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Section 1: Background

The University of California, Davis (UCD) Strategic Sourcing Team was formed in response to a systemwide Strategic Sourcing Initiative begun by the University of California, Office of the President (UCOP) in 2004. Since inception of the group, individual team members have participated in multiple sourcing initiatives involving a myriad of commodity and service categories. The group has also worked to implement campus wide agreements that fill unique campus needs or as backstops for gaps in UCOP agreements. The mission of the UCOP Strategic Sourcing Initiative is to harness the combined buying power of the University system to lower costs, improve product quality and increase service levels. The Strategic Objectives of UCOP Strategic Sourcing are:

- Develop collaborative relationships with clients across the UC system to understand their needs and provide high quality procurement services that best meet those needs.
- Pursue strategic initiatives in a coordinated manner that leverages the power of our collective spend and redirects savings to teaching, research and public service.
- Invest in and optimize talent and technologies across the University to deliver far greater benefit than can be achieved by any single location working independently.
- Drive down Total Cost of Ownership (TCO) and promote new revenue opportunities through effective sourcing, contract management and supply chain solutions.
- Partner with suppliers to develop business relationships and solutions that optimize value for the University.

The UCD Strategic Sourcing Team supports the mission and objectives established by UCOP. This strategic plan aligns our local objectives in a manner that will assist UCOP in achieving their objectives.

Since fiscal year 2012-2013 when UCOP implemented Benefit Bank to track Strategic Sourcing and Procurement savings throughout the system, the tool has banked $501 million in benefits. Locally we have banked $49.6 million in benefits for our UC Davis campus users during the same time period. Benefit Bank tracks the following activities:

- Cost Reduction – Benefit achieved when Sourcing/Procurement action results in a total cost that is lower than the base-line cost, and the baseline cost calculation is supported by documented historical price (i.e., previous contract, historical costs, or imputed historical cost)
- Cost Avoidance – Benefit achieved when Sourcing/Procurement action results in avoidance of additional cost (i.e., maintenance fees, requested price increases, or other ancillary costs)
- Incentives - Benefit achieved when Sourcing/Procurement action results in new gross incentive (based on volume, compliance/utilization, transaction size, electronic payment, e-commerce, signing bonus, GPO, etc.)
- Revenue - – Benefit achieved when Sourcing/Procurement action results in revenue generation
The following graphs show the history of savings achieved during each fiscal year by UCOP and UCD along with a representation of UCD’s percentage of savings achieved.
Section 2: Mission

The Strategic Sourcing Team as a part of Procurement & Contracting Services provides timely, professional Procurement & Contracting Services enabling our customers to meet their business objectives consistent with the University’s mission of teaching, research, and public service. We provide sound business contracting advice; develop sources of supply, specifications, procurement documents and business agreements using technical and professional expertise. We utilize proven “Best Practices” to fulfill the needs of our customers. Procurement & Contracting Services promotes diversity and equal opportunity in its daily business with the University supporting small, woman-owned, disabled veteran, and disadvantaged business enterprises. Through the Strategic Sourcing program, we optimize the University’s purchasing power by developing campus and systemwide agreements for goods and services, using e-procurement whenever possible to simplify and facilitate the purchasing process for our customers.

2.1 Strategic Sourcing

Strategic Sourcing is a UC systemwide collaborative effort to drive value and increase customer satisfaction by enhancing product quality and service levels, while leveraging the UC buying power to significantly lower total costs. The combined strength realized by the joint purchasing power of all the UC campuses, medical centers, and labs deliver substantial pricing discounts from regional and national suppliers of commonly used commodities. More about the systemwide strategic sourcing effort can be found on the UCOP Procurement Services site. The following illustrates the focus of strategic sourcing on reducing total cost.
The Strategic Sourcing Team utilizes a Six Step Sourcing Methodology to align the campus community’s business requirements to the supply base ensuring the resulting contracts provide tangible value to UC Davis.

**UC Davis Strategic Sourcing Methodology**

<table>
<thead>
<tr>
<th>Define Business Requirements</th>
<th>Sourcing Project</th>
<th>Source Plan</th>
<th>Contract Management &amp; Execution</th>
<th>Supplier Relationship Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Detailed Voice of the Customer / Business Requirements</td>
<td>- Project Charter</td>
<td>- Total Cost of Ownership</td>
<td>- Risk Analysis &amp; Mitigation activities</td>
<td>- Implement Supplier Relationship Management (SRM)</td>
</tr>
<tr>
<td>- Benefits Analysis</td>
<td>- Business Requirements</td>
<td>- Price Models</td>
<td>- Implementation, Planning &amp; Resourcing</td>
<td>- Implement &amp; Track Supplier KPI’s</td>
</tr>
<tr>
<td>- Opportunity Analysis</td>
<td>- Marketing Profile</td>
<td>- Innovation Opportunities</td>
<td>- Request for Proposal (RFP)</td>
<td>- Schedule frequency of business reviews</td>
</tr>
<tr>
<td>- STP - Situation Target - Proposal</td>
<td>- Global Analysis</td>
<td>- Technology Roadmap</td>
<td>- Implementations Planning</td>
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<tr>
<td>- Value Analysis</td>
<td>- Business Requirements</td>
<td>- SWOT Analysis</td>
<td>- Contract / Service Level Agreement Finalization</td>
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<tr>
<td>- Service Requirements</td>
<td>- Negotiation / Change Management Plan</td>
<td>- PEST Analysis</td>
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<tr>
<td>- Change Management Plan</td>
<td>- Cost Savings</td>
<td>- Porter’s Five Forces</td>
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<tr>
<td>- Supplier Management</td>
<td>- Supplier Selection</td>
<td>- Engagement / Communications Change Management Plans</td>
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<td></td>
<td>- Request for Information (RFI)</td>
<td>- Options</td>
<td></td>
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</tbody>
</table>

**Bold = Required**
2.2 Services Provided

The Strategic Sourcing group provides the following, to ensure success of the program on our campus:

- Local Area Strategic Sourcing
- Aggie Buy agreement coordination
- UC Davis Small Business Program coordination
- UC Strategic Sourcing coordination

Section 3: Objectives

The Strategic Sourcing Group has developed the following objectives in alignment with our mission statement that will enable the Procurement & Contracting Services division to achieve maximum success.

- Maximize use and receipt of Incentives
- Improve internal and external marketing of Strategic Sourcing services
- Increase number of suppliers in Aggie Buy
- Improve access to quality data to identify savings opportunities
- Organizational excellence
- Improve personnel skills through education and experience

A brief highlight of each objective is shown below and a full explanation of specific activities is included in adjoining sections of this document.

3.1 Maximize use and receipt of Incentives

The Strategic Sourcing Group recognizes the importance of Incentives and our reliance on this revenue stream to fund continuing efforts within the group and supporting the Procurement & Contracting Services division as a whole. To this end, the goal of maximizing our incentive revenue will be an over-arching goal achieved through success in the other goals identified in this document. Specific activities that will be directed toward achievement of this goal include:

- Champion University of California Office of the President (UCOP) systemwide agreements
- Champion Local Agreements
- Maximize inclusion of incentives in all agreements
- Identify opportunities to transition Blanket Agreements to Local Agreements
- Increase use of Aggie Buy through effective marketing
- Increase visits to campus departments with strategic partners
- Increase visibility through attendance and presentations at department and group meetings
- Distribution of educational materials (electronic, brochures, branding etc.)
- Attend and teach KUALI/AggieBuy Purchasing classes incorporating strategic sourcing
3.2 Improve internal and external marketing of Strategic Sourcing services

Without mandatory use of our strategically sourced contracts, marketing of our Strategic Sourcing services is imperative to our success. A detailed marketing plan has been developed and some of the specific items addressed in the plan are:

- Website improvements
- Standardized processes
- Brochures and educational materials
- Relationships with other departments
- Presentation materials
- Vendor fairs

3.3 Increase number of suppliers in Aggie Buy

Increasing the number of suppliers participating in the Aggie Buy program accomplishes two major objectives: one-stop shopping for most users and increased incentive revenue. Some of the specific items being addressed are:

- Process to identify potential suppliers
- Increased number of Aggie Buy suppliers
- Increased visibility on spend data

3.4 Improve access to quality data to identify savings opportunities

Strategic sourcing is a data driven activity. To facilitate analysis of spend data and identify savings opportunities, the Strategic Sourcing Group must have access to reliable, quality data that includes transaction level detail. The available sources of data include:

- SpendRadar
- Decision Support (includes AP, PO, APO, UCD Buy, Aggie Buy and P-card data)
- Vendor Reports
- Other campus inventory systems

To be effective our group needs transaction level detail reports. The group will achieve results by:

- Training departments on input of detail information on purchase and payment documents
- Increasing use of Aggie Buy which contains detailed data
- Including standard report format for Local Agreements
Strategic Plan

Strategic Sourcing Group

- Improving supplier generated reports
- Working with other campus activities who have in-house inventory systems that can provide purchase data

3.5 Organizational excellence

The Strategic Sourcing Group recognizes our role in setting the standard for efficiency and consistency. The group supports the campus wide Working Smarter Initiative to implement efficiencies that enhance the quality of services to students, faculty and staff while building a sustainable financial model to carry the University forward. Leading by example will give weight to our efforts to help others improve processes and achieve savings. Areas addressed in this goal are:

- Identify processes
- Map processes
- Adjust/re-invent processes
- Assist other campus activities in their Working Smarter initiatives

3.6 Improve individual skills through education and experience

The Strategic Sourcing Group believes in the age old axiom that “we are only as strong as our weakest link.” To be successful our people need to be well versed and trained in purchasing, data analysis, public speaking and project management. Along with this, we must possess advanced computer skills to quickly and efficiently manipulate large amounts of data, prepare presentations and respond to inquiries. To this end we have identified group and individual improvement plans that include:

- Open communications
- Skill Sharing
- Group projects
- Individual educational opportunities
- Professional associations and certifications
- Increased category expertise
Section 4: Marketing Plan

Related Objective: Improve internal and external marketing of Strategic Sourcing services

The Strategic Sourcing Group must maintain a steady focus on marketing our strategically sourced contracts, Local Agreements, and ancillary services to the campus and within the Procurement & Contracting Services division. This can be achieved by:

- Developing presentation materials
- Standardized processes and branded approach
- Printed brochures and marketing materials
- Website improvements
- Identifying and interacting with key campus groups
- Developing relationships with spending organizations on campus
- Regular feedback from senior management
- Initiating and participating in vendor fairs
- Working with Procurement & Contracting Services Teams and Accounts Payable to identify opportunities for savings
- Networking with other UC Strategic Sourcing groups
- Conducting user surveys

4.1 Developing presentation materials

Quality presentation materials are being developed to encompass both short briefings and more extensive training or departmental level briefings. These presentations will be conducted utilizing PowerPoint slides that show key areas of Strategic Sourcing and the associated benefits. Main points in the presentations will cover:

- Definition of Strategic Sourcing
- Price vs. Total Cost
- Benefits of Strategic Sourcing
- Use of sourced contracts
- Potential savings opportunities
- Change management support

4.2 Standardized processes and branded approach

Through the use of clean, standardized processes the Strategic Sourcing unit will lead the campus in efficiency. We will utilize standardized and consistent formats in our written communications. This will include use/development of best in class versions of the following:

- RFx’s
- Contracts
Strategic Plan
Strategic Sourcing Group

- Category plans
- Reports
- Presentation materials
- Brochures and marketing materials

All work products will be branded so they are readily identifiable as a product of the Strategic Sourcing Group.

4.3 Printed brochures and marketing material

To effectively market our services, a printed brochure will be created that can be used as a reference sheet for campus personnel. It will be dispensed at vendor fairs, meetings and other gatherings as appropriate. This brochure will include:

- Strategic Sourcing Group contact information
- List of Aggie Buy suppliers
- List of Strategically Sourced contracts and Local Agreements
- Website links to important Strategic Sourcing information

In addition to this brochure, working with other Procurement & Contracting Services teams, a “buyer’s guide” will be developed to be included on our website as a downloadable PDF file and dispersed in hard copy during buyer training. This guide will outline the basic steps in the procurement process. It will serve as a desk reference designed to improve decision making, increase use of UCOP contracts and Local Agreements, while improving data accuracy for future analysis.

4.4 Website improvements

The Strategic Sourcing group will review our website for content, appearance and ease of use. Following this review, we will update the site with accurate information that informs visitors and is regarded as a reliable reference site for campus personnel. Suggestions for the website improvement are:

- Include UCOP or campus level savings related to Strategic Sourcing (possibly scrolling banner)
- Include departmental success stories
- Include PDF’s of buyer’s guide and brochure
- Make it interactive
- Include department metrics

4.5 Identifying key campus meetings to participate in

To effectively market our Strategic Sourcing services, the Strategic Sourcing Group will identify key campus meetings and groups that our members can participate in. We will utilize these opportunities to provide short briefings regarding our services and through interaction with other attendees, discover opportunities to assist in process improvements and increase use of our contract offerings. Some groups/organizations identified are:

- Engineering Group
- School of Medicine
- Facilities
4.6 Developing relationships with other spending organizations on campus

Although delegation of spending authority resides with the Chief Procurement Officer, some campus departments are authorized to purchase various goods and services outside of controls established by Procurement & Contracting Services. These departments account for significant spend that could produce savings for the University through use of our contract offerings. It is the intent of the Strategic Sourcing Group to begin discussions with these departments regarding our contracts and identifying opportunities to assist them with spend consolidation and other process improvements. Some of the departments identified include:

- Design Services
- Facilities

4.7 Regular feedback from senior management

The Chief Procurement Officer and Associate Director of Strategic Sourcing participate in meetings and groups throughout the campus. Through regular meetings and feedback with them the Strategic Sourcing Group will identify opportunities for discussions regarding our services. This will also identify opportunities for presentations on the impact of Strategic Sourcing on the campus. In addition, the group will provide senior management with presentation material and talking points for their inclusion in meetings.

4.8 Participation in vendor fairs

The Strategic Sourcing Group will work with groups hosting vendor fairs on campus to highlight current preferred suppliers and establish booths to educate campus activities regarding our services. We will also hold discussions with Campus Events to educate them on our preferred suppliers and attempt to minimize the presence on campus of companies without agreements in place.

4.9 Working with Procurement & Contracting Services Teams and Accounts Payable to identify opportunities for savings

As a part of Procurement &Contracting Services, the group will work with the Commodities, Services and Business Agreement teams to identify opportunities to convert blanket agreements or other contracts to campus or systemwide agreements.

4.10 Networking with other UC Strategic Sourcing groups

The Strategic Sourcing Group is in constant contact with other UC sourcing teams working on systemwide projects. We will utilize this network of associates to relay successes and challenges we encounter. This will allow us to exchange ideas and improve our reputation as a “best in class” operation and a reliable source of input for decision makers.
4.11 Surveys

The group will engage the campus with a series of surveys seeking feedback on our performance, use of sourced contracts and areas for improvement. These surveys will allow us to evaluate our services, design improvements and be a transparent organization to the campus. Surveys will also be used to facilitate gathering information regarding category needs from the campus on local and UCOP contracts. Regular interaction through surveys will also increase our visibility on campus thereby increasing opportunities to assist others in their efforts to work smarter.

Section 5: Aggie Buy Improvement Plan

Related Objective: Increase number of suppliers in Aggie Buy
The Strategic Sourcing group supports the Aggie Buy program and recognizes the value of a centralized e-procurement system. Increasing the number of suppliers within the Aggie Buy program will provide an efficient one-stop shopping portal for campus users that will increase savings and provide increasingly reliable data for future analysis.

5.1 Identify potential suppliers

The Strategic Sourcing group will review systemwide and local agreement suppliers to determine their potential for being included in the program. This review will include an analysis of the following:

- Amount of spend with supplier across campus
- Term of agreement allows time for implementation
- Number of transactions with supplier
- Technology capabilities of supplier
- Use/acceptance of credit cards
- Supplier willingness to participate

Once identified, each new supplier will be added to the system in a systematic process based on their technological capabilities.
Section 6: Process Improvement Plan

Related Goal: Organizational Excellence

The Strategic Sourcing Group will undertake a systematic review of all internal processes related to local agreements and implementation of UCOP contracts. This review will focus on processes and tools used in the contracting process. Some of the areas to be reviewed include:

- RFx process
- Incentive collection process
- Report process (internal and external)
  - Quarterly reports
  - Incentive reports
  - Small Business reports
  - Reference table updates
  - Exclusion reports
  - Management reports
  - Fed Fund reports
- Use/warehousing of data
- Contract renewal process
- Negotiation process
- Approval process

6.1 Review process

The review for each process will include the following steps:

- Identify process and tools
- Map process
- Adjust/re-invent process
- Monitor process for further refinements

Section 7: Skills Improvement Plan

Related Goal: Improve individual skills through education and experience

Team members recognize that continuous improvement of personal and group skills increase our effectiveness. The team will seek opportunities to gain additional skills, improve current skills and willingly share skill improvements within the group.
7.1 Group improvements

We will strive to improve communications by being open and willing to share information. As active members of project groups we will share knowledge and expertise with others in a willing and open manner to benefit the group. The Strategic Sourcing Group will meet as a team on a regular basis to review progress on projects and assignments. These meetings will be designed to inform the team members on lessons learned and best practices being used as well as keeping members aware of project/assignment status. Consistent interaction will prepare members to seamlessly move within projects/assignments as backup when primary responsible party is absent.

- U-Learn Classes
  - http://sdps.ucdavis.edu/course_catalog/ulearn/
- Professional association membership, training and certification
  - National Association of Educational Procurement (NAEP)
    - http://www.naepnet.org/default.asp?
  - Institute for Supply Management (ISM)
    - http://www.ism.ws/
  - National Association of State Procurement Officials (NASPO)
    - http://www.naspo.org/
- University courses
- Web research to develop expertise in specific categories