



BOSTON COLLEGE

Federal Demonstration Partnership
Procurement Strategic Sourcing
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Procurement Strategic Sourcing Topics

- General overview of strategic sourcing.
- How does it work; how do several schools collaborate with strategic sourcing to better leverage their buying power.
- What are the pros and cons.
- Potential implementation of the new UG procurement standards.
- Ideas on how strategic sourcing could benefit other FDP institutions.



What is Strategic Sourcing

Strategic sourcing is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more effectively and efficiently.

Strategic sourcing is a proven best practice.

Source: DPAP – Defense Procurement and Acquisition Policy



Steps in a Strategic Sourcing Process

1. Assessment of a company's current spending (what is bought, where, at what prices?).
2. Assessment of the supply market (who offers what?).
3. Total cost analyses (how much does it cost to provide those goods or services?).
4. Identification of suitable suppliers.
5. Development of a sourcing strategy (where to purchase, considering demand and supply situations, while minimizing risk and costs).
6. Negotiation with suppliers (products, service levels, prices, geographical coverage, payment terms, etc.).
7. Implementation of new supply structure.
8. Track results and restart assessment (Continuous cycle).

Source: Nishiguchi, Toshihiro. *Strategic Industrial Sourcing* (New York: Oxford University, 1994)



Strategic Sourcing Process for BC

- Conduct research of needs.
- Determine full University impact.
- Determine total procurement options
 - process as well as costs
- Consider BC standards - like copiers, furniture, IT.
- Select best implementation path.
- Conduct comparison study.
- Select supplier and negotiate contract.
- Integrate selected supplier into BC.
- Evaluate supplier using benchmarks.



General Overview of BC Procurement

- Bid limit of \$5,000
- Capitalization threshold \$5,000
- P-Card purchases < \$5,000
- University contracts or consortium



Strategic Sourcing at BC

- Strategic sourcing
- Review need in University-wide context
- Evaluate if there is an existing contract
- If not, look for partner contracts (consortium)
- If not, perform evaluation of options



Consortium Memberships for BC

- Higher Ed Consortia – widgets and/or services (Mass Higher Ed, Boston Consortium, E&I Cooperative)
- Other Consortia (National IPA/Provista – health, medical, MASCO – healthcare institutions)



Strategic Sourcing Pros

- Data analysis highlights spending habits.
- Leverage - consolidated purchasing power.
- Value – not just looking at price but entire process.
- Having consortium behind you if issues with vendor.
- Improve operational efficiency.
- Partnering with colleagues for sharing knowledge of a commodity. Partnering with vendors.
- Access to vendors.
- Increase advocacy for policy change.
- Smaller schools can take advantage of volume pricing (Social responsibility).



Strategic Sourcing Cons

- Everyone thinks their University has unique procurement needs.
- Agreement on a particular brand or product can be challenging.
- Cannot guarantee business to vendor.
- Competition of vendors, if too few of them.
- Location of consortium members.
- Smaller schools are not the drivers for the collaboration.



Uniform Guidance Procurement Standards

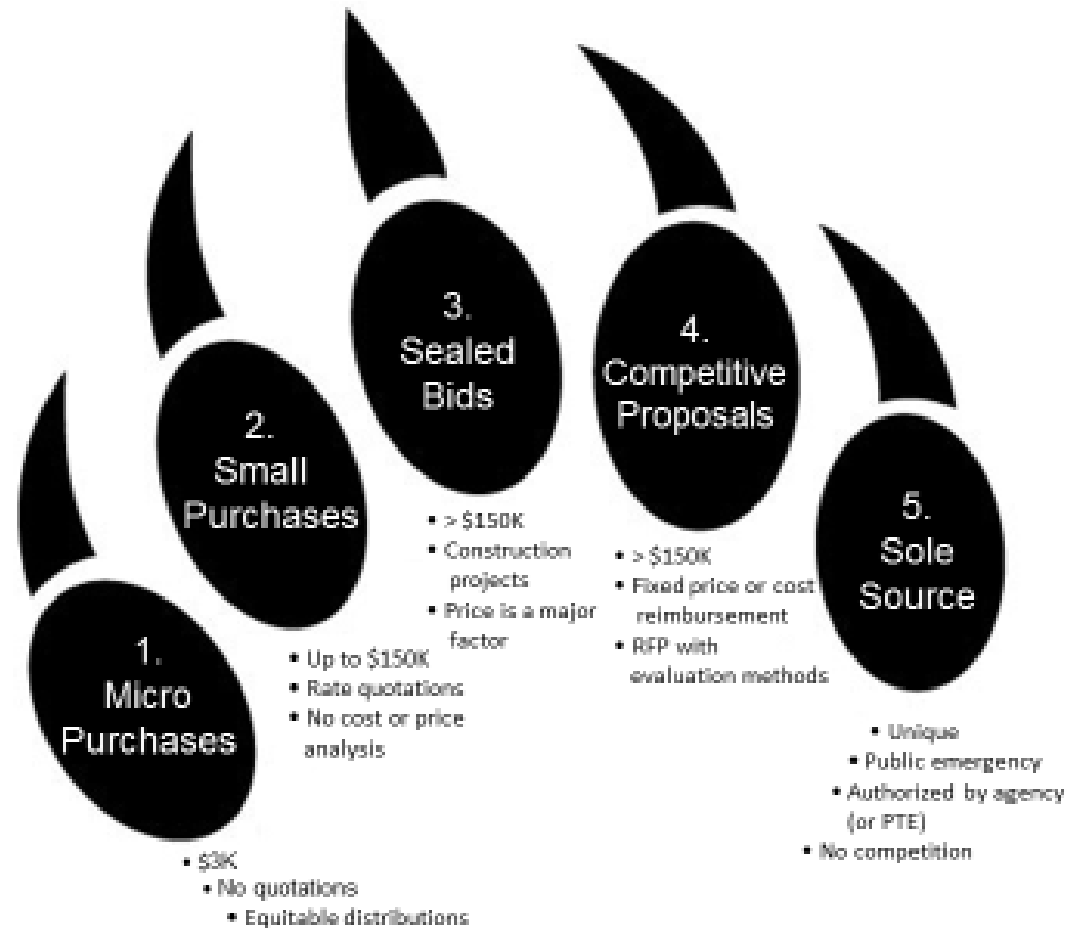
Procurement "Claw" (Sections 200.317-326)





Uniform Guidance Procurement Standards

Procurement "Claw" (Section 200.320)





Uniform Guidance Procurement Standards

- Documentation – sufficient records detailing procurement history §200.318(i)
- Sourcing agreements seem to fall under §200.318(e)
 - Attaching bids to requisitions in PeopleSoft
 - Procurement record retention vs. Federal award
- Prequalified lists – *current* and include *enough* qualified sources to ensure *maximum* open and free competition §200.319(d)
- Bidding now required for \$3,000-\$4,999 §200.320(b)
- Noncompetitive proposals §200.320(f)



Strategic Sourcing - Potential Benefits

- Provides greater volume opportunities for reducing costs.
- Assures that a fair and competitive evaluation process has taken place.
- Alleviates the administrative burden of individual bids.
- Allows users to focus more energy on the actual project.



Where to get more information?

- www.cfo.gov/COFAR
 - FAQs & webcasts
- http://www.whitehouse.gov/omb/grants_docs
 - crosswalks - side-by-side wording/text comparison of OMB Circulars to OMB UG
- <http://www.cogr.edu/>
 - COGR guides



Procurement Strategic Sourcing

- Questions
- Comments

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