

In Search of Excellence

Procurement's Journey - Critical to Quality



Craig Lehman

Associate Director Strategic Procurement

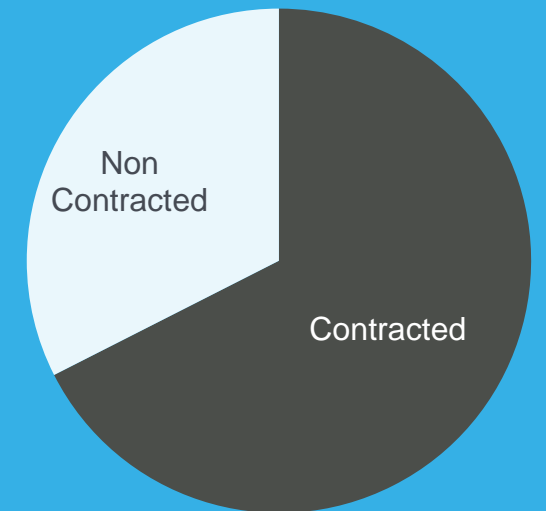
Why Change?

Spending Sentinel (SS) → Business Partner

← Old Way

New Way →

New Mindset → New Results



SP Structure

SURFACE EFFECTIVENESS

Pull Demand

- Source through necessity
- Partner Driven
- No Early Involvement

Tactical/Traditional

FACTORS

REACTIVE, TRANSACTIONAL,
PROCESS MANAGEMENT DRIVEN,
UNPLANNED, UNILATERAL

Push Demand

- SP Driven
- Facts and data based
- Cross- functional team approach
- Strong supply market knowledge
- Make change happen
- Early internal/external engagement
- Supply Channel focus

Category Management

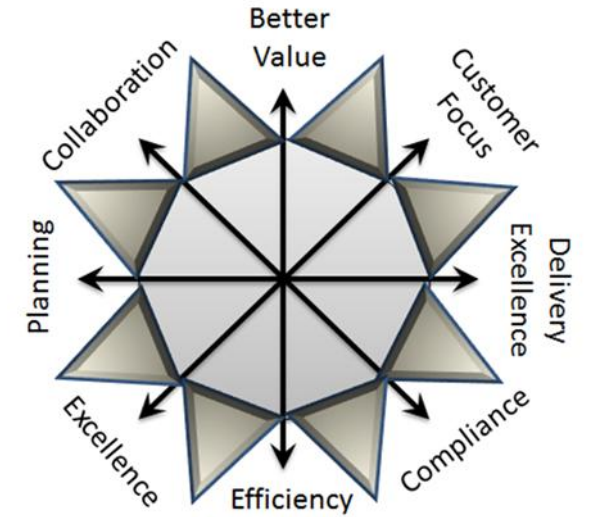
FACTORS

STRATEGIC, PLANNED,
PARTNERING, HORIZON VIEW,
RISK MANAGEMENT

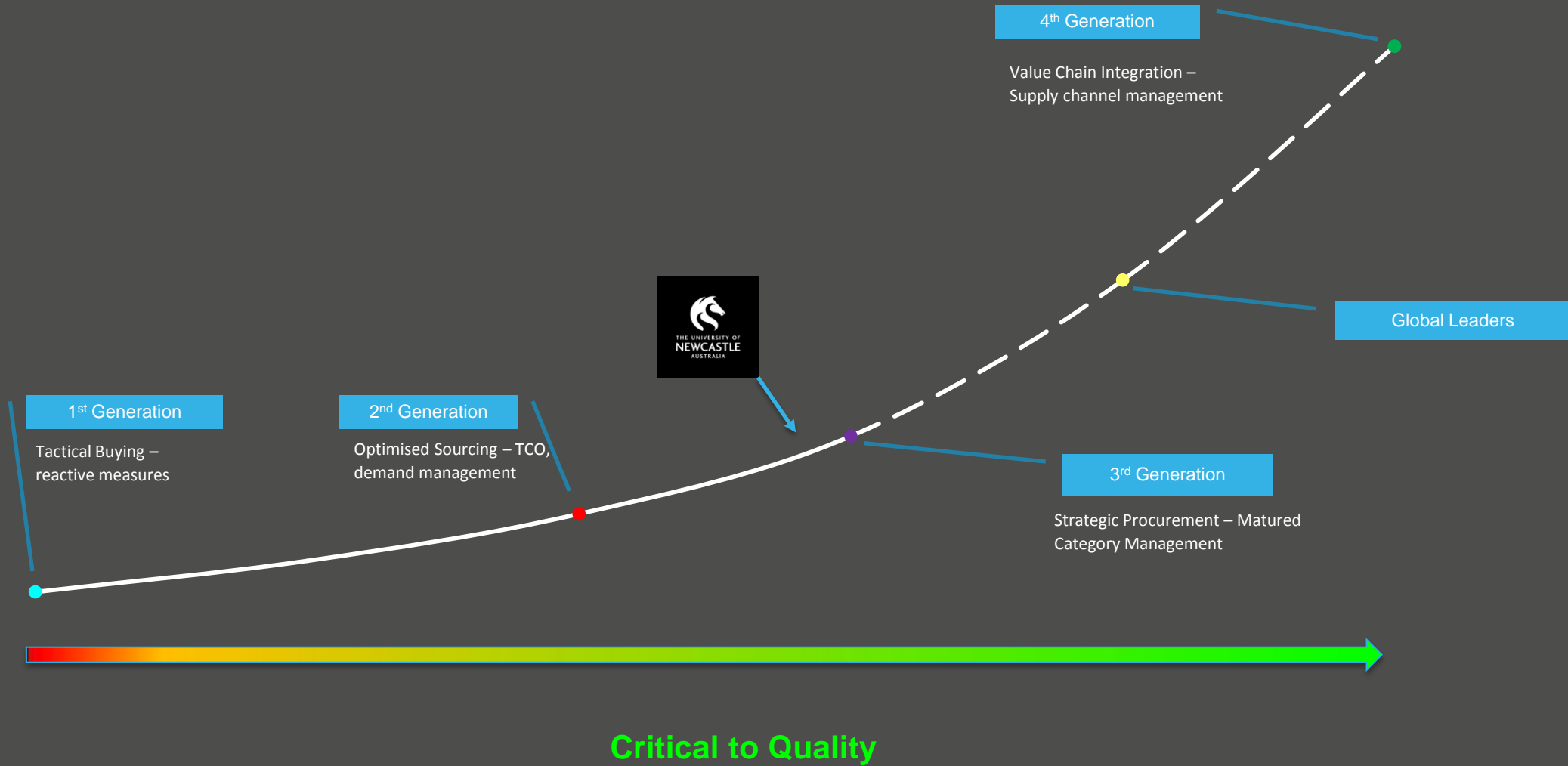
DEEPER EFFECTIVENESS

Charting The Course

- ✓ **A blueprint of transformation**
 - Partnering for Performance Strategy
- ✓ **Team structure**
- ✓ **Target areas of influence**
 - Cost Efficiency and Containment Strategies
 - P&L and Balance Sheet



Procurement Journey



What does excellence look like?

Excellence is defined (dictionary.reference.com) as:

- *To surpass others in some respect*
- *To be superior to*
- *To out do*

Effectiveness is central to our success



Preparing for the Road Ahead

Old Style

Process Managers

Operational

Administration

Conserve & hold

Problem solver

Risk adverse

New Style

Knowledge Managers

Tactical & Strategic

Internal Consultancy

Create & Innovate

Develop Alternatives

Risk Managers

Future Style

Opportunity
Developers

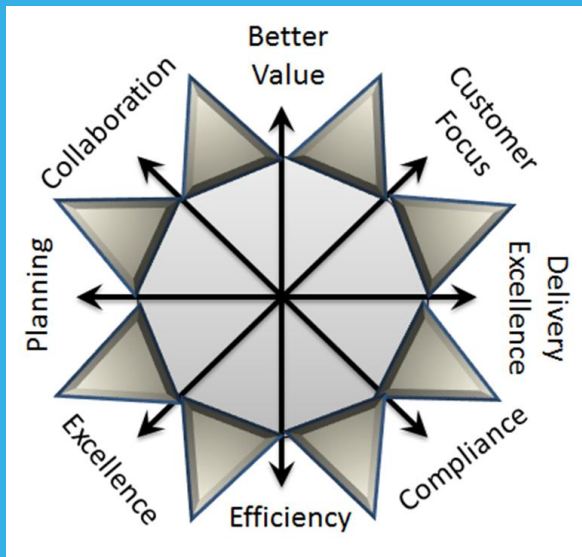
Change & Project
Managers

Vulnerability
Controllers

Preparing for the Road Ahead

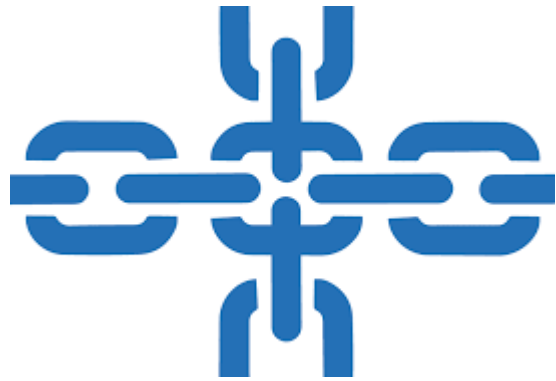
Planning Inputs

SP Principles Compass



- **Focus on the future state of procurement** more than the past or present
- **Assemble a team willing to challenge value** and procurement processes (i.e demand management)
- **Tap the talent of those capable of working cross functionally** and collaboratively
- **Create category teams that focus on major transformation** areas in parallel
- **Develop work streams that will deliver short-term and long-term** results (i.e. sourcing, in-flight negotiation)
- **Set up an effective governance structure that tracks and reports progress** (Procurement Dashboard)

Case Studies



Case Study 1 - Critical Supply Chain Risk



Case Study 2 - ICT Project Performance

Case Study 1

Critical Supply Chain Risk – Temperature Controlled Equipment (TCE)

350 TCE units, 230 critical equipment with a combined contents value in excess of \$200 million

Risks

- No confirmation of supplier's relevant insurance policies
- 25 different TCE suppliers, multiple supply chains for support
- Lead times for critical spares for approx. 230 critical pieces of equipment
- One internal HEW 6 managing the 'uptime' of the equipment
- 'Concentration risk', all operational knowledge with one person. This is a person single point of failure (SPOF)

SP Mitigation

- Mandate relevant insurance policies
- Standardise TCEs
- Develop local supply chain and VHS for critical spares
- Outsource support and maintenance

Planned Outcomes

- Increased asset life
- Increase in asset 'up time'
- Increased savings on standardisation
- Lower risk to researchers
- Maintenance risk outsourced
- Elimination of 'concentrated risk'



Case Study 2

ICT Project Discovery Phase

Discovery Phase = 289 days (average)

Risks

- Understatement/Overstatement of the need
- Insufficient funding
- Impractical target dates
- Definition of inappropriate product or service
- Biased specification
- Inadequate specification or statement of work (for services)
- Selecting an inappropriate service provider or product

SP Mitigation

- Develop new Procurement framework specifically for UON IT Projects

Planned Outcomes

- 35-40% decrease in project delivery time
- 35% decrease in project delivery costs
- Increased likelihood of project success

What does the future look like?

Category Management

Opportunity Developers
Change & Project Managers
Vulnerability Controllers

Channelled Spending Program and Value Based Purchasing

Purchasing

Fewer buyers, developed buyers
Community economies
Strategic asset management

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Thank You

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