

June 30, 2017

ANNUAL REPORT 2016-2017

**CONTRACTING
&
PURCHASING
SERVICES**



Organizational Structure:

Executive Summary of the Major 2016-17 Accomplishments

- Completed 150 Furniture installs or reconfigurations
- Provide forklift training for all staff at CMU in conjunction with CMU ESS
 - Beaver island staff
 - Recycling students
 - Deliver workers
 - Residents Life staff
 - Events workers
- Major Setup and take down:
 - Commencement Ceremonies
 - Gymnastics, Football operations and Athletics functions
 - Special Olympics Summer Games
 - CMU Annual Auction
- Logistics Support for:
 - Dining services
 - Active Learning Classrooms & Living and Learning Classrooms
 - CMU Global Campus - mail, supplies, furniture install & reconfigure
 - Recycling & Sustainability efforts at CMU
 - CMU Biological Station, Beaver Island
 - Plant engineering and planning's new buildings(Bio Science) and other construction projects
 - Major move to the Museum collection
- Monthly Surplus – average Monthly sales = \$1,600 - *Annual Auction, June 2017 sales= 69,500.
- Online Auctions – Total Sales= \$10,243
- More than 1,300 computers were data wiped and sent to Public Sale or Recycle
- Recycled over 79,000 pounds of scrap metal
- Conducted warehouse tours for CMU Marketing & Logistics and Business Information Systems Students

- Identification of equipment and products that may contain hazardous material for repurposing and or disposal
 - Inventory results of -0.01% on 444,978 of value or - 61 dollars
 - A purchasing efficiency rating of .01 places CMU in the top tier
 - Of the \$49.3 million worth of goods and services:
 - 5,023 Purchase Orders were generated, of which there were:
 - 273 RFP/RFQ Purchase Orders \$3,588,450.05
 - 106 Contract Purchase Orders \$827,188.15
 - 18 Competitive Quote Purchase Orders \$171,951.59
 - 207 Grant Purchase Orders \$502,617.75
 - 151 Apple Contract Purchase Orders \$ 820,602.21
 - 830 Window Based Computers/Bid Purchase Orders \$766,901.98
 - 84 NBS Purchase Orders \$546,796.86
 - 46 Compass Coach Purchase Orders \$434,709.25
 - Additional spend is comprised business card purchases* utilizing previously established contracts. Following is a listing of just some of the purchases made on University wide contracts established by Contracting and Purchasing Services Staff:
 - \$711,194.01 on Office Depot Contract
 - \$246,836 on Enterprise Rent A Car Contract
 - \$2,829,682 on CDW agreement for IT peripherals etc
 - \$38,049 on Sehi Contract for printer purchases
 - \$7,804 on NBS agreement for furniture purchases
- *Dollar and quantities listed above **do not** include negotiated contracts not requiring or utilizing a formal purchase order and paid NPO utilizing the contract as back up.
- 454 Purchase order were paid point of sale (\$4,242,504.).

Table of Operational Data

- **Purchasing:**
 - Processed 149 non-PO contracts that totaled **\$30,100,153.36**. Twenty-nine (29) of these were new.
 - Processed **5,023** POs valued at **\$49,377,222** with an average value of **\$7,000**.
 - The efficiency rating (expenses versus spend) for Purchasing is: **.01** which places it in the top tier of university purchasing departments.
 - MBWE Spend: **\$2,241,099.23**
- **Payables:**
 - Processed **44,625** invoices totaling **\$185,071,326** and obtained vendor discounts of **\$21,416**. The average invoice was **\$4,170**.
 - Processed **5,800** ACH vendor payments totaling
 - Processed **7,994** checks
 - Processed **620** 1099-Misc forms

- **1586** Active Pay Vendors enrolled
- **University Stores:**
 - Completed **1,452** moving requests
 - Filled **18,600** stores line items
 - **\$1,239,684** in stores annual sales
 - **33,932** tagged assets valued at **130,440,428**
- **Mailroom:**
 - Processed (metered) **497,804** pieces of outgoing mail.
 - Processed **4,626** UPS packages
 - Sorted **488** trays of incoming letter mail
 - Sorted **2,602** tubs of incoming flat mail (magazines, newspapers, sales catalogs and flats)

Significant Personnel Changes

- Hired Michael Leak, Receiving
- Hired Annie Thrush, Director
- Deb Goodwin retired after 35.5 years of service
- Elaine Card, Terminated

Fundraising/Revenue Generation

- University Stores generated from their monthly and annual Sales; **\$117,226.**
- Payable Accounting generated from their Active Pay rebate **\$463,430.00**

SWOT

- **Strengths:**
 - Operational Efficiencies
 - Experienced and Knowledgeable staff
 - Very good relationships established with other departments and staff
 - Strong service orientation
- **Weaknesses:**
 - Difficulty in keeping current and complying with external (governmental, IRS) requirements.
 - Significant staff turnover the past fiscal year.
 - No staffing flexibility to accommodate new expectations of customers.
 - New demands for services from (Facilities, Research and CMED) out paces ability to respond.

- Diversity of commodity responsibilities makes it difficult to develop “expert” product knowledge in all areas.
 - Out grown present facilities to provide services we need and would like to offer
 - New demands for services to remote campus locations
 - Limited access to OIT resources in order to complete projects that require an OIT developer (e.g. OI development requests can take over a year to be assigned an OIT resource).
 - Difficulty in getting some departments to accept change or try new processes.
 - Significant workload increases due to increased campus spending and management of the Activepay Card program.
 - Workload having increased effect on employee morale and potential burnout.
 - Risk of not meeting deadlines due to increasing workload and invoice/PO problems.
 - No trained back up for PO or NPO clerk if unexpected long-term absence
 - Increase in average backlog for payment processing is periodically at unacceptable levels.
 - Difficulty in getting some departments to submit payment requests in a timely manner or follow proper procurement and payment policy/procedures resulting in late payments to vendors/payees.
 - Slow system response time which affects productivity.
 - Decentralized payables does not lend itself well to automating payables processes as efficiently.
 - The implementation of front end imaging through ImageNow has created a backlog of unpaid invoices and cleanup.
- **Opportunities:**
 - Additional collaborative service opportunities with external partners that have the potential to generate revenue.
 - Potential for implementation of SAP reporting analytics to enhance reporting for campus departments.
 - Potential for web/SAP integration to make user experience easier and efficient.
 - Potential for SAP HANA implementation.
 - Potential for implementation of SAP budgeting module.
 - Addition of the College of Medicine, Bio Science, and other initiatives present opportunities with regards to the procurement of new types of specialized equipment and services.
 - Opportunity to continue to develop the A/P imaging process in hopes to get processing back to previous levels.
 - Strong technical support for our area to provide support in developing an online invoice voucher and payment request process.
 - Implementation of the ActivePay program and increasing vendor enrollment should assist in generating revenue to fund a part-time soft funded position. This will allow for redistribution of workload, increase the effectiveness of the Payables staff in trouble shooting payment and purchase order issues, while decreasing turnaround time.
 - Staff interest in cross training and changing the office configuration have the potential to increase response and processing time.
 - Providing one on one training and group training to specific areas that have difficulty in following university payables and purchasing policies and procedures.

- Increase use of online auctions and social media
- **Threats:**
 - Continuous University Expansion – New Buildings and Programs without the addition of operational staff.
 - Budget reductions and bumping which potentially jeopardizes the employment of knowledgeable, experienced employees who have lower seniority.
 - Lack of planning and collaboration on purchases that could be aggregated.
 - The result could be less duplication and monetary savings.
 - Availability and cost of OIT resources (e.g. eliminated ABAP developer position still unfilled and OIT charging for most of their services).

Progress Toward 2016-2017 Goals

- Review and understand our software purchases to see if they can be combined and if there is duplication of similar software licensing to obtain better cost. Update: This is an ongoing project and we will active for some time.
- Complete on standardization of Windows based computers. Update: CMU has standardized our computer purchases with Lenovo/CDW for savings and reducing the computer manufactures on campus that have to be maintained.
- Helped implement new IT Purchasing Policy. This new process that gets IT more involved in IT purchases and software and licensing purchases. This helps reduce duplication or move staff to purchasing from current contracts. This policy is evolving and there will be new changes to the policy in the upcoming year.
- Rebid Crestron equipment for audio visual purchases across campus. Bluewater continues to be the most competitive. Contract has been extended for 3 more years with a rebate at the end of each calendar year based on total spend for that year.
- Additional savings based on the current negotiated contract with NBS/Steelcase over E&I contract for Tier 1 “Day-to-Day” orders resulted in an estimated \$18,400, and Tier 2 & 3 “Project” orders resulted in an estimated savings of \$71,260.
- Collaborated with CMU’s Academic Administration and Plant Engineering & Planning departments, as well as NBS, University’s Steelcase Dealer, to develop Office Furniture Standards that align with established DTNB space allocations and furniture components.

- Completed furnishings bid for the GRAWN RENOVATION project that resulted in \$584,396.48 in savings over project budget total for furnishings of \$1,806,023.00.
- WASTE MANAGEMENT/ICMRF Collaborated with FM Operations to issue RFPs for contracted Solid Waste and Recycling Hauling Services. Four (4) vendors were invited to participate, and responses were received from all four (4) vendors. Bid awarded to Waste Management for Solid Waste Hauling Services and the Isabella County Materials Recycling Facility (ICMRF) for Recycling Services. The competitive bidding process resulted in an estimated savings to the University of \$65,000 annually. Student outreach and education is a key component of each vendor's contract to increase recycling success on campus.
- We have reviewed with Enrollment Student Services and the program has been well received and ticket sales are up. Steven Johnson has approved continuing the program for another Academic Year.
- Rebid contract for Printing of CM Life. This Contract covers printing of CMU's Student Newspaper and total amount of spent on this agreement exceeds \$100,000/year. The bid is sent to multiple printers and evaluation and review of at least 3 proposals will be conducted – Update: We received 4 competitive bids and awarded the 3-year contract to Stafford Printing
- Work with campus departments who utilize the medical and pathological waste disposal contract to evaluate other options. The expenses for this waste disposal have increased dramatically over the past 5 years due to an increase in researchers on campus. We will be looking at other options from the current vendor providing the service to determine if savings can be found by contracting with another University. Current spend is in excess of \$25,000 annually – Update: CMU was offered some discounted pricing from our current vendor Stericycle and we have renewed with Stericycle for two more years.
- Staff cross training to maintain responsiveness and flexibility with job assignments
- Identify and improve University Stores asset inventory system with the present SAP system
- Research feasibility of options to reduce off campus storage by CMU departments
 - Construction of a CMU storage building
- Increase overall University Stores sales
- Promote on line sales on social media to increase exposure and profitability
- Prepare and plan for the required logistics to open the expanded health Professions building
- Work with IT to complete the computer security and disposal process
- Continue to enroll as many vendors as possible in ActivePay. However, many vendors are charging a fee for credit card payments and are asked to elect another payment method.
- Web page entry system for NPO invoices is in place and training of all campus departments has been completed. It is estimated 90-95% of NPO invoices are submitted through the webpage.

- The extended tax withholding has been implemented. This will eliminate many of the manual adjustments to the 1099 year end file and provide flexibility to address withholding requirements currently pending with the IRS.
- Working with SAP analyst to develop the vendor create process further where the database information captured by the create form can easily be uploaded into SAP. While this would still require staff review and editing, it would eliminate the need for rekeying basic information and result in time savings and reduced errors.
- The imaging process has resulted in a reduction of the backlog of invoices to be processed. The backlog of PO invoices is at an all-time low.

Primary Goals for 2017-2018 Goals

- Develop an online process for projects that include furniture, similar to that of the PEP Feasibility Request, which provides the opportunity for all stakeholders to make the best use of their time by being able to schedule projects in advance.
- Develop vehicle standards (4-dr sedan, van, truck) for campus based on the State of Michigan MiDEAL contract.
- Campus wide multifunction (copier/printer/scanner/fax) equipment agreement. The current 5 year agreement with Ricoh is expiring this year. This agreement includes the City of Mt. Pleasant and the Mt. Pleasant Public school's agreement as well as CMU campus. There are over 150 machines on this agreement that will be replaced with new equipment. This agreement provides revenue back to CMU by providing the Mt Pleasant City and Schools with competitively bid equipment and services through volume purchasing. Update: A new RFQ was issued and again awarded to Ricoh who was low bidder. Campus machines will be replaced over the summer
- Implementation of Campus wide travel management services agreement. An agreement between CMU and Hamilton Miller Hudson and Fayne has been negotiated and during FY 16-17 we will be providing training and demos to campus departments who choose to utilize the portal for booking airfare, hotel and car rental for business travel. This program provides a comprehensive reporting system for tracking travel costs and savings to CMU travelers who book travel through this site. By providing training and encouraging departments to utilize this system for booking travel future savings will be realized by negotiating volume discounts with travel providers. Update: We are in the process of setting up individual training sessions with campus divisions and colleges which will take place over the next academic year
- Start the process of implementing a HP Managed Print and Support agreement for desktop printers. This will reduce the cost of printer toners and maintenance on printers. HP will come to site to fix printers and do general maintenance and toner will be shipped at the printer is running low. Departments will pay by page on a quarterly basis.

- Revisit the computer standards and rebid to make sure that Lenovo/CDW is still competitive.
- UPDATE MAJOR EQUIPMENT FORKLIFTS & KEEP WAREHOUSE AND RECEIVING TECHNOLOGY CURRENT
- Improve Surplus Sale Building up to replacing present facility– currently not weather tight, no restrooms, no running water, no heat
- Work with IT to develop a plan for better data management
- Prepare and plan for the required logistics to support the master plan of the university.
- Continue to increase the vendor enrollment in ActivePay and ACH in order to increase revenue and eliminate checks.
- Continue to develop the vendor create process further where the database information captured by the create form can easily be uploaded into SAP. While this would still require staff review and editing, it would eliminate the need for rekeying basic information and result in time savings and reduced errors.
- Interview and hire qualified, experienced individual for vacant position
- Cross train employees to increase processing time and provide back up when required
- Perform internal audit of the decentralized areas

Contingencies/Risk to Achieving those Goals and Strategies to Address

- Help with the planning by departments to avoid over time as necessary to meet their demands
- Supplement labor requirements with Student workers
- Continue scheduled maintenance on all major equipment to extend useful life and safety
- Keep knowledge current systems that allow technology to increase exposure and improve customer service
- Cost and time involved to implement
- Upper management buy-in
- Campus-wide buy-in (everyone would have to be on-board for workflow process to be feasible or successful)
- Lack of financial resources
- Lack of human (IT) resources