



Cape  
Peninsula  
University  
of Technology

creating futures

# Re-visiting collaboration

From theory to practice

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## Disclaimer

No Qualification(s)

Finance

SMC and Logistics

SC Leadership

Commerce

SC Specilaist

# Agenda

## Theory: Global Purchasing Consortia

- Collaborative procurement
- Benefits
- Challenges
- Findings

## Reality and practice

- Recommendations
- TEAM

## Conclusion(s)



# Introduction

## “Benchmarking Procurement Practices in Higher Education.”

by Richard R. Young, Kusumal Ruamsook, and Susan B. Purdum

Universities are facing increasing financial pressures due to a combination of decreasing student enrollments and reduced operating budgets.

To respond to these financial challenges, many universities have resorted to tuition increases.

Others have focused on examining their business processes, including the procurement function, in order to reduce their institution's operating expenses.

Their report focuses on the procurement function within higher education.

Since universities are spending billions of rands on a range of goods and services, it seemed prudent to conduct a benchmarking study of procurement practices across a broad range of universities.

This study seeks to uncover leading practices that colleges and universities across the nation, as well as other nonprofit organizations, may consider adopting as they wrestle with common financial challenge



## Introduction continues...

**Higher education is not yet out of the woods**

Decline in DHET subsidy threat to the HE sector remains high and savings will need to be found. The answer lies in procurement, not just by channelling procurement savings to more productive uses and building.

**Efficiency and effectiveness in Higher Education**

**A more joined-up approach has the potential for large saving**

**Universities are already good at working collaboratively on procurement.**

# What is Collaborative Procurement?



Collaborative procurement is where two or more organisations team up to conduct purchasing activities with the goal of achieving financial and operational efficiencies.



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# Global Purchasing Consortium



# Collaborative procurement

● Scotland the Advanced Procurement for Universities and Colleges (APUC) has made great progress and Wales also has its own body,

● Together these consortia represent the majority of UK universities plus associated FE colleges and affiliated public organisations.

● the Higher Education Purchasing Consortium Wales (HEPCW)

● Big Ten Academic Alliance

● In England there are four regional purchasing consortia, in London, the North-East, North West and South

● **University procurement: not a sexy subject, but essential for our future**

# Purchasing consortium around the world

**1** **We are working together** to ensure that where appropriate, we align our practices and deliver what our members need, when they need it, adding value, embedding sustainable and responsible procurement, and delivering social value.

**2** In the UK, the combined spend on goods, works and services of our Higher Education Institutions is over £10 billion per year, with members spending around £2 billion through our framework agreements – **the opportunity for consortia to help universities achieve value through their procurement is clear.**

**3** **The opportunity for consortia to help universities achieve value through their procurement is clear**

## Purchasing consortium around the world continued...

**To leverage the benefits of collaborative procurement:** working across the UK HE consortia community to enhance procurement within HE and across members; helping deliver savings and efficiencies; maximising member benefits; embedding responsible/ethical procurement and social value using a sustainable supply chain management approach.”

**This will be done using a collaborative approach** that will avoid duplication of effort and maximise effectiveness. UKUPC and its members are committed to working towards achieving all relevant United Nations Sustainable Development Goals (SDGs).

## Strategy is...



**Embed responsible procurement across our services and support our members to embed it within their institutions**, supporting the sector taking a major role in addressing climate change impacts related to our members' collaborative supply chains.

## Professor Sir Ian Diamond, 2011

Report on efficiency and  
modernisation that  
**30%**  
of non-pay spend  
should be through  
effective collaborative  
arrangements by 2016.

Build on annual  
achievements



## Supply chain collaboration Hot topic!

Collaborating effectively across the supply chain have enjoyed dramatic reductions in inventories and costs, together with improvements in speed, service levels, and customer satisfaction



# Benefits

## Collaborate and Educate

**Buying  
power**

**Better  
data**

**Process  
efficiencies**

**Sharing  
the best  
practice**

**Saving  
for the  
market**

# Why?

The rising cost of education, balanced against the benefit of a university degree. ✓

With increasing costs, there's also a rise in the number of students who don't complete their degrees; in fact, less than 50 percent of students complete their degree within six years. ✓

All the while, colleges and universities are dealing with increasingly outdated core systems, and the upkeep costs increase every year. ✓

# Collaboration benefits

## Better information on which to base decisions

Information is power in procurement and being able to gather data nationally on what we are buying, and from which suppliers, puts us in a good position to identify key areas of spending where there is real value to be gained by putting national agreements in place.

## More efficient processes

- We all need to undertake competitive procurement processes to achieve best value and comply with regulation and law
- Requires very close dialogue between institutions and the consortia so that the national agreements reflect the different needs and priorities of institutions in a complex and diverse sector.

## Spending power

- Collaborative purchasing can enable institutions to buy at prices that they would not have been able to achieve on their own..

## Development and sharing best practice

This is something the higher education sector excels at and procurement is no exception.

# Data monetization

Data is everybody's business

	Improving	Wrapping	Selling
<b>Value-creation</b>	Data creates efficiencies	Data enhances the customer value proposition of products	Data is commercialised
<b>Value-realisation</b>	Slack is eliminated or redirected	Customer pay more or buy more	New revenue stream generated
<b>Who is accountable for outcomes</b>	Process owner	Product owner	Information solution owner
<b>Key risks</b>	Lack of action taking and value creation	Negative impact on customer value proposition	Inability to create or sustain competitive advantage

# CHALLENGES

No deus  
ex machina  
Ex nihilo nihil fit



# Challenges

**ESG  
today**

**ESG  
clarity**

**Climate  
change**

**Sustainable  
brands**

**Eco  
business**

**Supporting  
local SME**

**Protecting the  
environment**

# Challenges

## How to overcome them?

**1** Plan ahead

**2** Communicate

**3** Roles and responsibility

**4** Realistic

**5** Use lots





# KEY FINDINGS

# Key findings

- 1 Spend Analysis:** Improved spend analysis will advance university procurement practices.
- 2 Purchasing Strategies:** University procurement organizations are beginning to engage in strategic supplier relationships.
- 3 Purchasing Organization:** Leading university procurement organizations are reducing transaction gate-keeping; user-focused, crossfunctional procurement management continues to evolve.
- 4 Purchasing Process:** E-procurement investment is improving efficiencies, thus freeing resources to address effectiveness.
- 5 Purchasing Policy:** Comprehensive purchasing policies are well documented. Performance Measurement: Measurement criteria for suppliers and procurement management do not appear sufficiently synchronized

# Recommendations

# Recommendations



Remains a lack of institutional understanding and engagement with the procurement process.



One is to raise awareness among senior university leaders about what these key staff do.



Another is to improve the skills and competencies of procurement professionals, something the British Universities Finance Directors Group (BUFDG) is co-sponsoring through the establishment of the Procurement Academy.



to collect auditable data that evidence improvements and impact. Efficiency measurement model.



Efficiency measurement model (EMM) statistic



Surveys of procurement activity called procurement maturity assessments (PMAs) do just this but take up by universities is still too low.



Data is everybody's business

# Endogenous Capacity building

Universities should cooperate to strengthen endogenous capacity-building for sustainable development by improving scientific understanding through exchanges of scientific and technological knowledge, and by enhancing the development, adaptation, diffusion and transfer of technologies, including new and innovative technologies.

We will actively take steps to reduce the risk of Corruption in our consortium

Work with members and other interested parties to maximise the creation and use of Circular Economy Solutions

Climate and Ecological Emergency

We will influence our suppliers to comply with all relevant aspects of the Sustain Supply Chain Code of Conduct

Social value

# Suggestions

**Apply sourcing strategies that maximise Social Value**

Strategies that maximise opportunities and fair access for small and 3rd sector businesses. Opportunities for Community Benefit realisation will be integrated into tender assessment and contract implementation activity

**Deliver a significant focus on assisting our members institutions in addressing the Climate and Ecological Emergency**

Framework agreements (that enable our member institutions to reduce their GHG emission levels in line with the variable sectoral expectations and targets.

**Work with members and other interested parties to maximise the creation and use of Circular Economy Solution**

- Opportunities for circular economy solutions be explored including in Laboratory equipment and consumables, ICT and Furniture categories in collaboration with relevant sectoral professional groups.
- New Circular Economy enterprises be established or facilitated by PURCOSA consortia where alternative providers do not exist.

**Actively take steps to reduce the risk of Corruption in our consortia.**

Robust practices and controls will be in place via a common Anti-Corruption Policy & Process that will make corruption and / or bribery difficult to realise and easy to

## Working together to save money

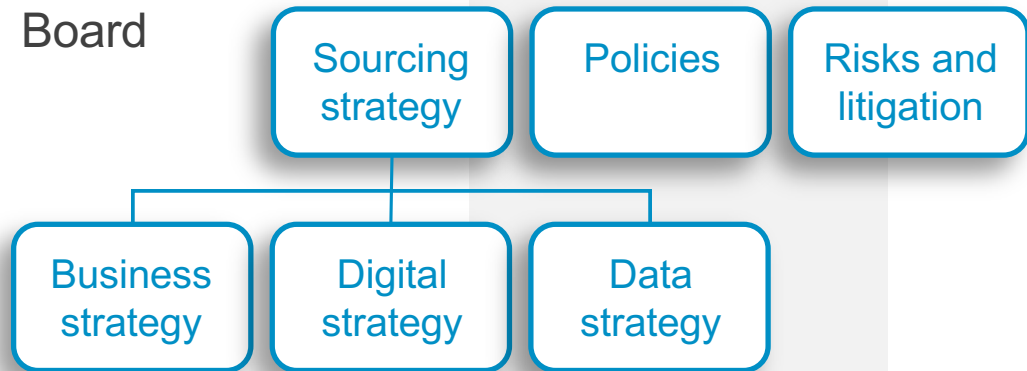
● **Procurement, which approach is better?** Going it alone, or getting together to buy the goods and services that you need

● **Save time and money** whilst also increasing your institution's skills and capabilities

● To harness the **power of group buying**

● Barriers but **benefits far outweigh** any drawbacks

## Working closer to USAf and THENSA Board





# Innovation

Simplicity is often the trademark of **innovative** solutions.

**Innovative solutions** to public service needs are to delivering better services with long-term value for money.

While resources are important, **innovation** is not about money.

What can we learn from organizations that have **innovated** successfully.

For procurement to better contribute to institutional effectiveness, then, it needs to **innovate**.

Procurement staff should be changing agents in the organization, defining new ways of collaboration.

# AI in the supply chain

AI in procurement is **lagging behind**

AI in procurement refers to the application of artificial intelligence technologies to **automate and enhance various aspects** of the procurement process

Supplier selection, purchase order processing, contract management, demand forecasting, and inventory management

**Everyday processes of procurement professionals** have remained the same — characterized by manual workloads, countless spreadsheets, and minimal use of technological assistance

Utilizing **advanced analytics**

# VPF strategic sourcing analysts are experts in the following areas

## Which represent many of MIT's largest areas of spending:

- **Technology** (computers, software, consulting, licensing)
- **Travel and hospitality** (air and ground transportation, hotels, catering, events)
- **Staffing services** (temporary agencies, recruiting and search firms)
- **Laboratory and research needs** (lab materials, supplies, equipment, instruments)
- **Creative services** (web design and development, photographers, writers)
- **Professional services** (legal, tax, and other business services)
- **Office supplies**



# New Employees

## Introduction to Strategic Sourcing, Contracts, and Procurement

**Place:**  
via Zoom

This class provides an overview of the MIT purchasing process, including finding and selecting suppliers, requirements for registering new suppliers or independent contractors, creating requisitions, and addressing when a contract is required. Class will cover using Buy-to-Pay (B2P) and other resources available to support purchasing goods and services for MIT.

The class is designed for, create requisitions, require contracts, or verify credit card charges, and for experienced employees who are looking for a review of sourcing and procuring goods and services for MIT.

### Instructors

**Ann Julian,**  
Senior Manager, VPF  
Procurement Operations

**Daniel Fusco,**  
Senior Contract  
Advisor, VPF

**Minerva Tirado,**  
Strategic Sourcing Analyst, VPF  
Strategic Sourcing

# Reality/Practice

Goods, works, services, and utilities

IT

Energy

Libraries (databases, journal titles etc)

Legal/Litigations



# Corruption in South African Higher Education

Corruption  
still afflicts HE  
sector

Procurement  
irregularities

## Trends in Public HE Sector



RESPONSIBLE  
PROCUREMENT



SUSTAINABLE  
PROCUREMENT

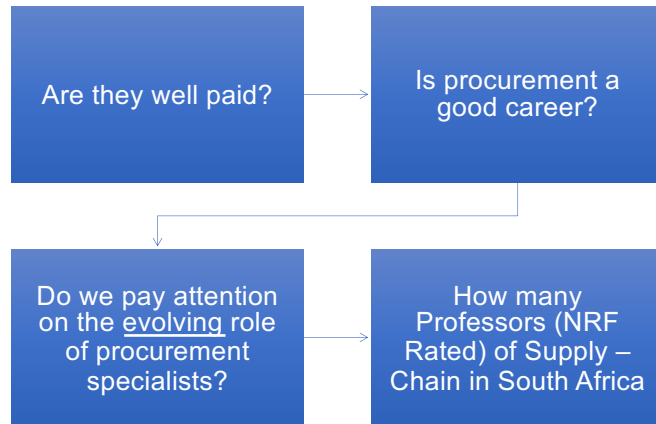


ETHICAL  
PROCUREMENT



COMPETITIVE  
PROCUREMENT

# Procurement Specialists





The “Why” and “How”  
of Working in TEAM

**T**RANSFORM

**E**VOLVE

**A**DAPT

**M**ONETIZE



Thank you  
Enkosi  
Dankie

