

P2P Champions Meeting

October 11, 2007

Agenda

- P2P Project Update
 - Spend Analysis
 - Resource Creation
 - P2P Representative Presentations
 - Provost/VPUL
 - Business Services
 - School of Medicine
 - P2P Champion Meeting Schedule FY08
 - Open discussion & questions
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Spend Analysis Update

- 4th formal School & Center spend analysis initiative launched in 1st quarter
- Recruiting volunteers for 1st & 2nd quarter CY2008
- Contact JoAnn Murphy in Purchasing Services to schedule initial meeting
 - joannmur@pobox.upenn.edu
- Project results since February 2006:
 - 16 supplier discount pricing agreements
 - \$1.8 million in documented product cost savings

Spend Analysis Project Plan

- Review of Organization data versus University activity
 - Transactions by buying method
 - Contract versus non-contract supplier
 - Marketplace versus non-marketplace
 - Inappropriate activity
 - Formal recommendation submitted to the School or Center Senior Business Officer that includes:
 - New contracting & cost savings opportunities
 - Compliance issues
 - Change management
 - Formal time line and expected deliverables
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Four Absolutes of Quality Management

- The definition of quality is conformance to requirements
- The system of quality is prevention
- The performance standard is zero defects
- The measurement of quality is the price of nonconformance (PONC)

Quality Without Tears, the Art of Hassle-Free Management – Philip B. Crosby

Five Steps For Eliminating Nonconformance

- Define the situation
- Initiate a “quick” fix
- Identify the root cause
- Take corrective action
- Evaluate and follow up

Price of Nonconformance

- Administrative time spent fixing exceptions contributes to resource constraints
- Opportunity for early pay discounts lost
- Opportunity to negotiate better contract pricing
- Suppliers won't ship until outstanding invoices are paid
- Delays in receiving needed goods or services

Measurement

- Measurement is an essential construct of any process
- Definition of measurement should be an essential part of any process definition or review
- Everyone needs to understand how to effectively monitor and improve their work processes

Performance Measures that Drive Change

- Measures are integral to effective change
 - A goal-focused measurement system is the best vehicle for initiating corrective action and sustaining continued improvement
 - Performance measures must be:
 - Actionable - Does the measure provide information that can be acted upon to improve performance?
 - Relevant - Does the measure have a significant, demonstrable relation to strategy and business goals?
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Measurement Strategy

- Use information from BEN Financials to develop definitive measurements
- Develop measurements which provide adequate information required to take action and allow for “root cause” analysis
- Develop tools which can be used by key roles in the process to measure their process performance

Measurement Summary & Discussion

- Use of measurements to facilitate the five steps for eliminating nonconformance
 - Define the situation
 - Initiate a “quick” fix
 - Identify the root cause
 - Take corrective action
 - Evaluate and follow up

Measurement Summary & Discussion

- The definition of quality is conformance to requirements
 - Developed measurements and tools to drive conformance to process policies & procedures
 - The system of quality is prevention
 - Developed measurements and tools to assist with root cause analysis and exception elimination
 - The performance standard is zero defects
 - Developed process improvement goals designed to drive to zero defects
 - The measurement of quality is the price of nonconformance
 - Reduction in administrative costs
 - Leverage \$750 Million controllable spend for early pay discounts and pricing discounts
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P2P Champion Meeting Schedule

- Future meeting dates for FY08
 - November 29, 2007
 - January 17, 2008
 - March 6, 2008
 - April 17, 2008
 - June 5, 2008
 - Time slot – 9:00 to 10:30am
 - Locations to be announced
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Conclusion

- Thank you for your continued support!
- Open discussion & questions