

# Australian National Higher Education Procurement Benchmarking Programme



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# Stakeholders

- Minister and Dept of Education
- Universities (lead Newcastle Uni)
- Higher Ed Systems/  
Australian Universities  
Procurement Consortium
- Purchasing Index



# Benchmarking Context

- More competitive and demanding environment
- Procurement is a potential source of significant bottom line variation +/-
  - Cost of goods and services
  - Process costs

# Benchmarking

- Adoption of best practice
- Determining own performance among peers
- Mapping policy and procedures alternatives
- Identifying improvement and saving opportunities
- Prioritising areas for attention

# National Procurement Benchmarking Aims

- Establish national product/service descriptions and categories ie common language
- Provide business intelligence and national market perspectives
- Determine performance
- Identify saving opportunities (individual/AUPC)
- Benchmark procurement function
- Facilitate identification of best practices

# Benchmarking Methodology

- Suppliers' or own transaction data
- PI database, item/service descriptions, codes, categories
- Multi-dimensional database and software
- Own organisation and procedures
- Code of Practice
- Confidentiality

# Programme Framework

- Benchmarking Procurement of Products and Services
  - aim to benchmark four categories per year over three years
- Benchmarking the Procurement Function
  - benchmarking a minimum of ten university procurement functions per year over three years

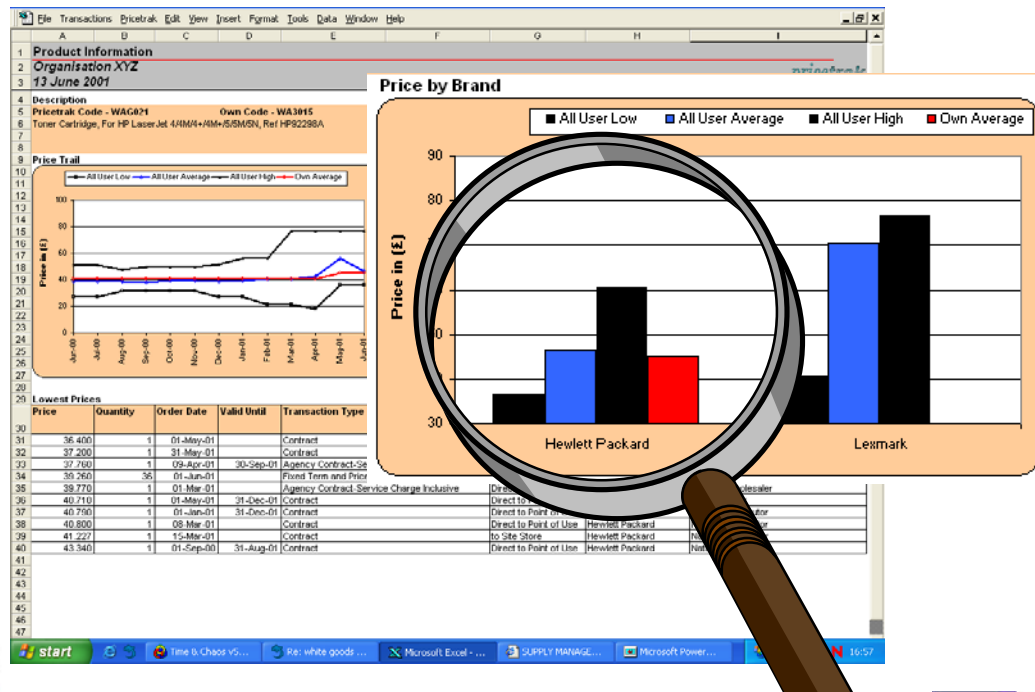
# Benchmarking Products & Services

Benchmarking Programme Steering Committee to recommend with PI e.g.

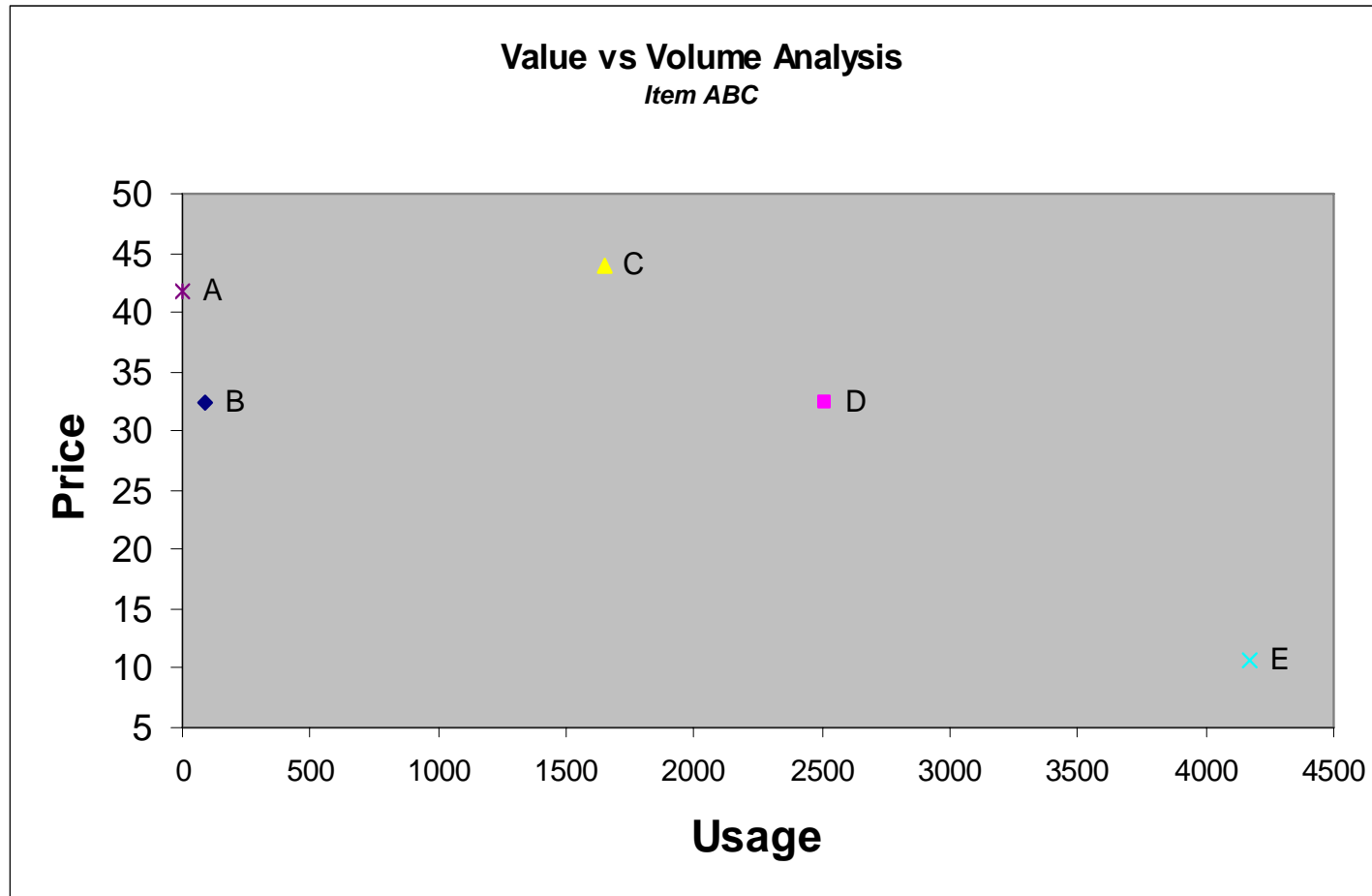
- Office Supplies
- Lab supplies
- Temp Staff and Recruitment
- (MFDs)
- (Energy), etc

# Product Reports (Price by Brand)

- Showing Highest, Average, Lowest and own prices for each brand reported
- Allowing brand-by-brand and brand-equivalent comparisons



# Case Study: Value vs Volume Analysis



# Deliverables

- Business intelligence on national market (potentially international)
- Confidential detailed reports on performance and saving opportunities
- HE Price Indexes
- Verification of savings over time
- Warning of price/supply changes
- Mapping of national procurement practices

# Benchmarking Procurement Function

- Scope and influence
- Operations and Processes
- Organisation
- Systems
- Future Development Plans

# Saving Opportunities

- Performance gaps among major spend categories
- Supplier consolidation and management
- Maverick spend
- Process cost improvement opportunities
- Procurement policy choices

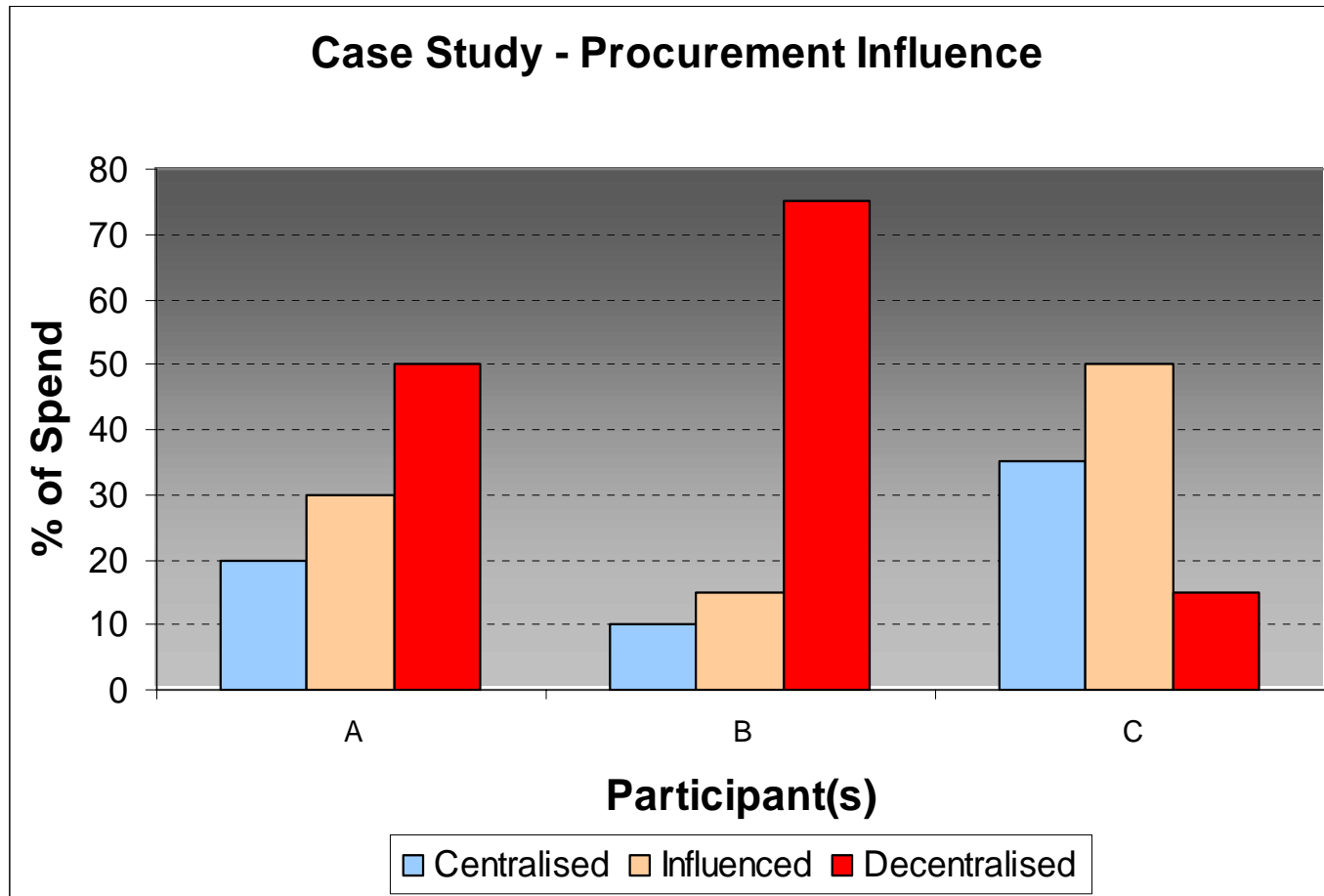
# Potential Outcomes

Category	Opportunity	%
IT peripherals	Consolidate	5-10
MFDs	Performance Gap/Policy	5-12
Temp Staff	Performance Gap	5-8
Advertising	Performance Gap/Policy	5
Security	Performance Gap	2-7
Multimedia/ AV	Consolidate	3-7

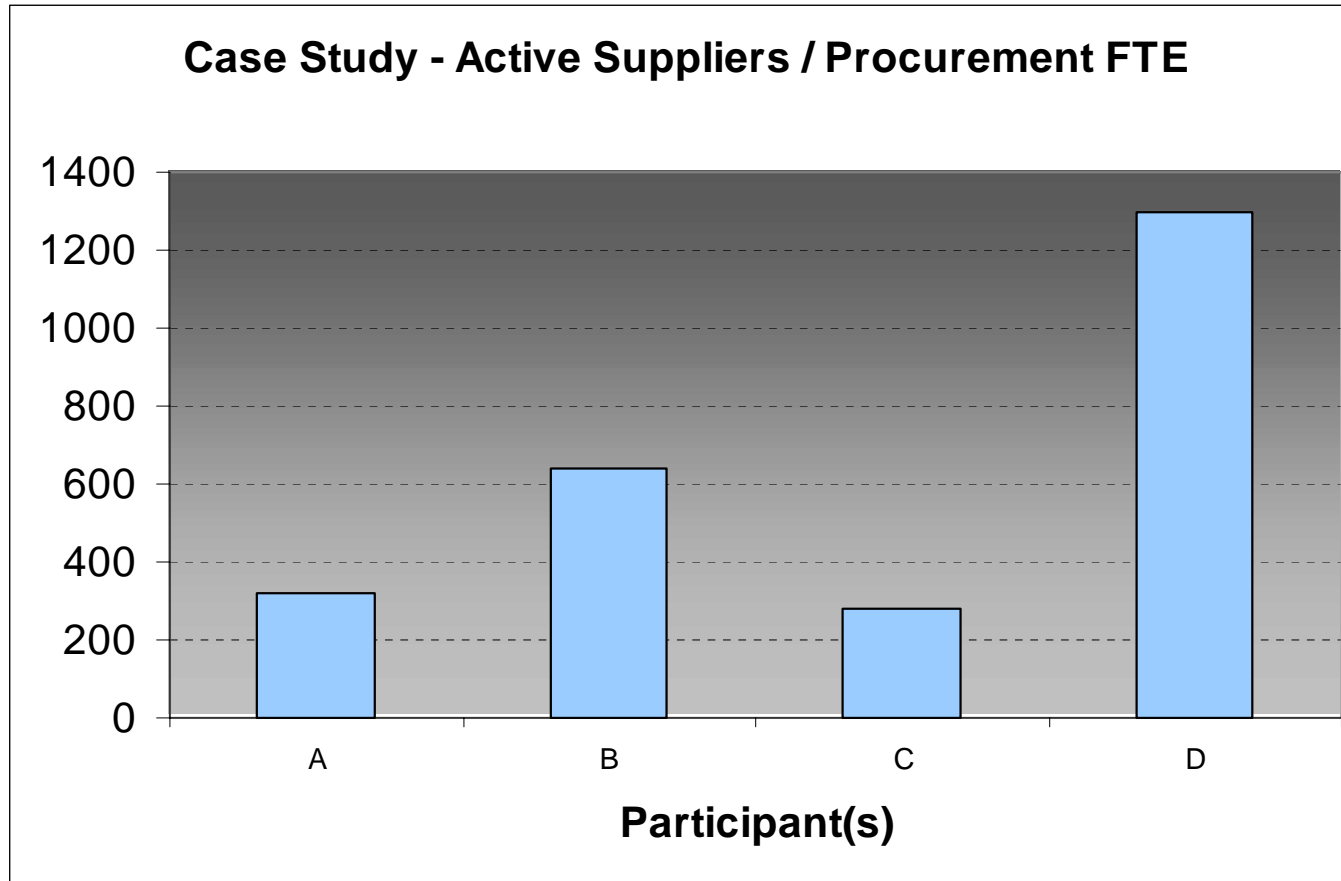
# Potential Outcomes

Category	Opportunity	%
Energy	Performance gap/consolidate	2-7
Travel Hotels	Maverick sp./Policy	5-10
Office Supplies	Performance gap	7
Cleaning	Performance gap	5
Desktop Equipment	Maverick/Perform/Policy	5
Furniture/ fit.	Consolidate	5

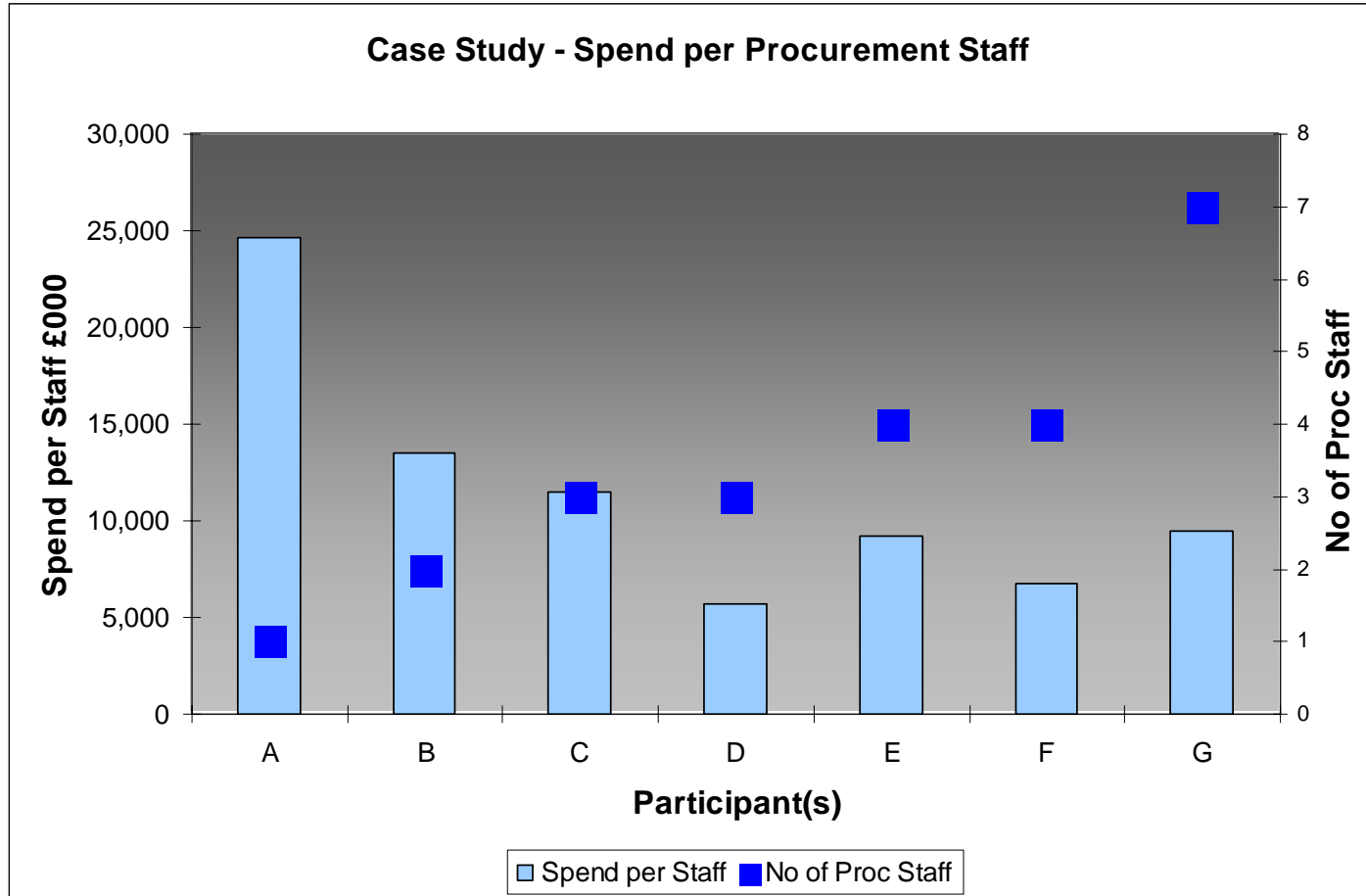
# Case Study: Procurement Influence



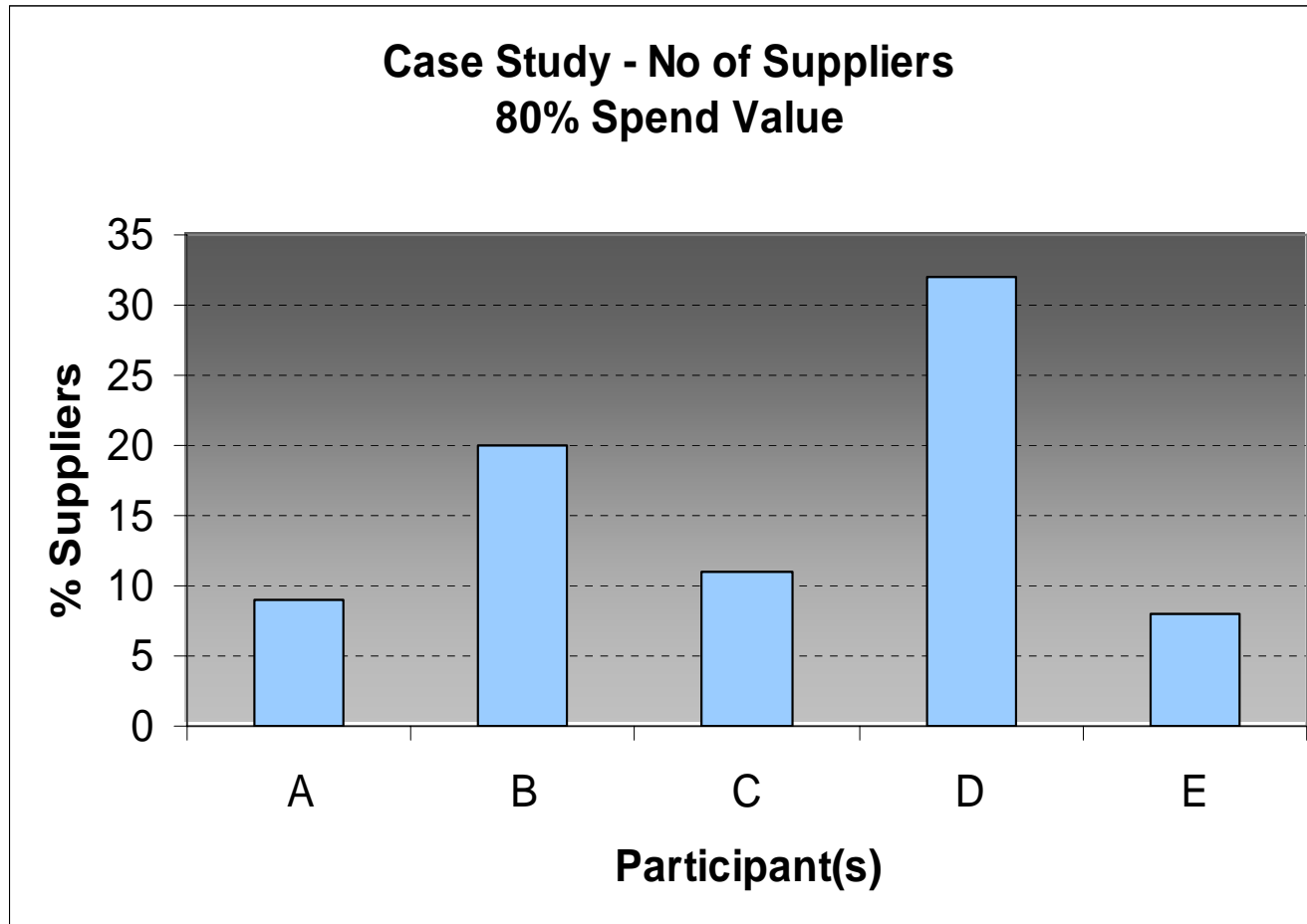
# Case Study: Active Suppliers/ Procurement FTE



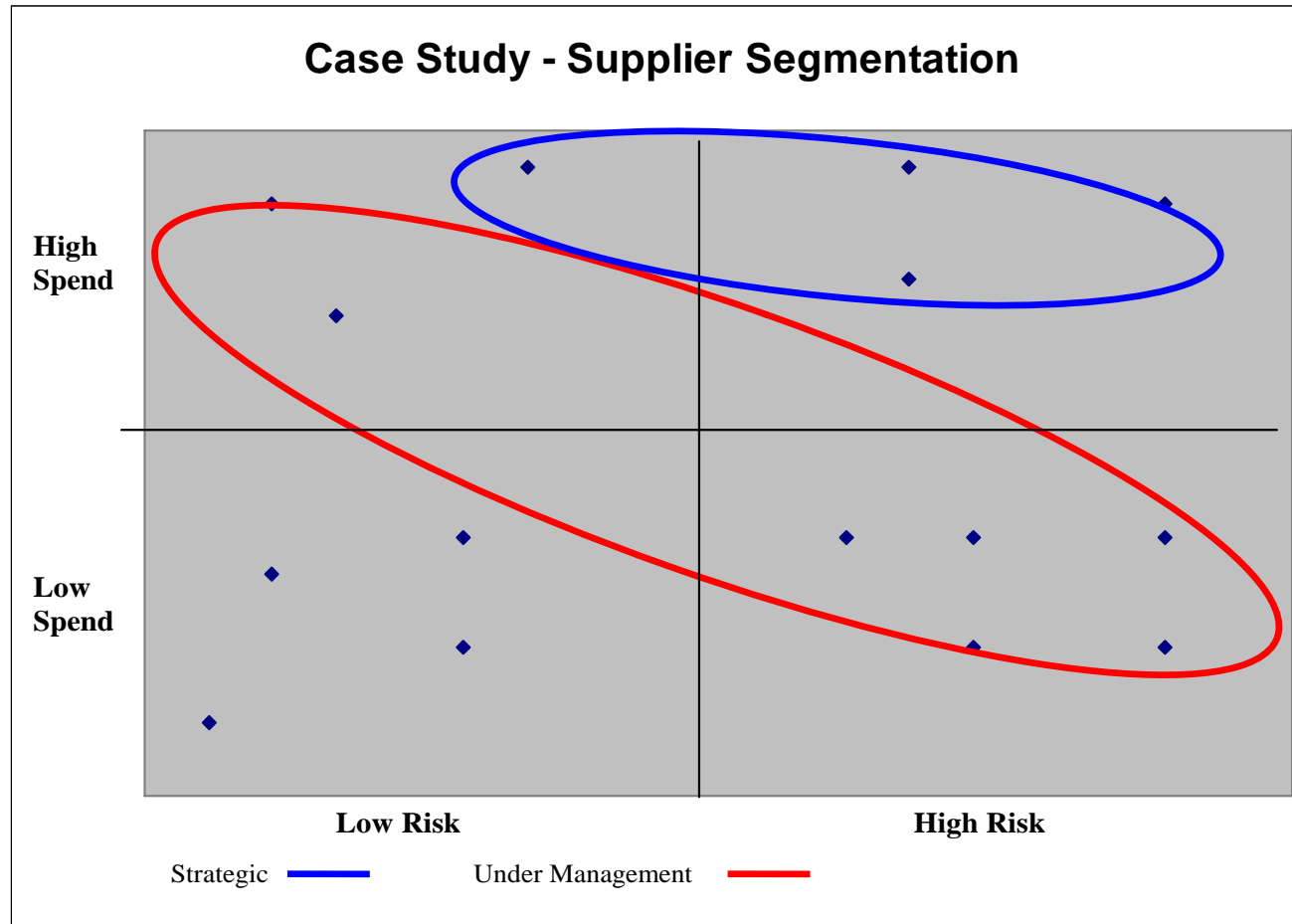
# Case Study: Spend per Procurement Staff



# Case Study: Number of Suppliers



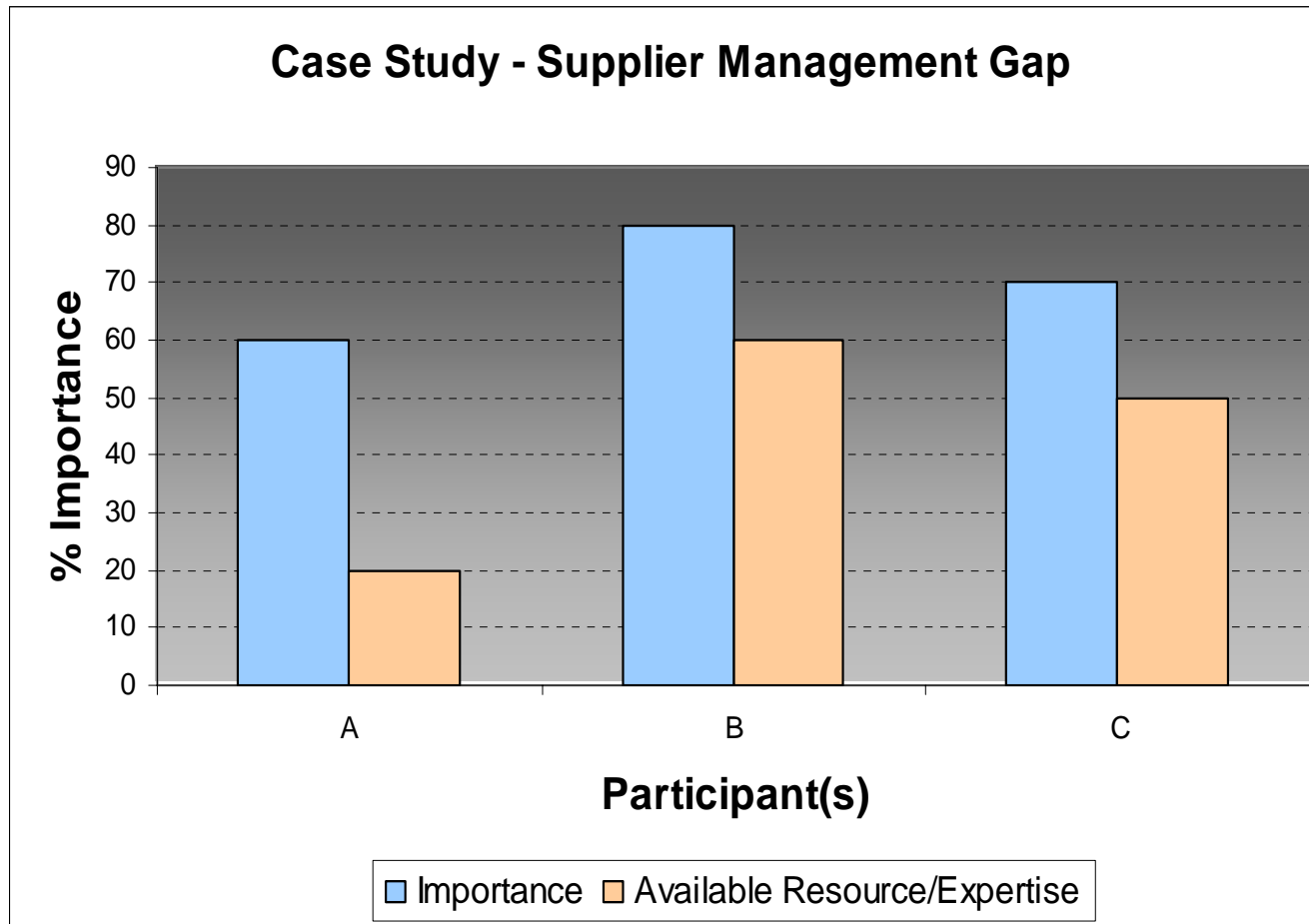
# Case Study: Supplier Segmentation



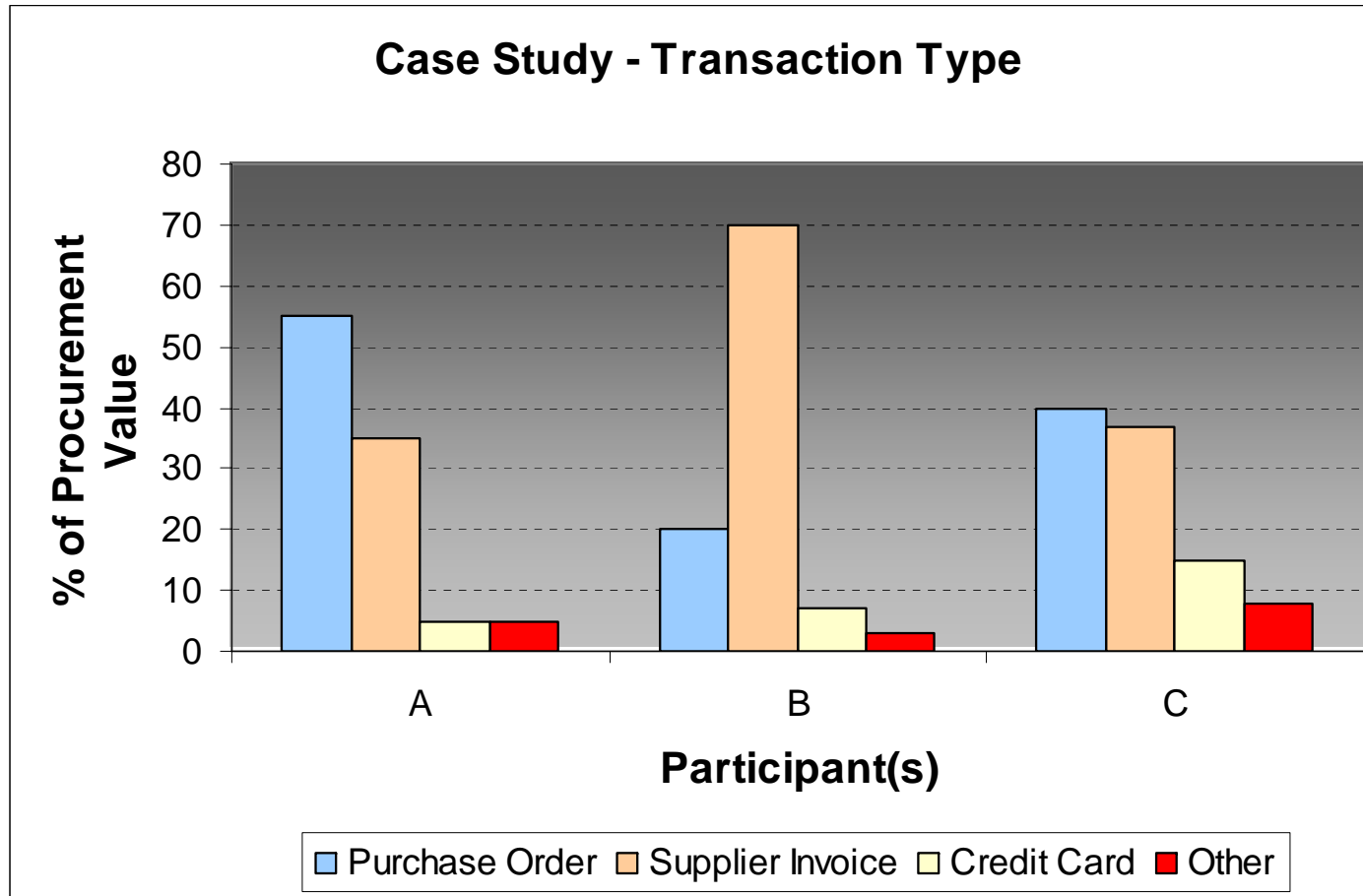
# Case Study: Category X Contracting

Participants Terms	A	B	C
Contract Est / Renewal	Open Tender	Negotiation with selected suppliers	Renewal with current suppliers
Contract Term	12 months	24 months	Ongoing
Incumbent Supplier Period	1.5 years	3 years	5 years
Renewal Option	+ 1 + 1	+ 1	Ongoing
Fixed Price	Core Items	All current items	All current items
Core Items %	60	All	All
Price Review Supplier	Yes	Yes	Yes
Price Review Buyer	No	Yes	No

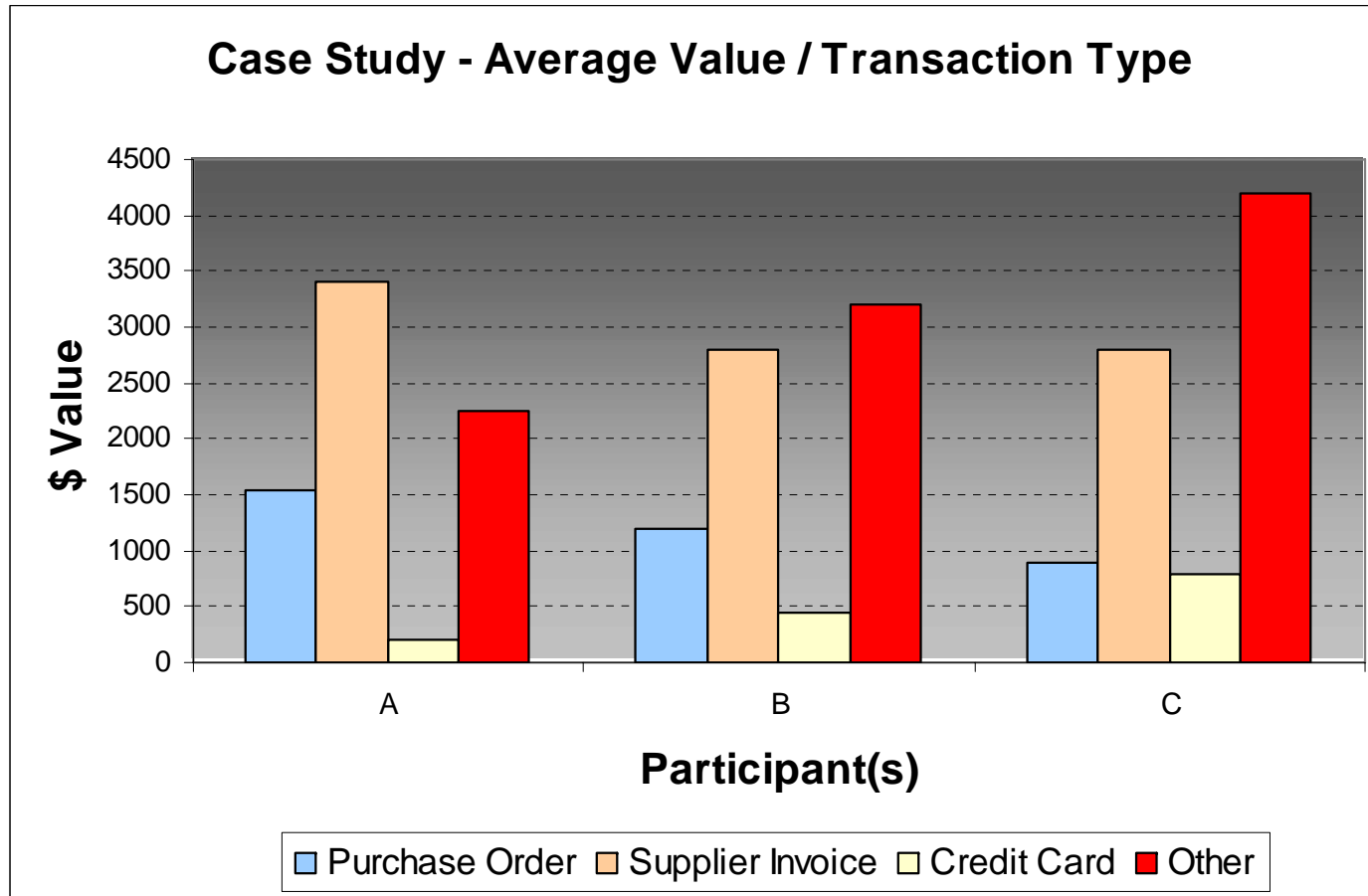
# Case Study: Supplier Management Gap



# Case Study: Transaction Type



# Case Study: Average Value/ Transaction Type



# Feedback

- What perspectives are most valuable?
- How are savings measured and captured?
- Which processes are most in need of benchmarking?
- Where is the low hanging fruit in procurement?