University Transformation & Process Improvement through Automation

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• Discuss how to structure a successful Commercial Card program, including Travel, Purchasing and Electronic Accounts Payables (E-Payables).
• Gain insight on the tactics and strategy needed to efficiently blend programs together.
• Get an inside view on how to grow E-Payables
• Overview of Centralized Accounts Payable and Procurement
• Mandated Air program
• Accounts Payable Invoice scanning
Typical day

• Daily Interaction
  – Physical Plant
  – Purchasing
  – Accounts Payable
  – Information Technology
  – Facilities

• Projects
  – Solar Panel installation
  – AP Scanning
  – Supplier Campaign
  – Travel and Expense Phase II
  – Operational efficiency
About Jason Grunin

• Jason Grunin
  – Associate Director of Special Projects and Energy Conservation
  – Project manager
    • Travel and Expense management
    • Single Use Accounts programs
    • Energy Management
    • Information Technology
    • Corporate Card
    • Sustainability / Recycling
  – Managed Travel, Single Use Accounts and CBCP card programs
Higher Ed Challenges

Vicious Cycle:
- Growing financial deficit
- Stagnation or even decline in prestige, rankings
- Continued incremental cuts
- Inability to pursue strategic options

Virtuous Cycle:
- Growing financial strength
- Differential significant investments
- Rise in prestige, rankings
- Ability to pursue strategic decisions

Lose degrees of freedom
Release constraints

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• The University of Tulsa
  – Has grown One Card program from a small dollar purchase program to a structured, audited Commercial Card Program with SUA, Ghost, Travel, and Purchasing cards
  – 21% of full time employees have some-kind of corporate card
  – Continuous communication between Accounts Payable, Purchasing, and Controllers Office staff.
  – 66% of supply expenses were charged to a commercial card in FY 2015.
Defining a Payments Strategy

Indirect

Direct

Capital

Expenses Incurred by Individual employees or departments

Every day PO and non-PO operational expenses

Strategic or non-strategic suppliers

Products & Services

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Payment

- Transaction Process
- Approval Process
- Audit Process
Reporting

- Monitoring Spend
- Organizational Alignment on Metrics
- Key Performance Indicators
Single Use Credit Cards

• Needed to move away from cheque payment and individual bank transfer—looking for Incentive
  – Engaged banking/treasury officers from banking relationship
  – Found $15mm in immediate spend opportunity
  – Spend capture was an easy case

• Presented for buy-in (Executive VP):
  – Here’s the opportunity
  – Here’s what I need to do for the integration
  – Here’s how we input into ERP system - output the file for batch
  – Here’s the timeline

• Ultimately didn't need to integrate policy - integrated the people
Automation

• **16 potential touch points prior to automation**
  – In house IT created file processing system within ERP
  – Dual single-use program - if they accept credit card
  – SUA batch – if accepted electronically, we send it
  – If manual – use card/SUA flag.
  – Option in ERP - SUA is a one-time use

• **7 touch points after 1st phase**

• **4 touch points - (phase II)**
  – Efficiency
  – Removes error
  – Still maintaining controls
SUA Implementation Overview

• First fulfillment for the campaign process was January to May of 2013
• Initially predicted spend capture at $8mm; we achieved $12mm
• Expected annual growth of 10%
• First round was simply-targeting clients that take Visa or Mastercard
• Procurement negotiates contracts - we use a lot of state and national consortiums.
• Have been hesitant to require vendors to take card
  – We find that any vendor charges that surcharge - we don’t push
  – We want to be seen as a good partner. Small portion of 10 to 15% don’t take card
• We use rebate to fund other projects at University (ex. Payables scanning)
• How it works: process the invoice - batch process runs, print checks, ACH, or credit card
SUA Supplier Commodities

July 2014 - June 2015 Top 10 Commodities

- Maintenance Repairs & Operating Expense: 25%
- Professional Services: 20%
- Retail: 8%
- Print and Duplicating Services: 7%
- Lodging: 6%
- Media and Advertising Services: 5%
- Office Equipment and Supplies: 5%
- Healthcare: 5%
- Computer, Hardware, Software and Peripherals: 3%
- Other: 3%
- All Others: 13%
A/P and Purchasing Partnership

“When Accounts Payable (A/P) and Purchasing work well together they can improve cash flow, strengthen supplier relationships, and increase savings.”

Next Level Purchasing
“How Purchasing Should Work With A/P
PurchTips – Edition #170
January 27, 2009
By: Charles Dominick, SPSM
Travel & Expense – Controls

- **Centralized AP/Purchasing** – Reports Directly to AVP/Controller
- **Goal** = Optimize Travel Related Services @ Minimal Cost
  - Travel Booking Processes & Travel Vendor Optimization
  - Travel Expense Processes & Interface with Travel Bookings
  - T&E Card & Expense Interface
  - Group Travel management
  - High Touch travel

- **Travel Spend & Compliance Reporting**
  - **Revenue Recovery**: CC rebate, Commissions, VAT, etc.
Stacked improvements

- Two thirds of staff managers have 3 or fewer direct reports, creating excess management layers and organizational complexity.

- Decision rights are unclear between central administration and school units, causing confusion and frustration (e.g., travel, contracts, hiring).

- Schools and VP areas are siloed, preventing best practices, ideas, contracts and resources from being shared across the University.

- A meaningful opportunity exists to re-align administrative spending to invest in our academic core.
Opportunities for Change

- Cost Comparisons
  - Taking Path A vs. Path B
  - Example a 300 mile one day road trip
    - 300 miles $0.575 = $172 expense
    - $45 rental car + $30 fuel = $95 expense
Lack of Data Analysis

• Where in the *Universe* do you locate Data?
• Sources
  – Expense Reporting Detail
• Concur / ERP / Etc.
  – Corporate Credit Card Reporting Platform
  – Travel Suppliers / Vendor Detail Report
  – Informer / Data Warehouse
Continuous Improvement

- Data warehouse notifications to those that don’t travel often/recently
- Continued deployment of Corporate Cards
- Continued supplier communication and information
- eProcurement
- AP Invoice Scanning
- Limitation of cash advances
- Change management communication
- Network printing
Conclusion

• Success story – VIDEO

• Keep Your Finger on The Pulse of your Data
  – Consistently Monitor & Report

• A Small Change can Yield Big Results
  – Be Available to Coach & Impact Change
  – Reinforce-We Are All on The Same Team with Similar Goals

• Provide: Data, Challenges & Solutions
  – You CAN Make a Difference!
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