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<b>Date:</b> < 14 May 2007 >	<b>Document Number:</b>

## **MSU BPR Business Case: General Services**

### **Improving Training Functionality and Flexibility**

#### **Executive Summary**

The Purchasing Team researched the current purchasing practices within each MSU campus. While we found that the four campuses are consistent with compliance rules required by the State, as they have delegated authority through MSU Bozeman – Purchasing, the only difference (though slight) were related to volume on each of the campuses. Based on this knowledge the team focused on processes and tools to improve the efficiency of purchasing as well as the customer satisfaction in performing its purchasing.

The purpose of this process modification is the improvement of the General Services provided by the Purchasing Department to the stakeholders.

General Services include:

- Providing updated forms
- Updated information
- Assisting stakeholders with complex state procurement processes

The Purchasing Team's goal is to enhance the delivery and coverage of these services by utilizing a multiple approach with enhanced web presence on the MSU Portal and an updated, more user-friendly website.

While surveys indicated that the purchasing training is adequate, comments from peer institutions and the desire to move to a more web based system, indicate that purchasing training will significantly improve by the utilization of online training. The goal of online training is to provide both general training on purchasing basics and specialized training as required.

Online training will accomplish consistent baseline training and consistent information to all purchasers. All users will receive the same information delivered in the same manner. This will also allow users to access training when it is convenient for them to take the training. By use of the online system, it would be easy to keep a log of users who have taken the training. This is not to replace face-to-face training, but to maximize training and be conscientious of stakeholder time. This can be done by having the very basic training become web based, such as "how to fill out a form," which will free up more time during the Business Procedures Workshops for more advanced purchasing applications.

The Purchasing Team also determined that the PowerPoint Presentation could be more widely utilized by increasing the content and segregating by functions to allow for tailoring for various audiences. This will decrease the overall amount of time required to prepare for special presentations as well as provide a manual for the interested stakeholder.

It is the recommendation of the Purchasing Team to utilize the most recent training program acquisition – Camtasia to create an easy to find, useful, and up to date online training tool that stakeholders may access at their own convenience. All necessary software are already accessible to the University, the expense

will be in the initial learning of the software and the creation of the training tools. It is also the recommendation to maximize the PowerPoint presentation to increase the types of training offered, but reduces the amount of time required to create new presentations.

We feel that by modifying this process, we will accomplish the following objectives:

- Increase customer satisfaction by providing as needed training.
- Provide improved training
- Improve the overall efficiency of the Purchasing Department and allow the staff to focus on more complex purchasing issues.

## Table of Contents

<b>Executive Summary .....</b>	<b>1</b>
<b>Table of Contents.....</b>	<b>3</b>
<b>A. Introduction .....</b>	<b>4</b>
1. MSU BPR.....	4
a. Summary of Processes to be Redesigned or Modified.....	4
b. BPR Objectives.....	4
c. Scope of This Case.....	5
2. BPR Business Case Purpose .....	5
3. Background.....	5
a. Problems and/or Opportunities Addressed by BPR .....	5
b. Connections to other Projects/Products or Programs .....	5
c. Other, Alternative Actions .....	6
d. Current Problems or Limitations.....	6
<b>B. Methods and Assumptions.....</b>	<b>6</b>
1. Business Case Scope and Boundaries .....	6
a. The Analysis Period .....	6
b. Geography or Location .....	6
c. Organizations .....	6
d. Functions and Positions .....	6
e. Technology .....	6
2. Scenario Design .....	7
3. The Cost Model.....	7
4. The Benefits Rationale.....	7
5. Data Structure .....	7
6. Data Sources and Methods .....	7
a. Data Sources.....	7
b. Methods for Estimating Costs and Benefits .....	7
7. Assumptions .....	7
<b>C. Business Impacts .....</b>	<b>8</b>
1. Analysis.....	8
a. Benefits and Gains .....	8
b. Expenses (or “Operating Expenses”) .....	8
2. Analysis of Results .....	9
3. Non-financial and Non-quantified results .....	9
<b>D. Sensitivity and Risk Analysis .....</b>	<b>9</b>
<b>E. Conclusions and Recommendations.....</b>	<b>9</b>
<b>F. Appendixes and References .....</b>	<b>9</b>

## A. Introduction

### 1. MSU BPR

The 4 campuses of MSU were invited to participate in a business process review (BPR) of all administrative and financial business processes across the 4 campuses.

There were several strategic objectives:

- develop a single process to be used by the 4 campuses,
- have a consistent set of definitions for all data elements, and
- improve institutional and system efficiencies and effectiveness.

Each of the processes will be:

- Redesigned,
- Modified, or
- Remain unchanged.

Each process will have a business case and cost benefit analysis to support the final recommendations.

The investigation and development phases (Phases I and II) occurred during 2006. Implementation of approved recommendations will occur during 2006 and 2007 in alignment with business cycles and resources availability.

#### a. Summary of Processes to be Redesigned or Modified.

Process Title	Recommendations	Interim Recommendations
General Services	Modification	Modification
Buying Goods	Modification	Modification
Contract Administration	No Change	No Change
Payment Approval	Modification	Modification
Compliance	Modification	Modification

The Purchasing Team reviewed five processes in Phase I and brought the above recommendations to the Oversight Committee in June. In the meantime, we have reviewed in greater depth the 4 modifications. This document describes Purchasing in its current state and our recommendations

#### b. BPR Objectives

The Purchasing Team's goals for Purchasing are to:

- Increase customer satisfaction by modifying the web page with interactive instructions and electronic purchasing forms.

- Improve efficiency of purchasing staff and provide better customer service with electronic submission of Purchase Requisition and electronic approvals.
- Improve efficiency of payment approval with the incorporation of approval queues.
- Improve efficiency of the purchasing process by converting all current Excel logs to one Access database.
- Provide improved training as well as easier access to the updated policy manual and electronic forms for additional customer satisfaction and efficiencies.

**c. Scope of This Case**

The Purchasing Team reviewed our purchasing practices in Phase I. During that review, we found that the four campuses are consistent with compliance rules require by the State as they have delegated authority through MSU Bozeman purchasing. The only differences (though slight) were related to volume on each of the campuses. Therefore, we recommended modifications at the end of Phase I. Through further research and refinement during Phase II, we recommended modification for this case. Our goal is to improve the overall training provided to stakeholders. The Oversight Committee endorsed this recommendation.

**2. BPR Business Case Purpose**

This business case describes the General Services process, the data the Purchasing team collected to review it, and the recommendation we have developed. The Oversight Committee and President Gamble may use this document to form their decisions to approve our recommendation.

**3. Background**

The process of General Services, as described on the Purchasing Performance Matrix, governs Training. Each campus is responsible for General Services and much depends on MSU-Bozeman as the highest level of delegated authority.

**a. Problems and/or Opportunities Addressed by BPR**

The Purchasing Team had identified several opportunities identified by BPR including:

- Improved efficiency by creating a centralized source of consistent information
- Future potential to interface with and populate required compliance forms
- Improved efficiency in the extraction of data stored in one central location

**b. Connections to other Projects/Products or Programs**

The BPR project has ongoing links with:

- Microsoft Office products
- Web / MSU Portal

- Workflow
- BPR Accounts Payable

**c. Other, Alternative Actions**

If the Oversight Committee or President Gamble does not approve our recommendation, we propose revert to the *status quo*.

**d. Current Problems or Limitations**

Current problems or limitations include:

- Lack of technical resources
- MSU Policies – Web posting restrictions

**B. Methods and Assumptions**

In Phase I, the Purchasing Team developed flowcharts for the Purchasing process on all four campuses. We collected data on the amount of time each step takes (flowchart analysis) as well as how much of each employee's FTE is devoted to the process overall (workload distribution analysis). There were two surveys sent out to various constituents of the process. After comparing the data collected for each campus, we discovered that there is significant agreement amount the campuses regarding process improvement.

We identified solutions to provide improved training and distribution of information by way of creating online training tools that will allow the biannual Business Procedures Workshops to focus on more specialized procurement training. The PowerPoint presentation will also be enhanced to maximize the trainings that could be derived.

**1. Business Case Scope and Boundaries**

**a. The Analysis Period**

The analysis period will begin during the Spring Business Procedures workshop and will continue indefinitely. Each review by the stakeholders trained will be taken into consideration, evaluated, and implemented if feasible.

**b. Geography or Location**

Bozeman and provided to all purchases including the other campuses.

**c. Organizations**

The organizations covered by this business case include the Purchasing Department and all stakeholders.

**d. Functions and Positions**

The Director of Purchasing and the purchasing department or equivalent positions across the campuses in variable degrees based on their delegated authority as coordinated with the State and Stakeholders.

**e. Technology**

No product costs, but there will be labor resource costs associated with updating and improving the website.

## 2. Scenario Design

This business case will address the needs of training new employees at Montana State University. Often time, training of new employees is difficult due to time constraints. However, this problem will diminish by having online training modules that a new employee may access. These will be absolute baseline trainings such as how to complete various purchasing forms.

There have also been requests for specialized training that meets the needs of various stakeholders. By increasing the potential of the PowerPoint Presentation, the Purchasing Department can tailor the presentation to meet the specialized training needs.

## 3. The Cost Model

The financial considerations we have included are employee costs associated with creation and maintenance of purchasing transactions.

## 4. The Benefits Rationale

Aside from the financial considerations, we also considered the following non-monetary benefits:

- Improved timeliness in processing transactions
- Increased availability of training
- Improved efficiency in process by reducing human error
- Enhanced technical support
- Standardization of forms and data used by all 4 campuses

## 5. Data Structure

The cost/benefit analysis compared costs for business as usual versus the implementation of this modification.

## 6. Data Sources and Methods

### a. Data Sources

We used the following data sources for our analyses:

- Flowcharts
- Workload distribution chart
- Costs-Benefits Analysis
- Surveys
- Peer data

### b. Methods for Estimating Costs and Benefits

No unique cost/benefit method was utilized in this analysis.

## 7. Assumptions

No major assumptions were made outside of interpretation of surveys and peer data.

## C. Business Impacts

The current process of providing online training through the web is difficult because of MSU policies regarding updating information. This has the negative impact of delaying the use of online training possibilities and the ability to up dates as necessary.

The Purchasing Team's recommendation to increase the use of the website and pursue the possibilities of the Portal will allow the Purchasing Department to move more towards an electronic system. With online training, there will be timesavings in regards to corrections of procedural errors and use of incorrect forms concerning the basic procurement practice.

The Recommendation to maximize the potential of the PowerPoint presentation will allow for the increase in specialized training by tailoring the master presentation. This will allow stakeholders to obtain the training that they require and prevent procedural errors.

### 1. Analysis

#### a. Benefits and Gains

The benefit to online training is the creation of a centralized location for important information regarding Procurement. With the information centralized, it allows for control of maintaining the correct information and having current forms available.

With consistent information available at all times, it will help to improve the overall procurement process by diminishing procedural errors. It will also help with standardization of the use of forms, dependent on the individual campus' Delegated Authority for improved consistency and eventual evaluation if changes are necessary.

By providing specialized training, we further enhance the sophistication of the purchasers in regards to the understanding of procurement policies and the limitations provided by the Delegation of Authority.

This will help Montana State University retain its level of Delegated Authority; or demonstrate to the State that Montana State University shows compliance with State Procurement and may be trusted with a higher level of authority.

The estimated saving in purchasing staff time is a best guess, more training, more online training should result in less time fixing problems, procedural errors and answering questions. How much less time? We estimated a 20 percent reduction in the Director's time and less time for the departments redoing paperwork would amount to over \$150,000 over a five year period.

#### b. Expenses (or "Operating Expenses")

The Operating expenses incurred will be due to the initial need for staff time to learn and create the necessary training tools. We estimated 40 hours of staff time to put the training together. The time required to learn the software is an unknown. All programs and software are currently available to the University.

## 2. Analysis of Results

The recommended process will save the campuses in personnel time. While there are some development and implementation costs, the team believes that the benefits outweigh the costs.

## 3. Non-financial and Non-quantified results

- Improved timeliness in the processing of transactions
- Improved efficiency in process by reducing human error
- Enhanced technical support by storing data in one place
- Enhanced data extraction and reporting
- Standardization of forms and data used by all 4 campuses

## D. Sensitivity and Risk Analysis

Issues of Access database security have been addressed and the database will be resident on a secured server with access only to the particular department using the database. No confidential information is stored in the database.

## E. Conclusions and Recommendations

The Purchasing Team recommends the development and creation of an Access database for use by the MSU Purchasing Office and all purchasers including campuses in Billings, Great Falls, and Havre, redesign/utilize the MSU Web page and Web Portal, initiate electronic submission of forms, incorporate approval queues, and develop new training tools. While we found that the four campuses are consistent with compliance rules required by the State, as they have delegated authority through MSU Bozeman Purchasing, the only differences (though slight) were related to volume on each of the campuses.

We feel that by making use of online training and updating the PowerPoint presentation, we will accomplish the following objectives:

- Increase customer satisfaction providing interactive instructions and specialize training to meet required needs
- Improve efficiency of purchasing staff and provide better customer service with difficult procurement policies by diminishing procedural errors that may occur.
- Provide improved training, as well as easier access to the updated policy manual and electronic forms for additional customer satisfaction and efficiencies.
- Maintain consistent and up to date information for all stakeholders.

It is the recommendation of the Purchasing team to proceed with the creation of online training tools and specialized training to provide our stakeholders with improved customer service and convenient training. This will benefit by allowing the purchasing staff to focus in on more complex procurement issues that would increase the efficiency of the Purchasing Department. This also will allow the Purchasing Department to further enhance the purchasing ability of the stakeholders.

## F. Appendixes and References