

# 23C PROCUREMENT: BETTER TOGETHER

CSU Chief Procurement Officers Association  
2018-19 Report







# WHY TOGETHER IS BETTER

Each fiscal year nearly \$2 billion is spent with the sole purpose of ensuring that every student throughout the California State University system is equipped to succeed on campus today so they can become the thought leaders of tomorrow. CSU Procurement, and our small team of professionals spread throughout the 23 campuses and the Chancellor's Office, strategically work, research, negotiate and partner everyday so each dollar is purposefully spent and each student has access to the opportunities they deserve. As Chief Procurement Officers (CPO) we are dedicated to driving value and using the collective power of the CSU as one procurement team. Created in July 2018, the 23C Procurement three-year strategic plan addresses the challenges and seizes the opportunities facing our individual campuses and sets 22 goals that will help contribute \$65 million in value over the next three years.

## VISION

Our vision is to be a strategic partner contributing to the financial health of the CSU and higher education.

## MISSION

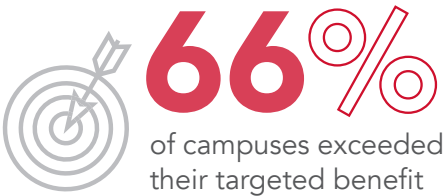
Our mission is to be a trusted partner through collaboration to maximize value across the CSU system by optimizing the procurement of goods and contracted services.

## VALUES

Our values influence behavior, culture and create the conditions for achieving our collaborative, visionary, results-driven, service.

# 23C Impact 2018-19

It has been one year since the 23C Strategic Plan was developed and deployed. In that time significant strides have been made towards creating a more strategic, efficient and purposeful CSU Procurement program. Work this past year has resulted in millions in savings, goals exceeded, professional recognition, and requests to share our applied knowledge with national industry groups. 2018-19 was the first step towards a better CSU.



## CONTINUING SUCCESS

It will take the support of our leaders and the hard work of our procurement professionals to build upon our success and reach our \$20 million savings goal in fiscal year 2019-20. As we continue to train and recognize our staff, communicate the benefits they bring to the CSU, collaborate as one team, leverage technology, and structure ourselves for success; the CSU and its students will benefit.

The bottom line is, we're  
"Better  
Together."

# PEOPLE ARE TALKING ABOUT 23C

"This group really creatively looks at ways to get things done. With the new model that procurement has we feel like we have a partner, that we can work together on these projects and they can actually help us get these things done more efficiently, better delivery, it's quicker, it's cheaper, it's more economical. Working together we have become much, much better."

- DON OBERHELMAN, director of athletics, Cal Poly

"For the first time in the history of the organization, procurement leadership across the CSU crafted a shared vision and launched systemwide efforts to realize that vision by setting and meeting concrete goals. These achievements have changed the perception of procurement from a back-office function into a group that contributes significant value to the overall mission of the CSU. In fact, Executive Vice Chancellor and Chief Procurement Officer Steve Relyea recently recognized the efforts of CSU's procurement personnel in his keynote address to the 2019 CSU Business Conference."

- ARUN CASUBA, executive director strategic sourcing and chief procurement officer, The California State University Office of the Chancellor

"The creation of the procure-to-pay structure has moved procurement at CSU Bakersfield from being a campus compliance resource to being a campus strategic partner. A partner brought in from the beginning of a project to help maximize the efficient use of resources, determine the appropriate budget, and establish a realistic timeline."

- THOM DAVIS, vice president and chief financial officer, CSU Bakersfield

"As strategic partners, the procurement team took Humboldt State University from recognizing zero cost savings to \$2.2 million in cost savings in one year. The campus has come to recognize that the procurement team is an important strategic and collaborative partner that continues to add value through the implementation of business strategies and tools that reduce costs and risks for the entire university."

- DOUGLAS V. DAWES, vice president and chief financial officer, Administration and Finance, Humboldt State University

"With the addition of the campus' procure-to-pay process, Information Resources has been able to achieve significant savings. As one example, the IRES team has been working with our procurement specialist on a smart classroom/conference room refresh project. The discussions resulted in a savings of more than \$30,000. This savings enabled IRES to provide additional equipment for our campus clients without delaying the project. We greatly appreciate the support received from the CSU, Chico Procurement team."

- MICHAEL SCHILLING, vice provost for Information Resources and chief information officer

# THE 23C PROCUREMENT STRATEGIC PLAN

In developing the strategic plan, we were able to consolidate the present and future challenges that face the CSU, and evolve them into opportunities with corresponding goals. Over 300 challenges and opportunities were identified during this collaborative process that brought together professionals from every campus in the CSU system. Following the creation of the plan executive buy-in was obtained through a series of meetings and presentations to the Chief Business Officers, Chief Information Officers, Senior Leaders Council (campus presidents), Facilities Officers, Financial Officers and Auxiliary Officers from every campus. The resulting plan comprises five strategic directions identifying specific objectives that will contribute to the financial health of the CSU.



## STRATEGIC DIRECTION 1:

# PEOPLE

### **Develop, retain, and recognize our team**

Workplace culture starts with people. Whether it's the staff unlocking the doors, professors unlocking knowledge, or the students working toward a brighter future, people are why we do what we do. Our culture needs to encourage a talented and supported team that continues to progress as partners on campus. Fostering an internal brand known for developing professional talent that embraces the role of strategic partner and consistently increases its value to our clients will require an investment in staff. These investments will lead to a more engaged workforce and in turn, a growing level of professional talent for the CSU.





## PROGRESS

1. Increased the number of procurement professionals across the CSU who possess a Professional Procurement Certification (i.e. CPSM, CPPB, CPPO etc.)
2. Increased the number of procurement professionals across the CSU who have completed the five CSU procurement training modules within the last five years
3. Reviewed and recommended training modules to keep pace with changing technology, regulatory requirements and best practices
4. Recognition of campuses and individuals



## CHALLENGES

1. Culture
  - a) Historically compliance driven vs. benefit focused
  - b) Administrative vs. Professional
2. Training
  - a) Budget to get professional credentials
  - b) Cost to complete on-site trainings
  - c) Technology to deliver training cost effectively
3. Positioning in the Organization
  - a) Under positioned to add value or benefit
  - b) No procurement executives
  - c) Outdated position descriptions (30+ years)



## NEXT STEPS

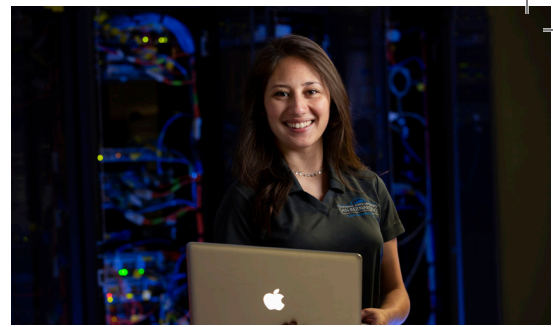
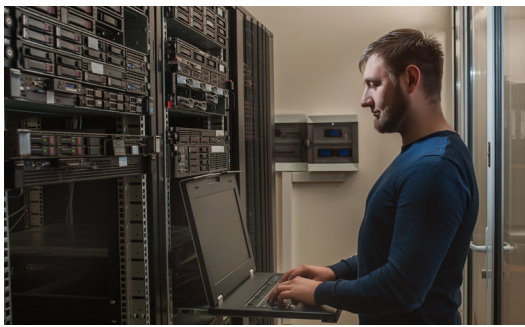
A major focus is making cultural changes. These changes are difficult to make, and we expect challenges. However, the difficulty will pass and a more productive procurement team awaits. To roadmap the change, and ensure we are staying the course, we will utilize measurements and maintain our engine using our balanced scorecard. Investing in staff in the form of professional development opportunities will also be increased as we plan to create CSU online training modules, and implement a mentoring program to ensure all staff feel supported in their roles and future job growth.

## STRATEGIC DIRECTION 2:

# TECHNOLOGY

### **Leverage existing technology to align key business processes and implement new technology to address innovation gaps**

The sharing of data and the creation of an integrated procurement and payment platform will help to increase benefits and efficiencies for the entire CSU system. We must create pathways to implement systemwide technologies that support transforming our manual operations for a more efficient and automated CSU. During the 2018-19 fiscal year, the CSU put to work multiple new procurement technology platforms that have already helped to maximize both large and small purchases across the system and provided \$30 million in benefit. These tools include a benchmark pricing tool that to date, has a return on investment (ROI) of 3,908 percent.



## PROGRESS

1. Analyzed existing technology and developed a roadmap to implement technology upgrades, enhancements or new acquisitions
2. Implemented CalUsource to provide spend analytics, sourcing tool, contract management
3. Implemented travel and expense management
4. Implemented savings tracking tool



## CHALLENGES

1. Lack of Procure-to-pay (P2P) or Supply Chain Technology
  - a) Invoicing and payments still processed as they were 30 years ago
  - b) Integration of procurement tools with our enterprise resource planning systems
  - c) Lack of consistent and automated systemwide Delegation of Financial Authority



## NEXT STEPS

Leveraging existing and new technologies will help create a more automated and efficient CSU. The approval and execution of our P2P project will integrate the procurement and accounts payable departments and ensure accurate planning, managing and reporting of cost reduction activity. The implementation of a tool with the ability to manage designees will automate a manual process. The expansion of Campus Marketplace and its integration with our enterprise resource planning system will create an automated procurement process allowing faculty and staff across the CSU to purchase goods to support their departments.



## STRATEGIC DIRECTION 3:

# COLLABORATION

### **Work as a system to maximum value and ensure shared standards for the CSU**

With 23C Procurement we're creating a system that, through collaboration with clients and project teams, ensures we're addressing 80 percent or \$1.4 billion of our spend strategically. This is done through the use Centers of Excellence (COE) in the areas of IT, Sustainability, Facilities, and Construction for shared standards that deliver maximum value for the entire system. In addition, a fifth COE is being developed to address the unique needs of the CSU's auxiliaries which provide for student needs such as housing and food. We continue to focus on delivering the highest level of customer value and procurement benefit. Collaboration is how we are getting there.



## PROGRESS

1. Delivered more than \$30 million in savings
2. Initiated the creation of five Centers of Excellence to leverage CSU spend and knowledge
3. Established systemwide methodology for calculating procurement benefit, such as cost savings, cost avoidance, and revenue generation
4. Established consensus targets and measures for balanced scorecard



## CHALLENGES

1. Culture
  - a) Single Campus Focus vs. Campus Collaboration
  - b) Requirement to work systemwide, but no support structure
2. Resources
  - a) Training on CSU deals: Currently lacking a program to assist procurement specialists in negotiating skills and tactics, running systemwide spend numbers, and benchmarking against nationwide pricing to best leverage deals



## NEXT STEPS

Over the next 12 months, CSU Procurement plans to fully vet and launch the Centers of Excellence. This will allow us to leverage our collective knowledge and deliver \$6-10 million in additional benefit. Client collaboration and the sharing of professional knowledge is the driving force behind the creation of the Centers of Excellence. Understanding supplier opportunities and further developing our culture will be a focus and is the motive behind hosting the CSU Top 100 Supplier Summit as well as the bi-annual CSU procurement all hands meeting. These two events will move the system closer to shared best practices and increased procurement forecasting to maximize deals.

## STRATEGIC DIRECTION 4:

# COMMUNICATIONS

### **Market procurement as a strategic function and trusted partner**

Branding CSU Procurement as an impactful strategic function and trusted partner systemwide will increase our reach, and develop more opportunities to build successes and savings. We can share our impact and the positive affect our work has on students, faculty, staff, and donors by communicating our successes at national conferences as well as to our clients, procurement professionals, Financial Officers Association, Chief Business Officers, and the Trustees. We can also build upon our accomplishments and achievements, and further drive the CSU forward, sharing the 23C Year One Impact Report, and measuring our progress with a balanced scorecard.





## PROGRESS

1. Established the CSU Chief Procurement Officers Association 23C Strategic Plan
2. Began the development of a marketing and communication roadmap for the Chief Procurement Officers Association and 23C Plan
3. Started promoting and marketing our value to campus clients and senior leaders
4. Launched a plan to promote and market the CSU to our peers and industry, such as National Association of Educational Procurement, University of California, California Community Colleges and suppliers



## CHALLENGES

1. Lack of marketing skills
2. Lack of consistent metrics, methodology, and KPI's to report
3. No consistent vision
4. Getting a seat at the table, having to explain what we do and the benefit we can provide



## NEXT STEPS

At CSU Procurement we are many things, however, marketers we are not. This is why we worked with outside help to create a communications and marketing plan. With this plan, we can continue to build on recent momentum with more consistency in our storytelling and impact of our presentations. Procurement has a massive impact on every campus, yet many have no idea that we even exist. We affect the lives of 481,000 students each year, and now we have a plan that will help us share our stories, experiences and expertise with state and nationwide audiences.

## STRATEGIC DIRECTION 5:

# STRUCTURE

### **Align the CSU and individual campus procurement structures to effectively impact campus objectives**

Creating a reliable structure that is in alignment with each campus' procurement structures, has led to increased efficiencies and better collaboration systemwide. This alignment has allowed for an improved customer service approach making way for more meaningful partnerships and improved organizational structure. The new customer service approach is based on two service strategies that focus on creating strong customer relationships where there is a thorough understanding of the needs, wants, and issues of the client, as well as having knowledge of the suppliers.



## PROGRESS

1. Established customer relation managers or client-based models, when possible
2. Increased interaction with the Chief Procurement Officers Association, Financial Officers Association, and Chief Administration Business Officers Association
3. Took on new Chief Procurement Officers Association committee governance and goal assignments



## CHALLENGES

1. Organizational Structure
  - a) Reporting is mixed across the CSU
  - b) Lack of CSU Procure-to-pay or Supply Chain organizational structures at campuses
  - c) No hiring input for Chief Procurement Officer's
  - d) Lack of alignment with industry standards and best practices



## NEXT STEPS

Customer relationships and satisfaction will continue to be a top priority as we move forward. We are looking to increase CPOA involvement systemwide to allow for better sharing of experience and thought leadership as well as an improved and more efficient use of learned expertise and research. We believe that this level of stewardship will increase benefits throughout the CSU and strengthen goals.



## MORE ABOUT THE 23C APPROACH

The 23C Procurement team recognized that conducting business as usual was not going to deliver the vital benefit to our students, campus units and donors. The world we work in has changed and with this shift, so has the way we do business in higher education. New realities require a new approach. The team leaned into this change and saw a better way to work. It's one that is collaborative, working alongside our customers, building relationships and embracing a shared vision.

This collaborative approach is pivotal to our strategic plan and the driving force behind our mission. We are committed to student success, providing opportunity and high-quality education to prepare the next generation of leaders, and making the CSU a vital economic engine for California. Through better systemwide and inter-department collaboration, we are implementing more efficient strategies while achieving benefits to the CSU in the forms of cost savings, cost avoidance and revenue generated from rebates. Altogether, this approach is positively increasing our impact on students' lives everyday.



CSU Bakersfield



Channel Islands  
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CALIFORNIA  
STATE  
UNIVERSITY

Chico



California State University  
DOMINGUEZ HILLS

CAL STATE  
EAST BAY

FRESNO STATE  
Discovery. Diversity. Distinction.



CALIFORNIA STATE UNIVERSITY  
FULLERTON

HUMBOLDT  
STATE UNIVERSITY



LONG BEACH  
STATE UNIVERSITY



CAL STATE LA  
CALIFORNIA STATE UNIVERSITY, LOS ANGELES



CAL MARITIME



California State University  
MONTEREY BAY

CSUN

CALIFORNIA  
STATE UNIVERSITY  
NORTHridge



CalPolyPomona



SACRAMENTO  
STATE

CALIFORNIA STATE UNIVERSITY  
SAN BERNARDINO



SAN DIEGO STATE  
UNIVERSITY



SAN FRANCISCO  
STATE UNIVERSITY

SJSU SAN JOSÉ STATE  
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