Contract and Supply Management at the University of Glasgow

University Overview

Founded in 1451, the University of Glasgow is the fourth oldest university in the English-speaking world. It welcomes students from more than 140 countries worldwide and has more than 25,000 undergraduate and postgraduate students. It is a major employer in the city of Glasgow with more than 6,000 staff, including 2,250 active researchers has annual research income of more than £200m.

The University Strategy 2015-2020 is to create a campus with facilities fit to recruit, inspire, and support the next generation of world changers. In 2016 the University has commenced its Campus Development Programme to invest £1bn over the next 10 years.

The University’s mission is to bring inspiring people together and create a world-class environment for learning and research, empowering staff and students alike to discover and share knowledge than can change the world.

Procurement Mission Statement

To be an innovative and progressive change agent to deliver effective transformation to maximise opportunity for academic success. The University has a non-pay expenditure of c.£180m across goods and services from external providers each year.

What is Contract & Supply Management (C&SM)

The University of Glasgow manages its Contracts and Supplier through Supplier Relationship Management (SRM) programme. The approach is closely linked with risk management.

The following will guide you through how Contract & Supply Management has been developed, is managed and operates at the University of Glasgow. It will demonstrate the techniques utilised, processes followed and outline the benefits and results from implementing such a program.

Why we do it

C & SM is critical to achieving strategic supply chain objectives:

- Effective partnership management
- Delivery of Effectiveness & Efficiency
- Open, fair and transparent procedures
- Effective competition
- Measure and monitor key performance indicators (KPIs)
- Drive innovation and creative solutions
- Compliance to Sustainable procurement principles, Bribery Act 2010 and Health & Safety Regulations

The SRM programme provides the framework for obtaining value for money, holding regular review meetings with suppliers to ensure that they are meeting all of the requirements of the contract at the agreed rates and to deal with performance management. It provides the University opportunity to build relationships through the Agreement life cycle with suppliers and the end users of the contract.
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Key Components of C&SM

Contracts Register
Hosts all the University’s contractual agreements is a live working document, which is regularly reviewed on a monthly/quarterly basis and maintained by the Procurement team. It is the supplemented by Category strategies, for each of the schools and colleges, which map the direction of travel within the University and enable tender activity roadmaps to be developed. The details of the contracts register are available on the University’s webpages for staff as well as being externally market facing and visible to potential suppliers. The University also took the step to publish on Public Contracts Scotland in 2016.

CIPS Sustainability Index (SI)
The University has adopted the APUC Code of Conduct. Compliance to the code of conduct is measured through CIPS sustainability index. The University was accredited with CIPS sustainability Gold Certificate in 2016.

Supplier Relationship Management (SRM) Reporting
All contracts let, have the provision included for an SRM program

Dun & Bradstreet Live Monitoring
The University subscribes to D&B reporting which provides real-time risk information on up to 500 suppliers.

Constructionline
The University has utilised Constructionline since 2014, to obtain feeds primarily for providers in the Estates & Buildings

SRM – How we do it

Supplier Segmentation
Phase 1 - Based on Contract Value and Risk
Procurement uses the Kraljic Matrix methodology to assess suppliers based on cost impact and risk. Using the current contracts register as a basis for analysing spend activity, suppliers are assigned a low, medium or high rating based on both, cost impact and risk. Feedback from stakeholders is obtained at this stage to validate the impact analysis considering the business area. From this review, suppliers can be classified as Strategic, Tactical and Basic.

Supplier Segmentation
The segmentation determines the level of engagement that there will be with the suppliers that have been categorised, as illustrated - e.g. Strategic – quarterly review meeting
Supplier Segmentation
Phase 2 - Sustainability Risk Assessment

Based on a three stage process:
- Category Risk Prioritisation (Marrakech Tool Kit)
- DEFRA Prioritisation Kit
- CIPS Sustainability Index Rating

Stage 1 – Category Risk Prioritisation (Marrakech Tool Kit) - University’s spend categories and sub-categories are assigned an initial sustainability score using a pre-prioritisation matrix against key sustainability criteria like Environmental, Social, Bribery, Modern Slavery risks.

Stage 2 – DEFRA Prioritisation Kit - Pre-prioritisation generates risk ratings for different categories and in the order of highest risks, sub-categories are further analysed using the DEFRA (Department for Environment, Food and Rural Affairs) toolkit. This produces detailed graphs showing sustainability risk exposure in combination with economic spend.

Stage 3 – CIPS Sustainability Index Rating - The suppliers with contracts corresponding to the above high-risk categories from DEFRA model are evaluated for sustainability performance using the CIPS Sustainability Index Assessment (CSI). This is provided externally and independently by CIPS (Chartered Institute of Procurement and Supply). The suppliers undergo a detailed assessment in social, economic, ethical and environmental areas of their own supply chains. The results are published on the CIPS online portal, allowing clients such as the University to view, analyse and where required work on improvement areas jointly with the suppliers.

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SRM Applied to Contracts - based on risk prioritisation

Based on highest risk prioritisation Suppliers are segmented into Strategic, Tactical and Basic categories. The first step is identifying high risk and high spend categories. The second step is identifying contracts within high risk categories. The third step is applying SRM for the management of Contracted Suppliers in a structured and measured manner. SRM forms an important part of the procurement process, included in the Strategic Sourcing Journey. SRM templates and process is included in the tendering documentation and inside contractual agreements to ensure that suppliers are contracted to follow the process. Documentation includes KPI metrics, Stakeholder Feedback form and the Contract Change Note.

This example demonstrates the target benefits using the SRM model for the Construction category.
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Supplier KPIs and Dashboard

Suppliers complete an agreed set of metrics using management information on a periodical basis dependent on their categorisation – i.e. monthly, quarterly, etc. This information generates a dashboard for performance levels achieved (example below). The University uses a RAG system to manage the supplier performance:

- ≥70% Green - Acceptable
- 50-69% Amber - Review
- ≤50% Red - Unacceptable

Benefits / Results

A continuous, fully embedded Contract & Supply Management program with increased collaborative participation

Improved spend compliance with a reduction in maverick spend

An end-to-end integrated fully sustainable supply chain

Ability to identify and manage supply chain risks, in real time

Availability of enriched analytics which enhance and supplement the information available from internal systems

An environment that creates and promotes true innovation

Measuring Performance through KPI reviews and Stakeholder Feedback Forms

Effective communication through Supplier Workshops - accessibility to spend demand and forecasting, standardisation on specifications, delivered efficiencies and improved ways of working and sharing best practice

Active Procurement influence and engagement in the mobilisation and communications with key internal and external stakeholders throughout the Contract life cycle.

Effective Exit Management plans where appropriate

Continuous Improvements/Lessons learned through standardised set of terms and conditions, such as the introduction of the NEC3 suite of contracts

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