clarifies a vision for the future. 2. Campus consumers develop trust that the University supports small, disadvantaged, and/or minority businesses in various ways including strategic contract spend. 3. Campus consumers are satisfied they can easily navigate the Supplier Diversity Database, have enough contract options, and pertinent vendor and product information is displayed. 4. Campus consumers develop a greater sense of purpose and autonomy.

Evaluation	Analyze small business contract utilization rates prior to and post inclusion of additional small business contracts in Supplier Diversity Database or eProcurement.
Cost	Dedicated human and financial resources to advertise small business spending goals and utilization statistics, update the Supplier Diversity Database and website, and negotiate additional contracts.
Implementation	Hard

Recommendation 10	**Create partnerships between contract vendors and the Chancellor's Community Partnership Fund, demonstrating support for the local East Bay communities.**
Goal	To significantly increase strategic procurement contract use.
Key Message	*UC Berkeley and its contract vendors support the local East Bay communities.*
Strategy	The University of California, Berkeley supports the local East Bay communities by developing partnerships between contract vendors and the Chancellor's Community Partnership Fund. Campus consumers utilize strategic procurement contracts because increased contract use results in financial contributions from contract vendors to the Chancellor's Community Partnership Fund.
Research	Through interviews with high value buyers and subject matter experts, we learned that some UC Berkeley campus consumers may value support for local East Bay businesses. This can influence vendor selection, and is deemed necessary in catering.
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services

Incentive	1. Campus consumers are motivated to utilize strategic contracts because they indirectly support the local East Bay communities.
	2. Campus consumers develop a greater sense of purpose and autonomy.
Evaluation	Compare contract utilization rates with participating vendors prior to and post partnership. Evaluate funds raised for Chancellor's Community Partnership Fund through these agreements.
Cost	Dedicated human and financial resources to negotiate partnerships, manage agreements, and communicate with the campus and local communities.
Implementation	Hard

Recommendation 11	Add "savings" as a specific criterion for nomination and selection for the Chancellor's Outstanding Staff Award (COSA) and the Berkeley Campus Spot Award.
Goal	To significantly increase strategic procurement contract use.
Key Message	*Driving contract spend to savings is recognized as a staff contribution to the campus community and aligned with a key University priority.*
Strategy	Reinforce the campus value of savings by including it as a criterion for existing recognition programs. Formally recognize staff achievements (individual and team) in generating innovative ideas that drive contract spend to savings. Procurement Services collaborates with the Chancellors Staff Advisory Committee (CSAC) and Human Resources to include "savings" as award criteria in support of the Operational Excellence procurement initiative goals.
Research	• Similar awards criteria at universities across the country.
	• The University of North Texas recognizes staff and faculty with a TIP$ (Top Ideas for Productivity and Savings) award for innovative ideas related to cutting costs, increasing productivity or service, and improving methods or procedures.
	• The University of Iowa recognizes staff with cash awards for generating ideas for saving money, reducing unnecessary work, streamlining processes, through SMART, or Unique Ideas Save

Research (cont'd)	Money and Reward Thriftiness.
Target Audiences	Staff who meet the eligibility criteria for the COSA and Spot Award.
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Internal communication reinforcing set expectations. 2. Recognition of mastery of set expectations. 3. Staff experience mastery of set expectations.
Evaluation	Track the number of award nominations submitted for COSA and SPOT award for the criteria of "generating savings" in year one of the campaign. Set benchmark and continuously measure success against this benchmark. Encourage campus department leaders with low award nominations to continue to drive the priority of savings through contract utilization locally.
Cost	Dedicated human resources for collaboration and communication.
Implementation	Easy

Recommendation 12	Recognize campus departments for achieving a defined strategic contract utilization target with a "Blue and Gold" department certification from Procurement Services.
Goal	To significantly increase strategic procurement contract use through positive peer pressure.
Key Message	*Driving savings through contract spending is an expectation and campus department leaders are recognized for achievement of established utilization targets.*
Strategy	Create a "Blue and Gold" department certification program to recognize campus departments that achieve a defined contract utilization target. This strategy is designed to influence normative behaviors around spending through formal recognition. Campus department leaders see the vision for and value of "saving" being enacted and are motivated to drive contract use locally.

Research	• We modeled this incentive after the UC Berkeley Office of Sustainability's, Green Department Certification Program that identifies and recognizes campus departments that have created greener operations and lowered their environmental footprint.
	• Our research suggested that positive peer pressure would be an effective incentive to motivate campus department leaders to drive contract spend to savings.
Target Audiences	Campus department leaders
Change Management Roles	Change Leaders: Campus leadership
	Change Implementers: Procurement Services
	Change Agents: Procurement Services
Incentive	1. Internal communication reinforcing set expectations.
	2. Mastery of set expectations.
	3. Recognition of mastery of set expectations.
	4. Positive peer pressure to master set expectations.
Evaluation	Set benchmark using current contract spend data across campus departments and evaluate against this standard annually.
Cost	Dedicated human resources for certification program design and implementation. Minimal costs associated with advertising, communication, and certificates.
Implementation	Easy

Recommendation 13	**Negotiate affinity programs with strategic vendors so that faculty, staff, and students receive corporate discounts.**
Goal	To significantly increase strategic procurement contract use.
Key Message	*Contract vendors are strategic partners who provide value added services to members of the UC Berkeley campus community.*

Strategy	Procurement Services negotiates affinity programs with contract vendors to improve brand recognition and vendor perception. The affinity programs add value designed to motivate campus consumer loyalty. Host affinity program offerings on the Procurement Services website to entice campus consumers to visit and use the site.
Research	• We based this recommendation on research of similar affinity programs. Affinity programs are also widely used promoted through university alumni associations. • Employee discounts are currently being offered by AT&T, Sprint, T-Mobile and Verizon at UC Berkeley. • The Office Max Customer Perks Program at the University of Michigan Program allows faculty and staff to receive a discount at any OfficeMax retail location. • UC Berkeley Strategic Energy Partnership with PG&E in which 100 refrigerators were offered at a steep discount.
Target Audiences	Faculty, staff, and students
Change Management Roles	Change Leaders: Campus leadership Change Agents: Procurement Services Change Implementers: Procurement Services
Incentive	1. Campus consumers discover contract vendors through affinity programs. 2. Campus consumers build positive relationships with contract vendor through personal discount and develop customer loyalty.
Evaluation	Vendors implement campus customer satisfaction survey to participants in associated affinity programs. Increased brand recognition can be measured by member participation.
Cost	Dedicated human and financial resources for vendor negotiation, campus communication, and advertising.
Implementation	Medium

Berkeley Buying Power

Consequence Strategy

"Driving Contract Spend to Savings"

Consequence Strategy
"Driving Contract Spend to Savings"

Executive Summary: We developed a consequence strategy to assist Procurement Services in "transforming Berkeley's buying power into a strategic campus asset." This strategy is based on the following key principles:

1. Consequences have a greater impact on behavior than *antecedents.* [1]
2. Consequences can be both positive and negative.
3. Consequences should be used carefully in order to avoid generating covert resistance.
4. Consequences need to coincide with culture change efforts.
5. Consequences should be commensurate to cost savings.
6. Consequences need to be reasonable, balancing the goal to save costs with the University's mission of teaching, research, and public service.

Background
The University of California, Berkeley spends $410 million annually on goods and services. This represents a significant driver of cost for the University and also a prime opportunity for savings. The campus spend is currently fragmented across 18,000 vendors which weakens Berkeley's buying power. By driving campus spend through strategic contracts that are negotiated at the lowest price per quality point, we can leverage our buying power to generate critical savings for the University. This will require a shift in purchasing behavior from one of autonomous local optimization to strategic campus cost savings.

Objective
Consequences are designed to raise awareness of both off-contract spend and provide controls to limit such spend.

This strategy includes recommendations which have been ranked in order of priority. Each recommendation was qualified by the complexity of its implementation. We defined the following implementation categories:

1. *Easy:* requires a limited commitment of human and financial resources.
2. *Medium:* requires a substantial commitment of human and financial resources.
3. *Difficult:* requires a substantial commitment of human and financial resources and complex strategic planning.

---

[1] Liz Elliott Meeting regarding "Change Discussion with LDP Procurement Project Team"
Prepared for UC Berkeley by Bain & Company

Summary of Recommendations:

1. Campus leadership mandates compliance with a strategic procurement contract utilization policy.

2. Notify campus consumers of off-contract spend and potential consequences and implement system limitations for noncompliance.

3. Require mandatory training and communication list membership and implement system limitations for noncompliance.

4. Limit reimbursements for purchases made off contract for common goods and services.

5. Research and implement options to limit bluCard usage based on off-contract spend.

6. Assign fees for cost recovery/recharge at the campus department and control unit level.

7. Implement consequences for vendors.

8. Seek input and capture feedback from campus consumers on strategic contract implementation decisions. Address issues that need arbitration through the Operational Excellence procurement initiative team.

9. Include strategic procurement contract utilization metrics in the performance review of both managers and buyers.

Recommendation 1	Campus leadership mandates compliance with a strategic procurement contract utilization policy.
Goal	Driving strategic procurement contract utilization to savings by providing executive endorsement.
Key Message	*Driving strategic procurement contract utilization is a campus priority and critical to achieving the mission of the University.*
Strategy	Develop a clearly articulated and enforced strategic procurement contract utilization policy that mandates compliance with set performance targets. This policy should have a direct executive endorsement and clarify the performance expectation. Define contract compliance as a behavioral measurement of "stewardship" in the Career Compass performance management system to provide accountability for policy compliance.
Research	• Insufficient communication, lack of mandates and enforcement, and an autonomous culture were identified as root causes of low strategic procurement contract use at Berkeley. • Enhancing performance management and incentives to ensure accountability for high performance has been identified as a critical enabler in the Operational Excellence Diagnostic Report. • Results of our Campus Buyer Survey and Catering Mini-Survey suggested that a clearly articulated purchasing policy would be the most influential factor in significantly increasing strategic contract use in departments • Direct communication regarding UC Berkeley's purchasing policy to all campus consumers was identified as the second most influential factor. • Tipping Point Solutions (TPS) research on best practices in procurement revealed that establishing effective business rules (policies, guidelines, mandates) and clear purchasing policies was an important practice.

Target Audiences	Campus consumers, buyers, campus leadership
Change Management Roles	Change Leaders: Chancellor Change Agents: Business Services and Administration Change Implementers: Procurement Services and Human Resources
Reasoning	A strategic procurement contract utilization policy is a symbolic consequence. This clarifies the preferred purchasing method and subsequent performance expectation.
Evaluation	The effectiveness of a strategic procurement contract utilization policy can be measured by benchmarking utilization rates prior to and post implementation. This can de done at the campus department or control unit level. Consider implementing a yearly policy and procedure audit to assess compliance and any potential need for modification.
Cost	Dedicated human resources for campus implementation.
Implementation	Medium

Recommendation 2	**Notify campus consumers of off-contract spend and potential consequences.**
Goal	Provide notice to campus consumers of off-contract spend and warn of potential consequences as an educational intervention.
Key Message	*Driving strategic procurement contract utilization is a campus priority and critical to achieving the mission of the University. Thus, campus consumers will be notified when purchasing off contract and informed of impending consequences.*

Strategy	Provide campus consumers notification of off-contract spending in order to educate and influence purchasing behavior. This intervention is a prerequisite for further consequence implementation. If identifiers in eProcurement can distinguish a strategic contract vendor from an alternate vendor, pop-up notification may be an effective mechanism, as long as it does not unduly interfere with timely purchasing.
Research	- Data from the Campus Buyer Survey revealed that only 43.4 percent of the participating requisition creators reported having received messages stressing the importance of strategic contract utilization. - All of our research (surveys, subject matter expert and high value buyer interviews, and focus groups) indicated that lack of awareness and information regarding strategic contracts is a roadblock to increasing contract use. This is consistent with findings from the Operational Excellence Diagnostic Report. - At present, no consequences have been formally defined for strategic contract utilization compliance at UC Berkeley.
Target Audiences	Campus consumers, buyers, campus department leaders
Change Management Roles	Change Leaders: Procurement Services Change Agents: Business Services Change Implementers: eProcurement technical team, analysts
Reasoning	1. Notification of off-contract spending at the point of purchase in eProcurement can instantly modify purchasing behavior. This notice should provide alternate contract vendors and pricings. 2. Notification of off-contract spending after purchase by email or eProcurement pop-ups at next usage, can educate buyers and campus consumers about strategic sourcing

	vendors, options, and consequences, without stopping a purchase request.
	3. Notification of possible consequences, such as restrictions to bluCard usage, may deter further off contract spending in some instances.
Evaluation	Use reporting tools to automate capture of utilization changes in eProcurement and assess campus department contract utilization. Track campus departments where further consequence or interventions are necessary to modify purchasing behavior.
Cost	Dedicated human resources for campus communication.
Implementation	Medium

Recommendation 3	**Require mandatory training and communication list membership and implement system limitations for non-compliance.**
Goal	Increase training and communication exposure on campus to drive strategic contract utilization.
Key Message	*Communication and training are critical prerequisites of driving strategic procurement contract utilization. Failure to meet these key requirements will have a consequence.*
Strategy	Clarify that communication and training is mandatory (depending on role) in order to ensure that critical procurement messages are being disseminated. Noncompliance with this mandate will result in system access limitations. Tying core requirements, such as membership in the primary communication list and completion of appropriate training, to system access or functions may be an easy way to ensure a minimal level of compliance. For example, eProcurement actions can be blocked if campus consumers are not on listserv, and it would be easy for the user to correct this.

Research	• Limited procurement training and communication has been cited as a barrier to success for increased contract utilization. • Currently, the primary mode for communication for strategic sourcing is membership in the Berkeley Financial System (BFS) listserv, which is a manual opt-in list (as opposed to mandatory or automated).
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Procurement Services Change Agents: Business Services Change Implementers: buyers/users in roles with this requirement; system (e.g., BFS/eProcurement) support staff
Reasoning	1. Basic communications and training should be required if a strategic procurement contract utilization policy is mandated. 2. Our research suggested that improved and increased communication and training could motivate campus consumers to utilize contracts. 3. Our research suggested a critical need for a defined communication channel for sending utilization reports or information about strategic contract vendors to all campus consumers (not just BFS end-users).
Evaluation	Failure to comply with mandatory training and communication listserv may be evaluated as part of performance review. Track data regarding compliance with training requirement over time.
Cost	Dedicated human resources for campus communication and system access oversight.
Implementation	Medium

Recommendation 4	**Limit reimbursements for purchases made off contract for common goods and services.**
Goal	Driving strategic procurement contract utilization to savings by discouraging "overpayment" via reimbursements.
Key Message	*Reimbursements will be available to facilitate departmental business. However, reimbursements need to be limited in order to drive strategic procurement contract utilization. This is a campus priority and critical to achieving the mission of the University.*
Strategy	Enforce a clearly articulated strategic procurement contract utilization policy by limiting reimbursements for purchases made off contract for common goods and services. Justification for this consequence can be made in increased labor costs assumed to process reimbursements as well as reduced Berkeley buying power. Not allowing reimbursements at all for in-catalog items is another more severe option.
Research	• Qualitative research with high value buyers and subject matter experts revealed that sanctions for buying off contract would motivate campus consumers to utilize strategic procurement contracts. • High value buyer interviews suggested that limiting reimbursement amounts, based on contract price, has been effectively used by other institutions.
Target Audiences	Campus consumers
Change Management Roles	Change Leaders: Management services officers (MSO), chief administrative officers (CAO), departmental business managers Change Agents: Associate vice chancellor (AVC) of business services Change Implementers: Department accountants and finance officers

Reasoning	In order to increase contract utilization, discourage reimbursements on common goods and services that are available on contract.
Evaluation	The reimbursement process needs to capture specific item and spend information in order to compare equivalent items with strategic vendors. It is not clear if this function is currently available. If this information is captured, impact of buying off contract can be assessed. A working definition of "equivalent" item may need to be clarified in order to implement this consequence.
Cost	Dedicated human resources for process change.
Implementation	Easy

Recommendation 5	Research and implement options to limit bluCard usage based on off-contract spend.
Goal	Drive strategic procurement contract utilization by redirecting bluCard spend towards eProcurement.
Key Message	*BluCard utilization should complement eProcurement and strategic contract utilization, not undermine it.*
Strategy	Define the "preferred method" of purchasing for using bluCard. Use card "stops" as final line to limit rogue spend where appropriate. Research feasibility of other options to limit usage: • More specialized cards based on commodities. • Limit some cards to contract vendors. • Possible blocking or redirect of specific off contract web vendors. The additional paperwork associated with processing bluCard purchases can be framed as a consequence of bluCard usage, and a disincentive to departments with limited administrative support.

Research	- BluCard usage has been cited as significant enabler of off contract spending. - Lack of capture of line item information in BFS is problematic, as it reduces available data in BFS for contract utilization and future analysis. As one high value buyer noted, "If you want to pay using bluCards, you will have a lot of bluCard spend, but not a lot of contract utilization." - High value buyers commented that, although it may be possible for vendors to provide ways other than bluCards for purchases, they are incented to do otherwise, since there is an associated merchant fee for procurement card processing. - There is lack of clarity on the "proper" use of bluCards, as it doesn't typically help strategic contract utilization, but it is being promoted for use as an alternative to BFSv9/eProcurement for small, low value purchases until there are more available catalogs in the system, at a time when administrative resources for processing bluCard purchases has been reduced for many departments. - BluCard usage restrictions have been suggested by several high value buyers.
Target Audiences	Buyers
Change Management Roles	Change Leaders: Procurement Services Change Agents: AVC business services Change Implementers: BluCard management group

Reasoning	BluCard purchases obscure spend data and are not captured in BFS on a line item level. In addition, there is no guarantee that strategic contract pricing is available for any given vendor when using a procurement card. Although it may be necessary for various reasons, bluCard usage needs to be managed in a way that minimizes any negative impact on strategic contract utilization.
Evaluation	BluCard spend reports by vendor.
Cost	Dedicated human resources for research and implementation.
Implementation	Medium

Recommendation 6	**Assign fees for cost recovery/recharge for off-contract purchases at the campus department and control unit.**
Goal	Driving strategic procurement contract utilization to savings through cost recovery.
Key Message	*Driving strategic procurement contract utilization is a campus priority and critical to achieving the mission of the University, and needs to be funded through usage fees. Off-contract purchases are costly for the University due to labor costs associated with transaction processing and a reduction in leverage of Berkeley buying power.*
Strategy	Assigning additional costs for off-contract purchases may drive departments to utilize strategic contracts.
Research	- Fees for off-contract spend are justifiable, according to high value buyers. - Incentives for local optimization currently appear to outweigh those for campus optimization. - Feedback from some subject matter experts indicate that

	cost recovery attempts do not have broad buy-in, though it may be justifiable. Efforts aimed at increasing strategic contract utilization would be better served by using this if other options don't produce results.
Target Audiences	Campus departments and control units
Change Management Roles	Change Leaders: Procurement Services Change Agents: Business Services Change Implementers: Procurement Services
Reasoning	Enforce a strategic procurement contract utilization policy that mandates compliance with set targets by assigning fees for cost recovery/recharge at the campus department and control unit level.
Evaluation	Assess contract utilization rates at the department level prior to and post implementing this consequence. Gather user feedback to determine whether this consequence generates more resistance to procurement initiative.
Cost	Dedicated human resources for evaluating cost and implementing fees.
Implementation	Hard

Recommendation 7	**Implement consequences for strategic vendors.**
Goal	Driving strategic procurement contract utilization to savings through price competitiveness.
Key Message	*University of California, Berkeley and University of California Office of the President (UCOP) procurement is actively leveraging buying power to negotiate low price and high quality strategic agreements*

	that benefit the campus.
Strategy	Achieve price competitiveness and superior service in contracts by successfully managing vendor relationships through incentives and consequences. Contract periods may need to be shortened in order to reevaluate and renegotiate terms based on performance.
Research	- Performance management and consequences are not only important for campus consumers, but contract vendors as well. - Subject matter experts suggested a perception among campus consumers that some vendors take advantage of the decentralized system of UC Berkeley. - Subject matter experts & high value buyers commented that vendors sometimes undermine their own contracts by negotiating lower prices with departments and principal investigators. They noted that vendors sometimes abuse longer contracts by offering lower levels of customer service. They also expressed a desire for better agreements that generate savings for the University and revenue for the vendor.
Target Audiences	Vendors
Change Management Roles	Change Leaders: Commodity committees Change Agents: Procurement Services Change Implementers: UCB & UCOP strategic sourcing
Reasoning	Vendors may need consequences in order to ensure price competitiveness and exceptional service for the duration of the contract.
Evaluation	Product pricing from contract vendors needs to be periodically verified to validate contract and terms. Commodity expert groups can provide evaluations of contract vendors and terms.
Cost	Dedicated human resources for vendor management.

Implementation	Hard

Recommendation 8	**Seek input and capture feedback from campus consumers on strategic contract implementation decisions. Address issues that need arbitration through the Operational Excellence procurement initiative team.**
Goal	Acquire broader support from campus consumers for strategic procurement contract implementation decisions.
Key Message	*UC Berkeley is actively improving change management processes and creating forums to resolve key issues.*
Strategy	Provide a forum to capture "lessons learned" from past efforts and to vet implementation plans for various recommendations going forward. For consequences (or for any change effort) to have the desired effect, the process of communicating and implementing the change needs to be transparent and garner buy-in from key stakeholders. The Operational Excellence procurement initiative team should use this as an opportunity to improve business processes, procedures and communication among various stakeholders in procurement.
Research	Interviews with subject matter experts suggest that there is a perception that departmental needs are not adequately addressed through the procurement process and that communication to campus consumers is inadequate.
Target Audiences	Operational Excellence procurement initiative team
Change Management Roles	Change Leaders: OE procurement initiative sponsors Change Agents: Chancellor Change Implementers: OE procurement initiative team(s)
Reasoning	Implementation of consequences requires buy-in from key stakeholders and a feedback mechanism.

Evaluation	This recommendation can be evaluated on the basis of improved change implementation efforts and agreement on service level and availability of resources.
Cost	Included in cost of Operational Excellence implementation.
Implementation	Medium

Recommendation 9	**Include strategic procurement contract utilization metrics in the performance review of both managers and buyers.**
Goal	Increase strategic contract utilization by creating accountability through performance management.
Key Message	*Generating savings through strategic contract utilization is a key University priority. Therefore, it needs to be a factor in evaluating staff and management.*
Strategy	Define contract compliance as a behavioral measure of "stewardship" in Career Compass performance management system, to support alignment with Operational Excellence critical enabler of creating a high-performance operating culture.
Research	- Enhancing performance management and incentive system to ensure accountability for high performance has been identified as a critical enabler in the Operational Excellence Diagnostic Report. - Leadership was an often cited enabler for increasing contract utilization. Campus department leaders and campus buyers need to be "activated" to enable this change effort in procurement.
Target Audiences	Human Resources and supervisors
Change Management Roles	Change Leaders: Human Resources

	Change Agents: Business Services/Procurement Services Change Implementers: Human Resources & supervisors
Reasoning	Accountability at each level of the leadership spine is necessary to ignite change and increase contract utilization.
Evaluation	Conduct focus groups with managers and supervisors at end of the annual performance review cycle. Gather insight to determine the effectiveness of this performance measure in increasing awareness of expectations regarding strategic procurement contract use.
Cost	Dedicated human resources for process change.
Implementation	Easy

Best Pratices in Procurement Matrix

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
1	**Best Practice**	University of Pennsylvania	UC Los Angeles	University of Michigan	Stanford University	UC Irvine	Yale	UC Merced	University of Southern California	George Washington	UC Santa Cruz	UC Riverside	UC Berkeley	UC San Diego	UC Davis	CSU San Jose	UC Santa Barbara	City of New York University (CUNY)	Lawrence Berkeley National Laboratory	University of Washington	Arizona State	North Carolina State University	University of North Carolina	UC San Francisco	CSU -Cal Polytechnic	University of Wisconsin	Texas Women's University	University of Oregon
2	Formal process exists which **facilitates the involvement of staff** early in the customers' project cycle such that an effective competitive bidding process can be conducted.	x	x	x				x	x		x	x	x			x	x	x	x							x			
3	Documented **procurement instructions manual** (or catalog), which describes means by which internal customers acquire goods or services, made electronically available to internal customers.	x	x	x	x		x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	
4	Procurement department **staff understand the essential need of customer relationship management**, and actively and purposefully cultivate and maintain relationships with customers beyond the framework / lifespan of a transaction.	x	x	x	x			x	x		x	x			x		x	x	x	x									
5	Regularly-scheduled reports, provided to customers in a sortable electronic format, that provides **current and accurate status of negotiated purchases** (such as contract negotiations).	x	x	x	x	x	x				x																		
6	Documented **objectives** directed toward achievement of identified, externally-developed best practices.	x	x	x	x				x	x	x						x	x		x	x				x	x		x	
7	Documented **annual business plan developed with department staff input** and purposeful thought, aligned with the vision and mission of the procurement department. Business plan items are specific, measurable, actionable, relevant, and time-bound.				x																								
8	**Strategic plan/Vision is supported by executive management**, and support is evidenced by the allocation of resources, such as budget, headcount, and training opportunities.	x	x	x	x	x		x	x	x	x	x			x		x	x	x	x					x	x	x		
9	Documented and current **mission statement** that department staff can either recite or easily locate for reference.	x		x	x	x		x	x	x	x	x	x		x		x	x	x	x	x	x					x		
10	Highly **centralized procurement department** which is responsible for at least 90% of all company spend on procurement spend.	x	x	x	x	x	x		x	x	x		x	x	x	x	x		x	x	x	x	x	x	x			x	
11	Documented, formal **approval authority levels** that are both reasonable (meaning few) and financially prudent.	x	x	x	x	x		x	x	x	x	x	x	x			x	x			x	x	x		x		x	x	
12	Documented, **formal business continuity plan** that identifies mission critical vendors and procedures for acquiring products and services in the case of a business disruption. **Mock scenarios are conducted with vendors** no less than annually to assess the capabilities of vendors as well as the accuracy and comprehensiveness of the plan. **Procurement department staff are cross-trained** and have the ability to work remotely to performance critical job functions.	x							x		x				x														
13	Documented and current **procurement policy and standards**, containing relevant and quality content, that department staff and internal customers are familiar with.	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x		x
14	Documented and formalized **record retention policy**, consistent with organizational and / or regulatory requirements, and compliance verified.			x		x																							
15	To ensure compliance with policies, procedures, and processes, **procurement department is routinely audited** (no less than annually) by an independent party.	x																											
16	Documented **competitive bidding plans** created (annually) and resourced to identify and address potential opportunities for expiring / terminating contracts, re-bids, and new purchases.	x		x			x			x							x						x	x			x		
17	Documented **cost reduction plans** created (annually) and resourced to identify and address potential opportunities for cost savings related to pre-existing procurement spend.	x															x												
18	Documented **spend forecasts created** (annually) and resourced to identify and address potential opportunities for costing avoidance on projected procurement spend.		x																										
19	**Negotiations planned** for majority of procurements, using a formalized structure for negotiation strategy development. Negotiation planning process tends to be inclusive of internal customers and seeks their input.	x	x	x		x		x											x										
20	**Purchase orders generated electronically**, and cover 80% of all procurement spend.	x	x	x		x	x		x	x			x		x	x					x			x		x			
21	**Spend profile is extracted** (no less than quarterly) from a financial system and indicates spend by vendor and major commodity. The spend plan is used to identify opportunities for savings, vendor rationalization, and driving low-value procurement to automation.																												
22	C.P.M. or other **industry-relevant certification** required for procurement department staff (subject to job level).											x	x																

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB
23	Procurement department staff received twenty-four or more hours of commodity **training** annually. Documented, formal training plan in place for procurement department staff, closely followed, and training objectives included in annual performance plan.	x														x													
24	Customers view procurement department staff as virtual extensions of their own staff, **engaging procurement department staff** in customer-specific processes, such as customer staff meetings.	x		x																									
25	Third-party surveys conducted annually to determine level of procurement department staff employee engagement; **results are benchmarked against other organizations** and are acted upon to improve survey results.																												
26	Documented **job qualifications for procurement department staff**, staff seeking mid- to senior-level positions required to have one or more professional designations / certifications, bachelor's degree in a relevant discipline, involvement in the procurement industry, and significant procurement experience.		x						x				x	x															
27	Formal, documented **performance management** process, with at least semi-annual reviews, where employee's past and current performance is reviewed and corrective action is discussed openly.	x																											
28	Contract approvals and workflow are managed using a **third-party automated system**.	x			x		x																						
29	**Automated third-party system** exists to manage contracts, from the point of intake, through negotiation, and to record retention. System allows for input of vendor and contract data, identification of key issues, documentation of cost savings / avoidance, input of scanned items such as executed contract, and reporting.	x	x				x	x											x										
30	Dynamic external website exists, **provides information to vendors** and access to e-procurement systems such as a vendor portal (for activities such as vendor registration).	x	x	x		x	x	x		x				x					x				x						
31	Dynamic internal website exists, **provides information to internal customers and access to e-procurement** systems such as an e-catalog.	x	x	x	x	x	x		x	x	x		x	x								x							
32	P-cards widely used, and a card issuer rebate has been negotiated where p-card related spend exceeds $1,000,000.	x	x	x	x	x	x	x	x	x	x	x	x	x		x				x	x	x	x		x				x
33	Fully automated procure-to-pay processes, through which a significant portion (50% or greater) of procurement spend flows.	x		x	x		x		x				x	x						x			x						
34	Fully **automated requisitions and purchase system**, through which purchase orders are generated for a significant portion (80% or greater) of procurement spend.	x	x	x	x	x	x	x	x	x	x	x		x			x			x	x		x		x				
35	Standard templates exist and are actively used by procurement department staff. Procurement staff follow a standard process for conducting projects.		x					x				x																	
36	Vendor information, such as account contact information and metrics (such as service levels), are actively maintained and utilized using a third-party automated system.	x			x	x				x				x															
37	Risk level of contracts are objectively determined using pre-defined criteria, with the risk level being recorded in a contract management system.	x		x		x																							
38	Cost avoidance / cost savings defined, measured, annual goal approved by management, and goal met.	x	x																										
39	Formal, current, and **documented approved vendor list exists, and is used to ensure that 75% or greater of spend is through approved vendors.**	x	x	x	x	x	x	x	x		x			x	x													
40	Vendor performance is objectively measured using pre-defined metrics, with performance recorded and tracked in a contract management or related system. **Vendor performance measurement** may be related to procurement-specific metrics and / or contract-specific metrics (such as service levels).	x	x				x									x													
41	Prospective vendors are qualified using a formal, automated process.	x	x	x		x	x			x				x	x							x	x						
42	Vendor rationalization program exists where the vendor base is reduced subject to program criteria and the vendor base is pro-actively managed to the pre-defined level.	x	x				x															x							
43	Vendor recognition program exists where vendors are selected (based on quantitative and qualitative criteria) and recognized (with some sort of formal recognition, such as a press release) for their performance.	x	x	x	x			x			x		x																