



# AE Initiative Business Case – Office Supplies

*The purpose of the business case is to articulate the rationale for pursuing a particular course of action and to encourage consideration of the requirements and resources involved. The document should be completed with input from representatives of all affected functional areas. The business case establishes the groundwork for the activities that would occur in Phase 3, but does not replace detailed implementation planning.*

## **Initiative Sponsorship and Ownership**

<b>Project Name:</b>	<b><i>Strategic Purchasing – Office Supplies</i></b>
<b>Project Summary:</b>	<p>The objective of this project is to build out the office supplies area within the strategic purchasing (aka demand management) opportunities identified in Phase 1 of the Administrative Excellence (AE) initiative.</p> <p>The goal of this project is to maximize institution-wide savings through implementation of strategies to consolidate vendors, leverage university scale, and substitute purchases for commoditized options when possible, without sacrificing service or quality levels.</p>
<b>Business Unit(s):</b>	Vice Chancellor for Administration – Administrative Excellence
<b>Business Process Owner(s):</b>	UW-Madison Purchasing (central)
<b>Preliminary Cost Estimate:</b>	TBD; <i>see Strategic Purchasing Appendix</i>
<b>Preliminary Savings Estimate:</b>	~\$4.7 million over 5 years
<b>Proposed Go-Live Date:</b>	Based on <i>Proposed Milestones &amp; Timing - Week 20</i>

## **Business Need or Opportunity**

*Project initiatives should be driven by business needs. Provide a statement of the business need or opportunity addressed by the project. What are the needs that drive the proposed solution, both current and future? Who is the target customer/population?*

The objective of this project is to analyze office supply purchases at UW-Madison and identify opportunities to maximize institution-wide savings by leveraging demand management strategies. The goal is to implement purchasing strategies to consolidate vendors, leverage university scale, and substitute purchases for commoditized options when possible, without sacrificing service levels and quality.

With the financial pressures faced by campus in the form of continual budget cuts, finding opportunities to save money across campus is essential to UW-Madison’s survival. Additionally, as a public university, we must find ways to operate efficiently and demonstrate that we are fiscally responsible to our students, alumni, donors and the State. Currently, UW-Madison purchases a wide range of office supplies from numerous vendors. By streamlining office supply purchases across campus, each division and department will be able to realize cost savings, decrease the amount of employee time spent on purchasing, and support the campus green initiative. This type of purchasing opportunity could enhance UW-Madison’s reputation since sustainability initiatives are important to all stakeholders. Also, the savings could potentially be used towards our core initiative of teaching. To achieve the maximum amount of savings, we will need to implement a campus wide policy and obtain compliance from at least 80% of all faculty and staff.

## **Proposed Solution Description**

### **Scope**

*Describe the full scope of the solution.*

When reviewing the office supply data, our team did an in-depth analysis in five areas: toner, binders, pens, copy paper and notepads. These five areas represented over half of the estimated annual spend for office supplies (based upon current year 2011 data). Detailed analysis was completed on samples within each subcategory. Additional detailed analysis is suggested for future Administrative Excellence teams.

The team recommendations are below. These recommendations take into account the framework and solutions set up across all of the Administrative Excellence strategic purchasing work teams, as described in the *AE Initiative Strategic Purchasing Appendix ("Strategic Purchasing Appendix")* of this document, and assume their inclusion as supporting recommendations.

Our recommendation is to standardize all office supplies (outside of toner), starting with pens, binders, notepads, and copy paper. In addition, we are recommending substituting OEM (original equipment manufacturer) toner with remanufactured toner.

### **Summary**

When making our recommendations, the group considered both cost and green options for each category. Supporting campus initiatives related to cost and sustainability is very important to stakeholders. The group also recognized the importance of supporting DOA initiatives, such as minority purchasing (i.e. Industries for the Blind).

All savings are based on the assumption that recommendations would have 80% compliance. There could be future cost-savings as well by consolidating the purchasing and leveraging better prices. For example, additional savings could be realized through creation of a core list following implementation of standardization recommendations.

### **Methodology**

- Reviewed data from Huron's phase I work
- Defined 'office supplies'
- Researched instances of demand management taking place at other universities
- Requested, received, and categorized current purchasing data from 5 vendors
- Picked 5 target subcategories (toner, paper, binders, pens, and notepads – accounting for over half of estimated annual spend) and performed detailed analysis in mini-groups
- Identified and surveyed stakeholders
- Created target subcategory recommendation matrices
- Consolidated matrices and drafted business case and financial model

### **Recommendations**

**1. Standardization:** The recommendation of the group is to standardize all office supplies by identifying limited, specific items and requiring campus to purchase these items. The group identified campus preferred items for four subcategories based on popularity, cost, and sustainability of the items. We recommend the implementation team identify the remaining campus preferred items using a similar methodology with quality as an additional consideration.

The team's standardization and vendor consolidation recommendations will save the University approximately \$553,000 annually. Specific recommendations for each target subcategory are below:

## General Office Supplies

Pens: We recommend selecting one family of pens. A family is defined as a style of pen from one manufacturer (usually described by a single brand name) that has multiple colors and tip points available at the same cost. The example used in the team's analysis is the Icebreaker pen from Staples, currently available in a variety of colors and points (total of 9 SKU numbers). In addition, we will continue to promote pens from the Industries of the Blind.

Notebooks: We recommend selecting one recycled and one non-recycled product each type of notepad. Our analysis focused on letter-sized writing tablets, 3x3" sticky notes, and 25x30" easel pads.

Binders: We recommended selecting one type of binder for each size. A type is defined as a single style (i.e. ring type, number of pockets, etc.) that is available in multiple colors.

All Other General Office Supplies\*: Potential extrapolated savings for standardization of all other items will result in additional savings.

*\*Our team also acknowledges the potential savings related to standardizing printers, which will lead to the standardization of toner. At this time, we did not include savings for standardization of printers/toner; the team recommends additional analysis in a subsequent phase.*

## Paper

We recommend only 30% or 100% recycled content white 8.5 x 11 copy paper is purchased. In addition, we recommend that all copy paper (colored and white) is ordered through Material Distribution Services ("MDS") on the state contract with Unisource. These recommendations also pertain to all copy centers on campus.

**2. Substitution:** The recommendation of the group is to substitute OEM toner with remanufactured toner when available.

## Toner

We recommend that all users purchase remanufactured toner when available. We estimate savings of approximately \$330,000 per year by shifting spend to remanufactured toner cartridges for the top 50 cartridges currently ordered (by cost).

**3. General Recommendations:** Overarching strategic purchasing and implementation tool recommendations can be found in the *Strategic Purchasing Appendix*.

In total, we would then expect to save over \$880,000 annually as a campus through standardization, vendor consolidation, and substitution. This savings could then be used for other initiatives.

## Components:

Functionality: The business process most supported by this solution is the MDS e-commerce portal.

- **Office Supplies:** The team recommends all office supplies be ordered through the MDS portal using the state contracted vendor, Staples, for general office supplies.
- **Copy Paper:** The team recommends ordering through MDS using the state contracted vendor, Unisource.
- **Toner:** The team recommends ordering remanufactured toner cartridges from the state vendor, Cartridge Savers. Cartridge Savers is currently not an MDS vendor, but the group recommends that MDS determines whether this is a viable option in the near future. Further, the University should determine if the current remanufactured toner cartridge vendor has the capacity to meet the proposed future needs of the University. If the vendor does not have capacity, we recommend making necessary changes for optimal vendor performance.

Technology: See *Strategic Purchasing Appendix*.

Interfaces: Currently, MDS is integrated with Staples to allow for electronic ordering and billing of customer accounts using a paperless process. This will not be impacted with our recommendations. However, our recommendation to adopt a technology tool to further enhance what MDS has to offer will impact how MDS operates, in a positive way.

## Proposed Milestones and Timing

The team understands that the timeline below is merely a suggestion, and the implementation team will be able to better finalize as they proceed. The timing will also depend on team members' abilities and availability.

Timing / Date	Milestone
<b>Week 1</b>	Identify individuals to be on implementation team
<b>Weeks 2-3</b>	Develop and finalize detailed implementation team plan
<b>Weeks 4-5</b>	Collect and clean data
<b>Weeks 6-9</b>	Analyze data for initial product standardizations and substitutions
<b>Weeks 10-11</b>	Perform quality testing/research and gather user input for suggested items
<b>Weeks 12-13</b>	Set up initial meeting with incumbent vendors to discuss product substitution alternatives, core lists, and vendor capabilities in promoting the use of identified products to campus users
<b>Weeks 14-16</b>	Develop and finalize policy/procedure for purchase of office supplies, "how to" guides, and procedure templates for departmental use
<b>Weeks 17-19</b>	Develop communication plan and change management plan
<b>Week 20</b>	Implementation of proposed recommendations

*\*\*Development of necessary technology enhancements and related milestones to be conducted in conjunction with UW purchasing framework and implementation plan for additional Administrative Excellence Strategic Purchasing work teams.*

## Alignment with Strategy

Indicate the degree to which this initiative supports the strategic plans of the University:

University Strategy	
<b>Applicable Strategy</b> <ul style="list-style-type: none"> <li>Be responsible stewards of our resources</li> <li>Align resources with priorities</li> <li>Make our administration more effective, efficient, and flexible</li> </ul>	<b>Business Case Impact</b> <ul style="list-style-type: none"> <li>The team's recommendations support the priority "be responsible stewards of our resources", both in terms of monetary resources and environmental (significant)</li> <li>The team's recommendations will result in cost savings, allowing the University to allocate resources to strategic (and other) priorities (significant)</li> </ul>
<b>Source:</b> "University Strategy For Wisconsin and the World, Campus Strategic Framework (2009-2014)" at <a href="http://www.chancellor.wisc.edu/strategicplan.old/progress.html">http://www.chancellor.wisc.edu/strategicplan.old/progress.html</a>	
Business Services Strategy	
<b>Applicable Strategy</b> <ul style="list-style-type: none"> <li>Perform the buying functions in a manner that</li> </ul>	<b>Business Case Impact</b> <ul style="list-style-type: none"> <li>The team's recommendations and the <i>Strategic</i></li> </ul>

<p>provides for the lowest total cost to the university, with consideration to life cycle costs as well as transaction costs</p> <ul style="list-style-type: none"> <li>Assess customer needs and expand classes, content, and method of training delivery based on customer feed-back</li> <li>Embrace opportunities to utilize Information Technology to increase effectiveness and responsiveness</li> </ul>	<p><i>Purchasing Appendix</i> address many of the ideas outlined in the Business Services Strategy including:</p> <ul style="list-style-type: none"> <li>Supporting the mission of cost effectiveness (significant)</li> <li>Improving customer service (moderate)</li> <li>Supporting mission of well-trained staff and innovative technology (significant)</li> </ul>
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**Source:** "Business Services Strategic Plan FY2012 and Mission, Vision, and Goals" at <http://www.bussvc.wisc.edu/bsnews/FY12-Mission-Vision-and-Guiding-Principles.pdf>

### Functional Area Strategy

#### Applicable Strategy

- Improve services and clearly demonstrate to campus customers and the public that resources are used responsibly by:
  - Improving process efficiencies in order to enhance services and responsiveness to campus customers as well as identify cost savings and improve the institution's financial performance.
  - Sharing services across Vice Chancellor of Administration (VCA) units and with VCA partners to increase collaboration, reduce redundancy and duplication, and free up resources for reallocation

#### Business Case Impact

- The team's recommendations support
  - Improving process efficiencies (significant)
  - Achieving administrative cost savings (significant)
  - Resource stewardship (significant)

**Source:** "VCA Strategic Plan" at [http://www.vc.wisc.edu/VCA\\_Strat\\_Plan\\_Web\\_2010.pdf](http://www.vc.wisc.edu/VCA_Strat_Plan_Web_2010.pdf)

## Anticipated Benefits

What are the anticipated benefits of this solution? Indicate whether each of the benefits would occur as a result of this proposed solution:

Benefit Categories	Description
<b>Improve productivity/efficiency</b>	By standardizing office supply purchasing and requiring that a single vendor be used, we will be streamlining the individual's purchasing process, which will increase efficiency.
<b>Reduce Costs</b>	The cost savings of \$883,000 following implementation are outlined in the 'Scope' section and attached financial model.
<b>Improve Service/Product Quality</b>	By standardizing office supply purchasing, the University will improve its position when negotiating future contracts, which may improve service.  The implementation team will ensure that quality items are selected, which will improve overall product quality.
<b>Mitigate Compliance Risk</b>	Some of the recommendations in the <i>Strategic Purchasing Appendix</i> will assist in mitigating compliance risk with DOA mandates. We also recommend an assessment be performed to audit purchasing controls.

## Customer Readiness

*To what extent are users ready for the change? Identify the constituencies that will be impacted by this solution and the anticipated effect on those stakeholders, including changes to roles and responsibilities.*

There is an understanding on campus that change is needed because of the reduction of support from the State, but this understanding may not be far different than the customer accepting required changes based on that need.

There are people that welcome changes if there are good reasons for those changes. There are also people that fight changes no matter how necessary they are just because of the fact that they are changes. Others are apprehensive as to what affect any change means for them or their department; they wonder if the changes will affect them personally or how they get their work accomplished. There are still others that will accept needed changes as long as there are plans and processes in effect to give them guidance in making the changes. There is a final group of people who are apathetic about change.

The team also discussed the possibility of strong resistance from principal investigators being restricted while making purchases with non-GPR funds.

## Stakeholders Impacted

The team identified all major categories of internal and external stakeholders. The following table describes the possible issues and concerns that may occur during the implementation phase of our recommendations. In addition, the relative influence of each category, and impact on each stakeholder, are identified as a percent of the total influence and impact respectively. The purpose of this table is to assist the implementation team as they plan their communications and engagement with stakeholders.

Stakeholder	Definition	Stakeholder Issues/Concerns	Degree (%) Influence of Stakeholder	Degree (%) Impact on Stakeholder
Students	General Student Population of UW Madison irrelevant of university employment status	Opportunity cost for Office Supply Resources, Compliance	2	1
Campus IT	Campus wide information technology services staff including Administrative Information Management Services (AIMS), Division of Information Technology (DoIT), etc.	Ease of implementation	3	3
Materials Distribution Services (MDS)	E-Commerce host, delivery, Surplus With A Purpose (SWAP), administration staff	Ease of delivery and purchasing implementation, conglomerated delivery orders	10	10
Copy Centers	Copy Centers staff (7 copy centers on campus)	Cost, ease of purchasing, incentive to purchase through MDS	2	6
Vendor	Currently Staples, Cartridge Savers, and Unisource for their respective commodities	Continued relationship, ease of implementation, ability to meet changes in purchasing	6	5
Wisconsin Department of Administration (DOA)	State agency responsible for statewide procurement; UW Madison is part of mandatory state contracts	Attention to minority owned, Industries for the Blind Purchasing efforts, stay within scope of State Contracts	4	4

Stakeholder	Definition	Stakeholder Issues/Concerns	Degree (%) Influence of Stakeholder	Degree (%) Impact on Stakeholder
State Taxpayers	Representative of the general citizenry of our state	Good faith efforts to reduce cost of educational administration	1	1
State of Wisconsin	Representative of all other state agencies, political entities	Good faith efforts to reduce cost of educational administration	1	1
Grant Sponsors	Research Grant Sponsoring entities	Good faith effort to reduce costs and be more efficient with grant dollars	2	1
<b>Faculty Summary</b>	General faculty viewpoint			
Deans	Faculty head for Academic Schools and Colleges	Setting of tone, ease of implementation, compliance, return of cost savings to Division	12	7
Department Chairs	Faculty head for Academic Departments	Ease of implementation, compliance, return of cost savings to Department	10	7
Faculty	All other faculty	Quality of Products, variety of products, local control, ease of purchasing	7	7
<b>Staff Summary</b>	General classified, non-academic Staff viewpoint			
Purchasing Divisions	Purchasing staff at the School/College academic level or division support services	Ease of purchasing and compliance, local control, price	8	8
Purchasing Departments	Purchasing staff at the academic or nonacademic department level	Ease of purchasing and compliance, local control, price	8	8
Requestors	Anyone who requests office supplies	Quality of Products, variety of products, short delivery	7	13
Building Mail Rooms	Staff who redistribute deliveries upon them entering the building	Ease of delivery, larger orders	2	3
Business Services (Purchasing Services)	Central Purchasing Services staff	Ease of delivery and purchasing implementation, minimize additional workload for staff on compliance efforts	6	6
Business Services (Non-Purchasing Services)	Accounting, Research and Sponsored Programs, etc.	Improve processes, minimize additional workload for staff on compliance efforts	4	4
Campus Department Administration	Academic Department Administrators, Nonacademic Department Business Managers	Ease of delivery and purchasing implementation, minimize additional workload for staff on compliance efforts, local control, return of cost savings, price	5	5
<b>Total (%)</b>			100	100

**Specific Survey Data Contributions:**

- 85% were satisfied or neutral in regards to use of remanufactured toner
- 94% were satisfied or neutral in regards to use of recycled paper
- 72% dislike minimum orders
- 63% purchased office supplies monthly or weekly (indicating a desired short time between requisition and product delivery)
- 60% never use a P-Card or only use it for emergencies, whereas 35% used it more frequently for regular purchases (indicating a slight flexibility for non-contract spend and noncompliance)

*Note: These results were drawn from a sample of 90% staff and 10% faculty*

**Impact on Other Initiatives**

*Are there inter-dependencies between this proposed solution and other initiatives underway? How will this solution challenge or enhance these other initiatives?*

There are several initiatives underway which may have synergies with the proposed solution contained in this document; however, some initiatives may also be challenged and/or enhanced by this proposed solution.

Initiative	Impact
<p>Other Administrative Excellence Teams:</p> <ul style="list-style-type: none"> <li>• Strategic Purchasing teams</li> <li>• Resource Allocation team</li> <li>• Policy team</li> </ul>	<ul style="list-style-type: none"> <li>• Numerous inter-dependencies between the Office Supplies team and the other three Administrative Excellence Strategic Purchasing teams exist; implementation timelines, communication, change management, and required resources must all be considered in conjunction with the other three initiatives so as to maintain consistency</li> <li>• A UW framework for spend management/procurement will enhance the rollout of identified strategic purchasing recommendations</li> <li>• The Resource Allocation team will help to address the challenge of institutional versus departmental resource stewardship, and may inform the related incentives/disincentives for compliance with this suggested solution</li> <li>• The outcome of the Policy team will help with implementation of institution-wide standard procedures and adoption of policy</li> </ul>
<p>MDS e-Commerce Technology/eProcurement Initiatives</p> <p>Technology <i>(continued)</i></p>	<ul style="list-style-type: none"> <li>• Current initiatives to update the MDS e-Commerce tool will impact the ability to implement the proposed solution</li> <li>• Noted dependencies/constraints from this document should be used to contribute to the UW technology framework/plan and help to inform the required technology platform</li> </ul>
<p>UW Purchasing Initiatives</p>	<ul style="list-style-type: none"> <li>• Current contracting and vendor initiatives/approaches may change and/or be enhanced as a result of this proposed solution</li> </ul>
<p>State Department of Administration (DOA) Procurement Initiatives/Requirements</p>	<ul style="list-style-type: none"> <li>• Adoption and enforcement of current and potential mandated DOA sheltered work center programs must be considered moving forward (e.g. Industries for the Blind)</li> </ul>
<p>Campus Sustainability Initiative</p>	<ul style="list-style-type: none"> <li>• This proposed solution is in accordance with campus sustainability; future sustainability initiatives should be kept in mind when implementing this solution</li> </ul>

## **Project Success Factors**

### **Change Management Plan**

*What efforts or activities will be used to promote understanding and acceptance of the proposed solution among affected constituencies? Have those efforts been included in the resource plan?*

- **Communication Plan:** Communication regarding the implementation will need to be stressed to all faculty and staff from the Steering Committee and Dean's Offices. Some ideas for implementation include:
  - Campus-wide memo (similar to *Appendix 4: Sample Communication Memo from University of North Carolina – Chapel Hill*) distributed by the Steering Committee to all employees communicating the change in office supply purchasing policies
  - Internal marketing - The new plan will stress the beneficial impact that the cost savings and sustainability efforts can have on the University
  - "Inside UW-Madison" email distributions
  - Information available on several University websites including, but not limited to, Purchasing Services, MDS, and Administrative Excellence
  - Visits by designated champions to campus groups affected by this change (examples include Financial Manager Meetings, Research Administrative Network, Council for Non-Represented Classified Staff, etc.)
- **Trainings:** Training recommendations are provided in the *Strategic Purchasing Appendix*
- **Resource plan:** Staffing considerations are outlined in the *Strategic Purchasing Appendix*

### **Dependencies or Constraints**

*To what extent is the proposed solution reliant on the output of other initiatives?*

The Office Supplies team's recommendations are influenced by the AE Strategic Purchasing teams' recommendations as outlined in the *Strategic Purchasing Appendix*. There is a great deal of overlap among these teams with regards to how to most efficiently proceed.

Also, the Office Supplies team's projected cost savings could be improved upon if standardization of printers was implemented. Greater cost savings for toners would be achieved if printers were standardized, thus also standardizing the toner cartridges needed.

### **Assumptions**

*In order to prepare this document, certain assumptions need to be made. Please document those assumptions here.*

The assumptions we have are:

- **Compliance**
  - 80% compliance across all spend categories within Office Supplies
  - Non-emergency maverick spend will not increase
  - Campus will embrace change management
- **Resource Plan**
  - Cost of staffing for implementation, training, and compliance will be determined by overarching Strategic Purchasing Teams and Steering Committee (not reflected in financial model)
  - Purchasing a technology tool will enhance the availability to do more detailed data analysis in the future (not reflected in financial model)

- **Vendors**
  - Although it is understood that contracts and vendors may change in the future, the team utilized current contract information to develop savings estimates
  - When price increases occur, they will occur consistently across the board
  - Cartridge Savers can handle new volume of remanufactured toner cartridge orders.
    - UW may decide to ask DOA for approval to rebid the remanufactured toner contract if the current supplier cannot meet the needs of the University
  - UW may be able to create a core list and negotiate with Staples for deeper discounts on future core list items (not reflected in financial model)
- **Products**
  - Quality of campus preferred products is acceptable to end users
  - For binders, within a size, all colors are priced the same or very similar
  - Consolidating copy paper orders to a single point will create ordering efficiencies and better space utilization on campus
  - Standardizing certain products may allow for MDS/SWAP to more easily redistribute used items back to campus end users
  - Promotional products are not considered office supplies by the team's definition

## Project Risks

Every project involves some degree of risk. List the potential risks to successful implementation and ongoing functioning of this initiative and explain the proposed approach to mitigate those risks.

- **Risk:** Overarching Procurement Strategy is not implemented in a timely manner
- **Proposed approach:** Continue with current process
- **Risk:** E-Commerce tool is not implemented
- **Proposed approach:** Continue with current process
- **Risk:** Customers continue to use p-cards to purchase office supplies that were not recommended
- **Proposed approach:** Audits of p-card purchases
- **Risk:** Toner vendor is unable to handle volume of remanufactured toner
- **Proposed approach:** Review other potential vendors in order to be able to create a new remanufactured toner contract as needed
- **Risk:** Discontinuation of items recommended by implementation team
- **Proposed approach:** Review recommendations on an annual or bi-annual basis

## Criteria for Measuring Success

*Every proposed solution should have specific criteria for evaluation. Performance against the criteria will be used to monitor progress and to inform future projects. Examples of criteria categories include financial, operational performance, user acceptance, tracking to schedule, costs reduced or avoided, and revenues enhanced.*

### Financial/Operational Performance & Costs Reduced/Avoided

- Request line item purchase history reports be submitted to UW by primary vendors (Staples and Cartridge Savers) on a periodic basis (e.g. quarterly, semi-annually, annually, etc.) such that UW can analyze campus purchasing habits and better understand purchasing on office supplies on an ongoing and consistent basis
- Total UW spending with office supplies vendors (both Accounts Payable and P-Card totals) in 12 months prior to implementation of proposed solution compared to total UW spending from the same sources at various

intervals following implementation (e.g. 6 months, 12 months, etc.) to gauge differences in total spending on commodity and any increase/decrease in purchasing that may improve financial/operational performance (e.g. increases/decreases in maverick spending)

### User Acceptance

- Develop mechanism for gathering stakeholder feedback (i.e. surveys) to measure customer satisfaction regarding communication of contracted vendors, sustainability initiatives, pricing, product quality, and policy/procedure, as well as to determine if training, communication, and product selection meet campus needs
- Periodic (e.g. quarterly, semi-annually, annually, etc.) review of campus preferred items in conjunction with above-mentioned Financial & Operational metrics to confirm use and incorporate campus needs
- Measure performance of remanufactured toner products by tracking instances of related warranty uses, user complaints, etc.

### Tracking to Schedule

- Comparison of achieved implementation milestones to timeline identified in *Proposed Milestones and Timing* and *Strategic Purchasing Appendix*

## **Alternatives Considered**

*Describe the alternate solutions considered, including those related to people, process, and organizational change. Indicate why the proposed solution is the strongest of alternatives considered. Consider also the risks or implications of not proceeding.*

There were many alternatives considered during the project for the 5 sub categories that were selected. When looking at all possible solutions, many different initiatives were taken into consideration. The team looked at compliance to the campus green initiatives, consolidating spending to one area, technology tools that would be helpful, and many others. We have detailed out the alternatives by the five subcategories listed below.

- **Overall for most Office Supplies:**
  - **Option of allowing only one choice of a supply**
    - **Example:** Only one sticky pad, only one pen, etc.
    - **Reasons Considered:** Maximize standardization and savings
    - **Reasons Not Chosen:** Consideration of purchasers' wide variety of needs including sustainability, price, compliance, and DOA regulations
  - **Limit item purchases to under a specific dollar amount**
    - **Example:** Allow purchase of any 1" binder under \$3 regardless of manufacturer, style, etc.
    - **Reasons Considered:** Allow for greater flexibility while still achieving savings
    - **Reasons Not Chosen:**
      - Changes in manufacturer pricing and contracts would make this labor intensive to shop and maintain compliance
      - Lack of standardization may make it more difficult to leverage pricing benefits and redistribute through SWAP
  - **Join other office supply contracts**
    - **Example:** Join a Big 10 Consortium agreement
    - **Reasons Considered:** Leverage potential better pricing
    - **Reasons Not Chosen:**
      - Pricing benefits not determined or guaranteed
      - Currently not allowed by DOA for office supplies
  - **Hire SWAP shopper to assist purchasers**

- **Reasons Considered:** Encourage reuse and redistribution of supplies without increasing current travel time for purchasers
  - **Reasons Not Chosen:** Requirement to hire one or more additional personnel may not be cost-effective for SWAP
- **Centralization of ordering to one location at the campus level**
  - **Example:** One central office on campus responsible for purchasing and stocking of supplies with charge-backs to specific divisions when distributed
  - **Reasons Considered:**
    - Centralize purchasing across campus
    - Act as a control to stop maverick or illegitimate spending at the division/department level
  - **Reasons Not Chosen:**
    - Manpower and space necessary would make it not cost effective
    - Physical spread out of campus makes it difficult for outlying personnel
    - Expiration of supplies due to shelf life
- **Centralization of ordering to one location at the department/division level**
  - **Example:** One central office/individual per department/division responsible for purchasing and stocking supplies and reallocate to specific departments within the division
  - **Reasons Considered:**
    - Limit number of people purchasing supplies and act as a control to stop maverick or illegitimate spending
    - Decrease the number of trainings provided since we would only need to train one individual at each division
    - Ease and timeliness of acquiring supplies at department level
    - Increased standardization due to supply closets stocked with pre-approved supplies
  - **Reasons Not Chosen:**
    - Not all departments or divisions have the space and staff to make it cost-effective
    - Physical location of some departments/division makes it difficult for outlying personnel
- **MDS email notifications**
  - **Example:** E-mail notifications or supervisor approvals after purchases are placed or when individuals request an account set-up
  - **Reasons Considered:**
    - Increase communication and accountability at department level
    - Limit number of people purchasing supplies and act as a control to stop maverick or illegitimate spending
  - **Reasons Not Chosen:** Requires additional technology help because MDS does not currently support it
- **Creation of purchasing help line**
  - **Reasons Considered:** Purchasing help-line could field and answer questions if online training is not possible
  - **Reasons Not Chosen:**
    - Online training is more cost-effective
    - Help line personnel would require hiring additional staff
- **Limit manufacturer determination**
  - **Example:** If 3M was chosen as our select manufacturer, supplies could not be ordered from any other manufacturer, but any type of 3M-brand supplies could be ordered
  - **Reasons Considered:**

- Leverage the pricing better since all spend would be under one manufacturer
    - Requires less up-front and continual analysis of chosen SKUs
  - **Reasons Not Chosen:** Limited standardization, limited savings, and potential quality issues
- **Paper**
  - **Add more colors**
    - **Reasons Considered:** Allow more flexibility
    - **Reasons Not Chosen:**
      - Not cost-effective
      - Increased number of purchase orders to the copy paper vendor
      - Not supportive of the campus green initiative
  - **Allow print centers (seven on campus) to continue purchasing without MDS**
    - **Reasons Considered:** Allow more flexibility
    - **Reasons Not Chosen:**
      - Not cost-effective
      - Increased number of purchase orders to the copy paper vendor
      - Not supportive of the campus green initiative
  - **Use non-recycled paper**
    - **Reasons Considered:** Cost-effective
    - **Reasons Not Chosen:** Not supportive of the campus green initiative
- **Pens**
  - **Require pen refills instead of ordering new pens**
    - **Reasons Considered:** Supportive of green initiative
    - **Reasons Not Chosen:** No documented cost savings due to lack of information regarding costs and options available
- **Toner**
  - **Shifting spend toward another remanufactured vendor**
    - **Reasons Considered:** Concern that Cartridge Savers may not be able to handle projected volume
    - **Reasons Not Chosen:**
      - More information is needed to determine whether Cartridge Savers can handle projected volume
      - DOA may not be willing to re-bid the current contract
- **Binders:**
  - See overall
- **Notepads:**
  - See overall

## **Supporting Documents**

Please attach any supporting product information, project schedules, and timelines.

- **Appendix 1:** Administrative Excellence Strategic Purchasing Appendix
- **Appendix 2:** Office Supplies Financial Model Workbook
- **Appendix 3:** Summary/Analysis of Survey Results
- **Appendix 4:** Sample Communication Memo from University of North Carolina – Chapel Hill
- **Appendix 5:** ‘Raw’ Vendor Data (see table below)

## **Report on Data**

Please provide an overview of the data collection lessons learned through the teams’ work. Questions to consider include in below three areas:

- Were data readily available via databases (either locally or in the data warehouse) or were data collected via interviews and surveys?
- What data would have helped but was not available?

## **Metadata**

Please provide commentary regarding the data structures currently used to capture data within the scope of the work team. This section should specifically reference the anticipated metrics for future-state reporting and analysis and the suitability of current data structures to meet those reporting needs.

### **Data Sources & Structures**

Data was collected from five vendors and required substantial ‘cleaning’ prior to analysis.

<b>Data Item</b>	<b>Data Source Description</b>	<b>Data Structure (Fields)</b>	
Staples Line Item Purchase Data (“Spend Analysis from Staples MDS 2011_1_30_dness”)	<ul style="list-style-type: none"> <li>▪ UW-Madison Staples line item purchase history for period of 1/1/2011 – 12/31/2011</li> <li>▪ Data reflects all office supplies purchases</li> <li>▪ Data provided to UW-Madison by Staples and collected by Dawn Ness</li> </ul>	<ul style="list-style-type: none"> <li>▪ Qtr</li> <li>▪ Customer Number</li> <li>▪ Customer Name</li> <li>▪ Customer Location</li> <li>▪ Customer City, State, Zip</li> <li>▪ Document Date</li> </ul>	<ul style="list-style-type: none"> <li>▪ SOP Number</li> <li>▪ Document Number</li> <li>▪ Item Description</li> <li>▪ UOM</li> <li>▪ Quantity</li> <li>▪ Unit List Price</li> <li>▪ Manufacturer Name</li> </ul>
Cartridge Savers Line Item Purchase Data (“Cartridge Savers.xlsx”)	<ul style="list-style-type: none"> <li>▪ UW-Madison Cartridge Savers line item purchase history for period of 1/1/2011 – 12/31/2011</li> <li>▪ Data reflects all office supplies purchases</li> <li>▪ Data provided to UW-Madison by Staples and cleaned by Andy Richardson</li> </ul>	<ul style="list-style-type: none"> <li>▪ Type</li> <li>▪ Date</li> <li>▪ Number</li> <li>▪ Memo [Description]</li> <li>▪ Name</li> <li>▪ Quantity</li> <li>▪ Sales Price</li> <li>▪ Amount</li> </ul>	<ul style="list-style-type: none"> <li>▪ Ship To Address</li> </ul>
Steen Macek Line Item Purchase Data (“Steen Macek Paper Sales.xlsx”)	<ul style="list-style-type: none"> <li>▪ UW-Madison Steen Macek line item purchase history for period of 1/1/2011 – 12/31/2011</li> <li>▪ Data reflects all office supplies purchases</li> <li>▪ Data collected by Steen Macek and provided to UW-Madison</li> </ul>	<ul style="list-style-type: none"> <li>▪ Invoice Date</li> <li>▪ SOP Number</li> <li>▪ Agency Name</li> <li>▪ Product Description</li> <li>▪ Quantity Shipped</li> </ul>	<ul style="list-style-type: none"> <li>▪ Unit of Measure, Unit of Case</li> <li>▪ Cost</li> <li>▪ Shipping Destination</li> <li>▪ Vendor</li> </ul>
Unisource Line Item	<ul style="list-style-type: none"> <li>▪ UW-Madison Unisource line item</li> </ul>	<ul style="list-style-type: none"> <li>▪ Legacy Customer ID</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer PO Number</li> </ul>

Data Item	Data Source Description	Data Structure (Fields)	
Purchase Data (“UW Madison 2011 Sales Detail_Raw_Unisource.xlsx”)	<p>purchase history for period of 1/1/2011 – 12/31/2011</p> <ul style="list-style-type: none"> <li>▪ Data reflects all office supplies purchases</li> <li>▪ Data collected by Unisource and provided to UW-Madison</li> </ul>	<ul style="list-style-type: none"> <li>▪ Customer Name</li> <li>▪ Transaction Date</li> <li>▪ Item Number</li> <li>▪ Description 1</li> <li>▪ Description 2</li> <li>▪ Quantity Sum</li> <li>▪ Unit of Measure</li> <li>▪ Resale per UOM</li> <li>▪ Extended Sales</li> <li>▪ Weight Sum</li> <li>▪ Invoice No</li> </ul>	<ul style="list-style-type: none"> <li>▪ Distribution Type Desc</li> <li>▪ Common Vendor Name</li> <li>▪ Common Grade Name</li> <li>▪ Ship to Name</li> <li>▪ Address Line (1,2,3)</li> <li>▪ City</li> <li>▪ State</li> </ul>
Xpedx Line Item Purchase Data (“XPEDX Report for all UW Madison departments full year 2011.xlsx”)	<ul style="list-style-type: none"> <li>▪ UW-Madison Xpedx line item purchase history for period of 1/1/2011 – 12/31/2011</li> <li>▪ Data reflects all office supplies purchases</li> <li>▪ Data collected by Unisource and provided to UW-Madison</li> </ul>	<ul style="list-style-type: none"> <li>▪ Invoice Date</li> <li>▪ Customer Order Number</li> <li>▪ Customer Name</li> <li>▪ Lot</li> <li>▪ Mill</li> <li>▪ Brand</li> <li>▪ Color</li> <li>▪ Size</li> </ul>	<ul style="list-style-type: none"> <li>▪ Basis Weight</li> <li>▪ Finish/Description</li> <li>▪ Quantity</li> <li>▪ UOM</li> <li>▪ Sales</li> <li>▪ Xpedx Invoice Number</li> <li>▪ Xpedx Customer Number</li> </ul>

- **Metrics for Future-State Reporting & Analysis:** As detailed in the *Criteria for Measuring Success* section, there are several metrics that can be used for future state reporting and analysis. In order for the above-mentioned metrics to be useful the following should be considered for implementation:
  - Periodic review of standard items (e.g. quarterly, semi-annually, annually, etc) to measure campus preferred item use and campus needs, and replace/update the campus preferred items as needed
  - Creation of a standard report for use in soliciting reports from vendor(s) and identification of primary data fields for analysis such that ongoing analysis can be conducted with a streamlined approach
  - Require vendors include a campus preferred item “identifier” on all purchases for greater ease and accuracy of future data analysis
- **Issues / Concerns with Data Collections:**
  - Continued timeliness of vendor-provided data reports can impact UW ability to perform analysis
  - Lack of campus wide purchasing history data for non-MDS vendors prevents full analysis of office supplies spending and impacts the ability to analyze data consistently across campus

## Data Accuracy

Please provide input regarding the accuracy of data collected. Insofar as they exist, is there a source for common data definitions within the scope of this work team?

- **Data Accuracy / Data Reliability:**
  - **Vendor Data** (Staples, Steen Macek, Unisource, Xpedx)– Data accuracy and confidence in data is reliant on vendors providing UW-Madison with accurate data
  - **Variation within Dates** – Validation of the time period used for various datasets (invoice date versus paid date) for accurate comparison of purchases
  - **Unit of Measure** –Calibrate unit of measures to reflect correct pricing across items (*Note: Substantial additional research was required by Office Supplies Team*)

- **Common Data Definitions:**

- The team defined 'Office Supplies' and related subcategories, and the team was able to organize data accordingly for 'traditional' office supplies vendors
- Office supplies purchasing data through non-traditional 'office supplies' vendors is not available resulting in an incomplete population of data

## **Data Recommendations**

Please provide recommendations to improve the suitability, availability, accuracy, and commonality of data in this area.

- Recommend increased campus-wide collection of purchasing data in a centrally managed system/database (See *Strategic Purchasing Appendix* for more information)
- Recommend that Phase 3 negotiations with the vendor request the inclusion of a UW-Madison campus preferred item identifier for all purchases to note when a campus preferred item is purchased for greater ease/accuracy of future data analysis

## **Submission and Approval Process**

*Completed business cases with all necessary signoffs must be submitted to the Steering Committee at least one week before the Steering Committee meeting scheduled to consider the business case.*

Advisory Committee	<i>Approved on 4/19</i>
Steering Committee	<i>Approved on April 26, 2012</i>



