

The California Gold Standard

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How University of California became Higher Education's Procurement Role Model— and Secret Weapon

University of California (UC) Procurement offers strategic sourcing for the entire University of California 10-campus system and acts as a lead agency for OMNIA Partners, the nation's largest cooperative purchasing organization. The UC Procurement team has awarded multiple competitively solicited contracts, available in the OMNIA Partners portfolio, that leverage the vast scale of the UC system's purchasing power. Universities across the country can "piggyback" on UC publicly solicited contracts with no participation fees.

This paper offers a closer look at how University of California functions as a lead agency to lower costs and increase value and efficiencies for universities across the United States.

Strategic Sourcing, the University of California Way

The university procurement administrator's role is a combination of data detective, bridge builder, compliance officer, and master negotiator. While no one would say the job is easy, for many purchasing professionals in higher education, having UC Procurement serve as a lead agency is making strategic sourcing and procurement a whole lot easier.

While universities don't have to leverage lead agency contracts, the benefits of doing so are undeniable. And when it comes to lead agencies, University of California offers some distinct advantages:

Size + Specialization = Purchasing Power, Squared

Sourcing for the largest higher education system in the country — 10 campuses and 5 medical centers across the state of California — UC operates as

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a mini-GPO, managing more than \$10 billion of spend annually. Managing that spend requires not only procurement expertise—but deep category expertise as well. UC Procurement’s dedicated staff of procurement professionals includes more than 20 specialized commodity managers, plus expert analysts and support staff. Commodity managers are recruited for both category knowledge and experience in IT, Facilities, Professional Services and Laboratory Research, as well as deep experience in sourcing for higher education. They understand the exact supplier requirements necessary to service the business and create value for the end user. That expertise builds trust with suppliers—and, in turn, builds greater value into UC contracts.

Every commodity manager comes to UC with 10 or more years of experience and an impressive track record of success. By comparison, a purchasing team of generalists—even generalists who are exceptionally good at their jobs—is likely to be less attuned to the needs and nuances of the departments their contracts ultimately serve, despite being able to secure very favorable pricing. That can translate into products and services that fall short on any number of metrics, from quality and durability, to availability and ease of access.

“Most agencies and universities know there’s value to be gained in cooperative purchasing,” says Justin Sullivan, Executive Director, Strategic Sourcing, University of California. “The question is how much value? And that’s where UC as a lead agency—and OMNIA Partners as a national cooperative—are unparalleled.”

Breadth of Spend—from French Fries to Fruit Flies

So, what’s unique about purchasing for higher education? Why are universities turning to cooperative contracts solicited by lead agencies in increasing numbers? University spend is extraordinarily diverse and fragmented.

“Universities are like small cities,” says Sullivan. “You have light manufacturing and food service and all of the industries in between, co-existing. Purchasing departments tend to be quite lean, so that’s a lot of ground for them to navigate.”

When universities use University of California contracts, they can check all the boxes: cost, compliance, sustainability, etc. They can spend more time building relationships with internal customers and understanding which goods, services, and contracts will best suit their needs—and less time on the mechanics and minutiae of creating those contracts.

The Seven-Step Sourcing Process

Another challenge facing university procurement administrators who are stretched thin (and often have additional job responsibilities unrelated to purchasing): strategic sourcing takes time. UC Procurement spends nine months on a sourcing project, from kickoff to contract implementation. And it’s how that time is spent that differentiates UC from other lead agencies.

“It’s what happens before the solicitation hits the streets that drives the most value,” says Jeremy Meadows, Program Director, Lead Agency Marketing Partnership and Sourcing Operations, University of California. “The actual solicitation is step five of seven. More than half of our process is devoted to deeply understanding the need a contract must fulfill, researching that need from every angle, and building the strongest possible business case for it. Then we open it up for solicitation. And suppliers can clearly see we mean business.”

UC Procurement uses fully integrated sourcing-to-contract procurement technology across all 10 campuses to ensure efficiency and transparency. Suppliers can visit CalUsource.net to find all bid opportunities, systemwide or campus specific.

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The final step of UC's process—implementation planning—provides a strong model for other universities as well. Knowing that the first 100 days can make or break a contract's long-term success, the UC team maps out a plan for every strategic contract. It's essentially an operations and marketing plan for promoting the contract to key stakeholders and outlining the necessary steps for adoption. This typically consists of webinars, campus rollout events, e-commerce implementation projects and targeted stakeholder communications.

University of California's Seven-Step Sourcing Process

- 1. Kickoff:** Mobilize the team and put a comprehensive project plan together
- 2. Category Profile:** Build internal and external category profile to create a Total Cost of Ownership Model for the service or asset
- 3. Strategy:** Present preliminary business case to 10-person CPO Governance Committee and determine e-commerce strategy
- 4. Evaluation Criteria:** Define criteria for scoring supplier proposals
- 5. Solicitation Review**
- 6. Negotiations**
- 7. Implementation Plan**

California is King: Contracts Made There Can Make It Anywhere

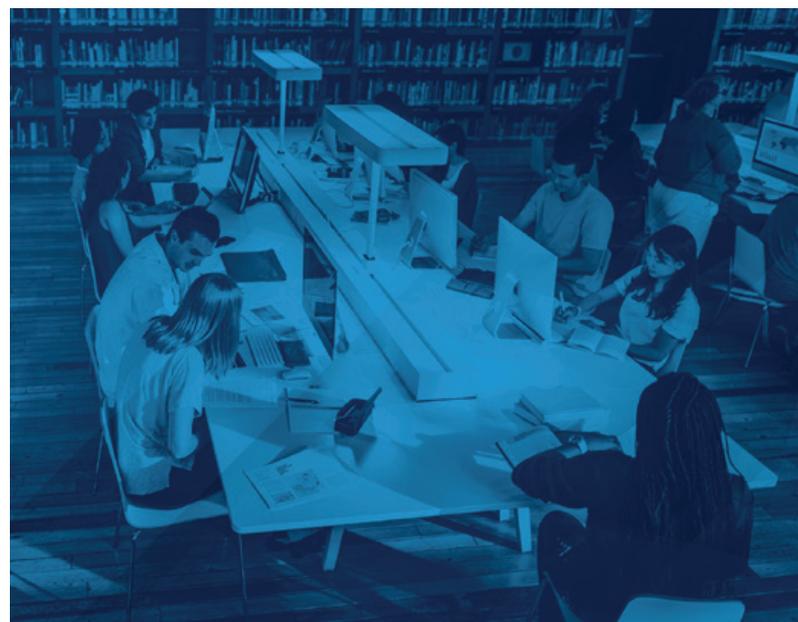
Universities that adopt cooperative contracts have their own state regulations to consider. California's contract terms and conditions are very stringent, so suppliers who are comfortable with UC terms and conditions are generally okay with those of agencies and universities from other locations.

The fact that universities won't need to modify a UC contract makes those contracts easier to adopt and implement.

In addition, best value procurement (BVP) is codified into California state law. Best value procurement ensures that suppliers can't simply buy UC's business. Rather, BVP considers factors like quality, service, expertise and sustainability in addition to price. When selecting vendors or contractors, those factors can make up 70% of a proposal's score.

And, of course, you can't talk about California without mentioning the weather. University of California's 10 campuses span a variety of climates from deserts to coastal communities. That geographical diversity is accounted for in every contract—so what works out west is likely to work up north, down south and everywhere in between.

"Of course, we don't know everything," says Sullivan. "And that's where OMNIA Partners comes in. They have higher education procurement experts who are deeply embedded in each region of the United States. They give us valuable insight— not to mention a massive supplier network—so we can make our contracts even stronger and more inclusive."



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Sustainability in Sourcing

It's one thing for a lead agency to be good—but the University of California is also committed to doing good. Being the leader in procurement and strategic sourcing gives UC a level of purchasing power that smaller institutions would be hard-pressed to match. And that purchasing power attracts a wide range of top suppliers, who can compete not only on price—but also best practices.

Fifteen percent of every UC proposal evaluation is devoted to sustainable criteria. The UC will consider a supplier's manufacturing process, products, workforce diversity, small business status, and if, as a company, they support small business as a matter of practice. They look for suppliers that are strong partners in their communities and weigh those factors in every evaluation.

“The ability to bring sustainability into the lead agency process is something we're really proud of,” says Meadows, “and it's another way we bring value to other institutions that utilize our contracts.”

Mission-Driven Purchasing

Ask anyone on the UC Procurement team what drives them, and they will echo the agency's mission: to expand opportunities for teaching, research and public service by delivering savings and efficient procurement services across the University of California.

People who choose to work for UC have committed to that higher purpose. Strategic sourcing isn't just a job for them—it's a mission.

“It's so much more than a numbers game,” says Sullivan. “A win for UC Procurement is a win for the UC system and the public our system impacts via teaching and research. That mentality is embedded in everything we do. Our greater relationship with OMNIA Partners extends our reach and our mission to universities across the United States. That makes our work all the more meaningful.”

Looking Ahead

Purchasing volume, category expertise, diversity of spend, a proven and sustainable sourcing process—all backed by the nation's largest and most trusted purchasing cooperative. It's a recipe for success that university procurement departments across the country will continue to embrace.

Chris Mellis, SVP—State, Higher Education & Strategic Accounts for OMNIA Partners adds, “We're seeing a shift in the way people view cooperative purchasing. Where agencies once might have viewed cooperative purchasing with skepticism, now they view these strategic sourcing agreements as partnerships. They see the logic in not reinventing the wheel. Especially when the wheel is so powerful and efficient. It's an exciting time to be in this industry.”

A Powerful Partnership

In 2018, UC Procurement created a Strategic Sourcing Program and selected OMNIA Partners as their cooperative partner so that public sector and nonprofit agencies could benefit from contracts that are strategically sourced and flexible and that meet best value procurement criteria. OMNIA Partners does business with all major colleges and universities in the U.S. Public agencies that wish to participate can do so at no charge. Visit omniapartners.com/UC to view available contracts and connect with a purchasing advisor who specializes in your market.