PROCUREMENT TRANSFORMATION IN THE HEART OF PHILADELPHIA

WRITTEN BY ANDREW WOODS
PRODUCED BY DENITRA PRICE
Procurement is undergoing nothing short of a revolution right now, with technology transforming both operations and capabilities far beyond merely a back-office function. Purchasing goods and services strategically with an emphasis on value and cost savings has become a staple of modern business practice, and higher education is not exempt from this trend. Rising tuition costs and changes in enrollment patterns to more affordable options have caused budgets to tighten, leading to mergers and even closures among some smaller, private educational institutions. In this environment, colleges and universities are re-evaluating their purchasing policies and procedures in order to maximize the student tuition dollar, reduce expenses, and remain competitive.

Drexel University, located in Philadelphia, Pennsylvania, is one such institution, having
recently expanded its Procurement Services department under new leadership. Julie Ann Jones joined Drexel, the 15th largest private university in the US, last January as Assistant Vice President of Procurement Services. What brought Jones to Drexel was the opportunity to build a procurement department at a university that has the institutional will to make meaningful change to the way it does business, including the development of a more socially responsible and economically inclusive procurement strategy.

The procurement space at Drexel involves an annual spend of approximately $350mn across a diverse range of departments, and transitioning this function through the prism of social responsibility and economic inclusion is no small undertaking. However, Jones has the necessary experience in spades – having engaged with suppliers during her seven years working in IT and on supply chain systems at Philadelphia Housing Authority and while serving as Executive Director, Project Management & Procurement at La Salle University.

In effecting this institutional change, Jones placed a premium on pragmatism.
and flexibility while still being mindful of her team’s core mission. “A lot of the changes in procurement have happened pretty fast,” she explains. “We had to begin to transition into new, creative ways of thinking. And with that kind of culture shift come policy and process updates.”

Understanding the needs of Drexel meant not strictly adhering to a best price model. Instead, Jones reshifted the focus of the procurement function to what she calls ‘best value’. “We have to be budget conscious, of course, but sometimes you might also have to pay a little bit more because the product or the service that you need is really represented better at a slightly higher price,” she explains. “We want to provide a quality service and get real results.”

SUPPLIER DIVERSITY AND ECONOMIC INCLUSION
A key dynamic in instituting policy and process changes was Drexel University’s commitment to working alongside the local community. “It’s relationship building, essentially. Procurement’s not just an administrative function but also a customer service function while also being very strategic,” Jones explains. The university is a key member of Philadelphia Anchors for Growth and Equity (PAGE),
which works to better connect large institutional buyers to local suppliers and their respective supply chains across what are termed the ‘eds and meds’ – educational and medical institutions across the city. It’s a ‘buy-local’ program close to Jones’ heart; her late father was a small business owner.

The initial aim of the scheme is to localize $500mn in goods and services contracts across 13 city hospitals and universities within the city of Philadelphia. The initiative is also hoping to create 5,000 living wage jobs for local residents over the next 8-10 years. “The idea is that we all come to the table to share data and strategies. We get really deliberate about this work to see if we can bring some of the spend dollars back into Philadelphia,” she explains. “Baltimore had a really successful initiative and we’ve been working closely with the team that heads that up. I sat on the panel in October, and we had some really great conversations about how to do this work and how to make it mean something. So, it’s an interesting time.”

Local suppliers are benefiting from an overarching supplier diversity program that plays a huge part in the new drive at Drexel, with a dedicated Director of Supplier Diversity appointed last August. “We have the capacity on our team now to truly help manage that aspect of any of these larger contracts and hold these suppliers accountable to it. We can then see what that process looks like on a quarterly basis and how we quantify and report that when we look at our diversity numbers,” Jones outlines. The Smart Source procurement system at Drexel is also being utilized more rigorously to support the university’s supplier diversity strategy.
Jones is fully invested in the local and diverse economic impact of both the university and its partners. “We’re not just checking boxes to make sure we’re hitting certain arbitrary goals or numbers but focusing on how we are really impacting these businesses in our community. Are the businesses prepared? Do they have the capacity to do business with the larger institutions? And if they don’t, can we give them smaller pieces, or can we put them in contact with people to help build their capacity so they’re ready next time?”

“So, a lot of these programs have different goals. You have the community partnership folks that are on the relationship side of things, out in the community, hearing the problems. Then there’s the business side of the house, which I would consider to be procurement, facilities and HR and now we’re starting to engage with our internal folks as well as with our external neighborhoods. So, a big focus since the director got in has been inserting ourselves into these processes, into the community, into these conversations, talking about how we affect all this, not just through direct purchase, but through other strategic things we can do.”

Sustainability continues to influence many aspects of business strategy across numerous departments and it’s an influence behind the future of procurement at Drexel. “Sustainability is that last tier. Some of our partners already report in on it, but that’s the next pillar we’ll focus on. The Director (of Supplier Diversity) and I have spent a significant amount of time talking about what this program’s going to look like and how we’re going to engage in a very different and deliberate way.”
TEAM BUILDING
To bring in the processes Jones saw as essential to Drexel’s strategy, adding headcount to the small existing team was a critical priority. Fortunately, Jones had both the support of Drexel and the ability to hire the majority of her now fully-staffed department while retaining existing talent. “The seat here at Drexel had been empty for about a year and several open positions on the team were deliberately left until my position was filled,” she says. “We’re 17 strong right now but of that 17 only four have been here longer than 11 months. It’s a really young team, and of the folks we interviewed, hired and brought in, none came from higher education; not by design, just by the pool of candidates and their skillset and what they brought to the table. Having them come in fresh to higher education has actually been a gift because it’s all changing so fast, they get to be on the ground floor as we create this.”

Jones introduced what she describes as a ‘think-tank environment’. “It’s working very well,” she enthuses. “I’m already getting a lot of positive feedback which I am extremely happy with. The last thing you want, especially when you’re trying to build a new team, is to have somebody coming in thinking they know exactly how to do it. Higher education culture is very unique in and of itself, and each institution will be very different to the next. So, what you think you know really doesn’t matter when you go to a new university.”

The procurement system Jones inherited at Drexel was a procure to pay (P2P) system implemented back in 2014. However, the legacy system was not yet being fully utilized, which is not entirely uncommon. “We have a pretty robust system, and now we’re truly engaged in catching up with some of the maintenance items that make it a lot more user friendly. We’re also looking at how to most effectively capture data.”

Jones’ goal for this year – “and we’re certainly on track to do that” – has been data scrubbing. “We’ve been standardizing our reporting, trying to be consistent and repeatable in the information and the data we share internally to make decisions, but also externally to be able to represent ourselves as a significant anchor institution in Philadelphia, which we are.”

A key outcome of robust data capture is the ability to centralize pricing negotiations with suppliers where the university’s expenditures cut across multiple departments. “I’m very sensitive to the fact that we can make a big impact on those smaller departments, and they mean just as much to me as the
university holistically, so I don’t always want to talk about the university’s bottom line.” Jones has just four strategic sourcing specialists and one director able to facilitate RFPs across approximately $350mn of spend. “We’re not going to be able to facilitate every RFP, but we try our best to partner with the departments to make sure they’re getting the best value, and then for the smaller ones we try to give guidance to help them run their own bids. Higher education procurement is generally pretty decentralized and we’re attempting to restructure that a little bit and offer some solutions university wide via website portals and internal communication, so these departments can benefit from the entire university spend.”

Jones sees procurement continuing to shift both at Drexel and in the wider business community, as it transforms into a strategic function on a global scale. “We’re really going to see it (procurement) continue to move forward as a strategic business partner. I think we’re going to see a lot of our executive level folks turning to procurement with questions, strategic partnerships and initiatives, and asking us to be at those tables to come up with ideas and brainstorm with them. Procurement is going to continue to become more of a financial resource, whether it’s by budget savings or aggressive partnerships. Some of our partnerships actually do result in money coming back in to the university, and into whatever entity you’re speaking of.”

The procurement space at Drexel is undergoing a massive recalibration and eventually Jones wants to be able to provide an annual report for procurement at Drexel incorporating all its extensive external and internal activities.
as the university continues to nurture its clients as well as the local citizens and businesses of Philadelphia. “We want to talk about all the wonderful things that we do,” Jones says. “We want to highlight the extracurricular aspects of procurement and what we’ve participated in and how we’ve been impactful, not just financially, but also socially and civically within our community.”

Year after year, Drexel’s Procurement department continues to make meaningful changes in its business model while exchanging value with the community to become a leading benchmark to other universities. Jones is proud to have demonstrated this and with a strong team and commitment to sustainability, this progress is set to continue.