

To: President Gamble BPR Oversight Committee	From: BPR Purchasing Team Shawna Lanphear, Jeana Henley, Mary Lou Wilson, Brian O'Connor, Traci Miyakawa, Deby Gunter, and Nancy Voorhees
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MSU BPR Business Case: General Services

Enhancing Web Presence

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.

The reason for using the MSU Portal is for the ease of maintenance. MSU Policies regarding updates to the website hinder the Purchasing Department's ability to provide stakeholders with up to date procurement policies and forms. The use of the Portal also provides our stakeholders with an additional web based location for accessing up to date information.

Based on surveys of stakeholders and best practices derived from peer institutions, an online presence is a valuable tool. A portal channel would provide a secure place to provide online training and forms that would be accessible to MSU staff only. It is the recommendation of the Purchasing Team that we fully utilize the potential of the Portal and enhancing the overall web presence in order to provide improved general services to our stakeholder.

The increased online presence will improve the Accuracy of the forms and procedures followed . We did not measure the time spent correcting errors due to the web information and forms being outdated. The cost benefit analysis for Compliance – Training includes those savings. However the time the purchasing staff must dedicate to correction of procedural errors that resulted because of non-compliance with current procurement policies and/or use of out-date forms will be reduced and is taken into consideration in the training analysis. We anticipate that the increase in customer satisfaction will be one of the most significant outcomes of this process improvement.

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

- Increased customer satisfaction by providing current information regarding procurement.

- Increase the electronic capabilities of the purchasing department and reducing the amount of paper used.
- Improve efficiency of the purchasing process by minimizing procedural errors.

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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 was to improve web access to the online purchasing manual, online purchasing forms, and Purchasing updates. 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 Customer Service and Training. This can be further broken into the online purchasing manual and availability of forms. 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 increasing access to the web based purchasing manual and online forms.

1. Business Case Scope and Boundaries

a. The Analysis Period

The analysis period began immediately upon approval from the Oversight Committee. By nature of the use of the website and Portal, the analysis period will be ongoing with improvements and changes occurring as driven by State Procurement and Stakeholder needs.

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 compares continuing the *status quo* on all four campuses to providing current information and tools via the internet. The main difference between these two scenarios will be in the compliance.

3. The Cost Model

We have not included any financial considerations however there are employee costs associated with creation and maintenance of the data provided on the web. We assumed these future costs to be similar to what they currently are.

4. The Benefits Rationale

While there are some financial considerations we did not measure them specifically so they are not taken into consideration here, however we also considered the following non-monetary benefits:

- Improved timeliness in processing transactions
- Standardization of forms and data used by all 4 campuses

5. Data Structure

As stated previously we included the long-term benefits of this process change in our cost benefit analysis for training. There are costs involved with maintaining an up to date web presence, either web or portal. These are training costs for personnel in web applications and Portal content management.

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 information to stakeholders through the web is difficult because of MSU policies regarding updating information. This has the negative impact of providing out of date information, which includes and is not limited to incorrect forms.

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 up to date information, there will be timesavings in regards to corrections of procedural errors and use of incorrect forms.

1. Analysis

a. Benefits and Gains

The benefit to increased use of the website and/or Portal 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 using the website and Portal, the Purchasing Department can convey complex information and new information to all the stakeholders as required. 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.

b. Expenses (or "Operating Expenses")

The Operating expenses incurred will be due to the initial need for web application training and staff time to update all currently operating web based information and for staff training on Portal content management. All programs and software is 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

- Enhanced technical support by storing data in one place
- Standardization of forms and data used by all 4 campuses

D. Sensitivity and Risk Analysis

All information that will be made available on the web or the Portal is public information.

E. Conclusions and Recommendations

The Purchasing Team recommends the design and increased utilization of the MSU Web page and Web Portal. 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 utilizing the website more and fully investigating the use of the portal, we will accomplish the following objectives:

- Increase customer satisfaction by
- Provide 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 utilize all web-based possibilities to increase stakeholder access to current Procurement policies and forms. 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.

F. Appendixes and References