

Maximizing Your Funds

5 Best Practices to Turn <u>Procurement</u> into a Pillar of Financial Stability

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Why BuyQ?

4,200+ charter and private schools

Delivers millions in annual savings by leveraging collective buying power

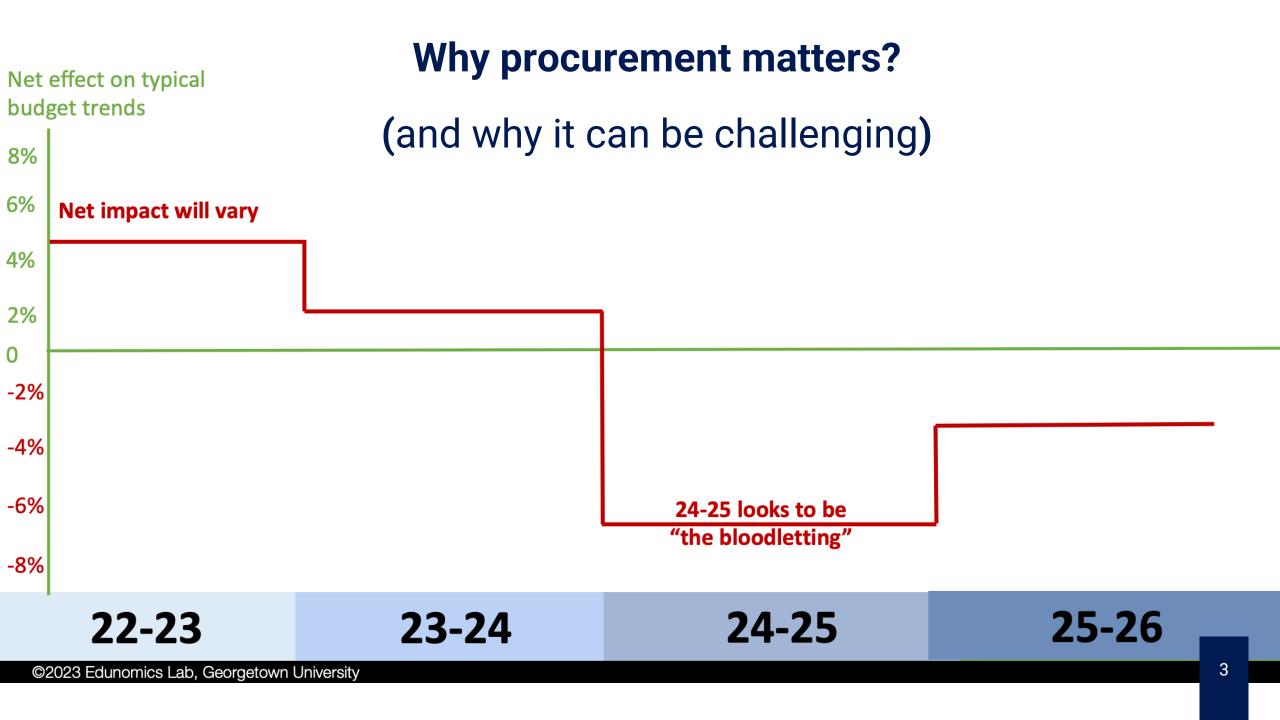
Provides tailored consulting to optimize procurement processes

ALWAYS takes a holistic approach to operational excellence



Because every dollar counts





The Pillars of Procurement Excellence



STRATEGIC SOURCING AND COST MANAGEMENT

Ensuring the organization leverages their buying power to secure the best value and maintain cost efficiency through a coordinated strategic approach



POLICIES, COMPLIANCE, RISK MANAGEMENT

Safeguard against operational risks while ensuring adherence to ethical and policy standards



TECHNOLOGY AND DATA
ANALYTICS

Drive real-time insights and streamlined processes to empower decision making and operational efficiency



STAKEHOLDER ENGAGEMENT AND COMMUNICATION

Facilitate effective
communication on aligned
internal goals to ensure
initiatives receive robust
support and are successfully
implemented throughout the
organization

Sub-Categories...



Reliable, Real-Time Reporting



Budgeting & Procurement Alignment



Professional Development & Training



Process Alignment & Systems Integration



Data Analysis & Benchmarking



Technology Investments & Automation



Strategic Vendor Management & Contracts



Staffing Model



Continuous Improvement

5 Best Practices to Begin "Strategic Procurement"



1. Revisit Your Policy Regularly

What does it say and is it followed?



2. Find & Listen to the Data

Get the full picture & don't operate on assumptions.



3. Build Accountable Supplier Relationships

Frienemies OR strategic business partners?



4. Standardize & Consolidate

Where can you drive efficiencies within your buying patterns?



5.Track Performance & Iterate

Understanding TCO and have basic procurement KPIs.





#1 Revisit your purchasing policy

- 1. Comply with rules and regulations
- Minimize fraud and corruption (or appearance of) by demonstrating open, fair and transparent methods
- Reduce total cost of goods and services including indirect spend such as <u>staff time</u>
- Provide guidance on vendor and product selection criteria (how to weight elements of total cost)
- Create institutional processes and knowledge: who, what, when, how, etc.



Can you relate?

"Releases Purchasing Policy"...

Your Staff...





Refresh your purchasing policy to align with desired outcomes (work backwards from end state) and add it to your next staff training block.

Focus on empowering staff through the policy by removing ambiguity and approval bottlenecks. **This is an iterative process.**



#2 Listen to Your Data Story

Without lifting the rock and looking underneath, it's impossible to see the creepy-crawlees...

- Someone should be responsible for spend data (start here!)
- If you don't have a system for tracking/visualizing purchasing data, focus on key categories or suppliers
- Get to product level data to start to uncover opportunities – collaborate with budget owners

Can you relate?

We know what our data is telling us about our purchasing strategy.

The data...

Budgeted	Actual	Remaining
\$1,544,573	\$1,449,698	\$94,875
\$149,168	\$161,119	-\$11,951
\$6,591	\$10,202	-\$3,611





On a _____ basis (quarterly/bi-annual) have your top 5 suppliers send you a breakdown of your spend analyzed for purchasing patterns. Review the data live for additional insights in your next check-in meeting.

*They will do this work for you, but not without you requesting it.



#3 Develop Collaborative & Accountable Supplier Relationships

To maximize your supplier relationships, you must understand the incentives.

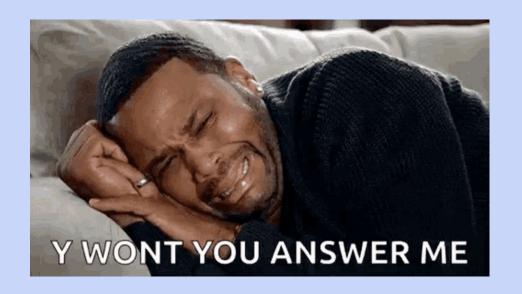
- Their goal: Retain and grow your business
- Your goal: Source quality goods and services at an affordable price

Without setting clear expectations and shared goals, you might be working against one another instead of in lock-step.

Can you relate?

School: "We work very closely with our key suppliers"

Supplier Account Manager: Sends email #12







- 3 Questions that will change your supplier relationships:
- What are the most important metrics for success if we could only track 3 things? Why?
- What is your pricing model based on? Why?
- What does excellence look like & who (other charter school) is a good example? Why?



#4 Standardize & Consolidate to Drive Value

Standardizing provides consistency and sets expectations for both staff and students.

Consolidating saves your finance team time, energy, and effort when it comes to invoicing, reconciliation, etc.

Bonus: If you standardize to a GPO contract, you also remove the additional administrative burden of running so many RFPs in-house.



Can you relate?

We standardize our buying and to get the best prices based on the volume our school/s needs.

"So, where did you buy your paper from last year?"





Utilizing your spend reports (per tip #2), review categories with spend for the same products/services from multiple suppliers. Once identified, take the total volume to your preferred provider and ask them to competitively quote for consolidation.

*Groups like BuyQ can also do this on your behalf leveraging contract prices.

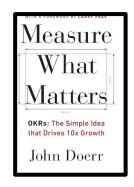


#5 Measure Performance & Iterate

Measure what matters!!

Examples:

- ✓ Staff satisfaction
- ✓ Reasonable Cost
- ✓ Repair/Replacement Cycle



Can you relate?

Chief Operating Officer: Let's develop some procurement benchmarks and KPIs and then you can present our progress on those during our monthly leadership meetings 1x month.

Business Manager: Ok, I'll add that to my list.

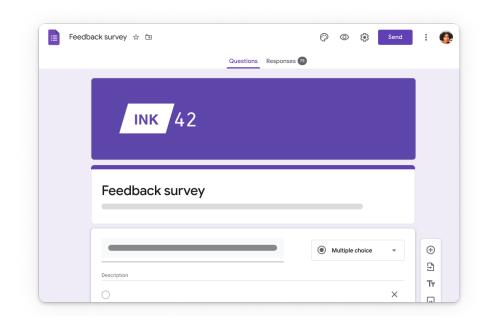








Break the mental model of price as the core driver for decisions and performance tracking. Get to know TCO (total cost of ownership) instead...



Use a simple staff survey to start to build performance data.



Blueprint for Procurement Excellence

Leading

Transformational

Foundational

 Limited market research - primarily based on immediate local vendors

- Negotiations occur on a per need basis without pre-planned strategy
- Inventory tracked manually, often leading to shortages or overstock
- Systematic market assessments to identify optimal pricing tiers and supplier capabilities

Consolidated

- Implementation of standardized procurement contracts
- Long-term supplier relationships focused on cost efficiencies
- Periodic review & adjustment of sourcing strategies
- Agile, proactive cost control measures & review cycles to adjust to market or demand changes
- Collaborative purchasing initiatives with other orgs to leverage bulk buying benefits and shared service

Policies, Compliance, and Risk Management

Strategic Sourcing

and Cost

Management

- Informal procurement policies
- Undocumented & inconsistent practices
- Minimal compliance due to lack of oversight
- · Reactionary audits

communicated within the org

Documented policies well

- Regular internal audits & compliance training
- Establishment of an oversight team
- Comprehensive policy frameworks with period review and updates
- Proactive risk assessments & controls integrated into daily operations
- Vendor assessments

- Policy benchmarking against top tier industry standards
- Real-time compliance monitoring
- Strategic risk management programs

Technology and Data Analytics

- Reliance on basic digital tools spreadsheets & manual processes
- Data accuracy challenges
- · Limited data insight capabilities
- Integrated software solutions that automate procurement tasks order & invoice management
- Reliable data insights supporting procurement decision making
- Comprehensive ERP systems that connect procurement with finance
- Real-time analytics to support decision making
- Mobile & cloud solutions to enhance access + collaboration
- Stakeholders have clear strategic input into procurement decisions
- Comprehensive training programs

- Implementation of AI/ML to analyze trends to optimize procurement strategies
- Predictive analytics to drive decision making, forecasting, and strategic planning

Stakeholder Engagement + Communicatio

- Unclear roles and responsibilities disengagement
- Informal communications pathways
- Training is ad hoc & focused on immediate or short-term needs
- Defined roles and regular meetings
- Structured communications protocols established
- Training is regular & structured on procurement policies and tools

- High-level strategic alignment across all stakeholder groups via collaboration tools
- Continuous learning & development adapting to new or innovative procurement trends and tech

Have questions?

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