

Purchasing & Printing Unite To Provide Savings In Difficult Budget Times

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Abstract

Florida State University (FSU) has experienced on-going and difficult budget reductions, forcing changes in business practices. FSU Finance & Administration needed to make quick and difficult decisions on what areas might need to be eliminated or reduced and where better business practices might affect positive changes. A review of all expenditures of printing orders, either by private off-campus vendors or through the internal in-plant Printing Services revealed this was an area that could change. Two trends emerged through the analysis. Overall university requirements for printed material declined due to lack of budgetary resources and Printing Services, an auxiliary unit, could not continue to fund its staffing levels and employee lay-offs were necessary.

The decision was made not to close the internal in-plant Printing Services. The department has reviewed all off-campus vendor purchases before approving them to purchasing for dispatching to purchase orders. This had been an effective means to monitor pricing quotes made by off-campus vendors. However, Purchasing felt this role could be expanded to more effectively educate the university units on ways to save money. The fact that experienced employees in the custom manufacturing process of printing had the resources of estimating systems, knowledge of labor rates, raw material costs, industry equipment abilities and production output times meant that Printing Services would have the ability to determine best pricing and vendor selection for printed projects. Purchasing united with Printing Services and gave the director of this unit the role of a print buyer within the Purchasing department.

Introduction of the Organization

FSU is comprised of sixteen independent schools and colleges. It has approximately 40,000 students and 6,000 faculty/staff. Any area of the university that purchases printing and is interested in saving money will benefit from this initiative.

The FSU Purchasing Department has 16 employees, eight of those are purchasing specialists, while the other half function in support roles. This E&G funded department serves the University community by purchasing material and services required to carry out the University's mission of education, research and services.

The FSU Printing & Mailing Services was at one time two separate units, that were merged into one unit eight years ago in an effort to remove redundancy in staff duties while creating a more streamlined, efficient work flow. The Mailing Services unit at one point was an E&G funded unit, but necessary budget reductions forced increasing support from Printing Services auxiliary funds. After laying off eight employees, Printing & Mailing Services has twenty staff left, many with 20+ years experience in the printing & mailing industry.

Statement of the Problem/Initiative

FSU has experienced on-going and difficult budget reductions, forcing changes in business practices. Off-campus purchasing requirements for printed material declined 50% in 2007-08 from 2006-07 except for one research unit. FSU Printing Services saw a decline of 40% in the last two years, 20% from 2006-2007 and another 20% from 2007 – 2008. This trend pointed to lack of budgetary resources within the university and departments utilizing electronic media to correspond or fore-go printed marketing

campaigns altogether. Printing Services, an auxiliary unit, could not continue to fund its staffing levels and eight employee lay-offs were necessary.

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Design

A review of all expenditures off campus and internal printing orders was conducted. This consisted of one person's time to export data out of the Purchasing system and produce reports based on departments' fiscal funding numbers. Additionally, one person's time in Printing Services was used to export data out of the internal estimating system to produce reports. These reports revealed all internal campus printing orders, which departments had spent university funds, and the types of jobs requested.

These reviews were done without additional funding sources and at no additional costs to the university.

The initiative was driven by the need to find ways to save monies.

Implementation

The budget restrictions required quick implementation. Review began in Oct. of 2008 and decisions made to reduce staff levels and notify employees began in May, 2009. Preparations began in May, 2009 to assume duties in July of 2009. Two people were selected in Printing Services to assume additional duties. The director, who has 35 years of industry experience and the general manager, who has twenty five years of industry experience. These two employees went through one on one training in their new roles of purchasing specialists in the purchasing system. There were four training sessions of about one hour each, with follow-up reviews occurring once a month. The employees began attending monthly Purchasing staff meetings and software access was granted into internal shared folders of purchasing resources. Information filtered down into the university community through department web sites. Both the Purchasing and Printing Services departments began attending meetings hosted by other units and groups to personally spread the information regarding the new process. Daily communications between the two departments became the norm, via in person, phone conversations, or email.

Benefits

Immediate benefits gained were payroll savings in the Printing Services budget by approximately \$350,000 yearly. We expect on-going and long term results in cost savings on all print projects. As each project or job is reviewed specifically to see if a more economical method of production, we expect departments to select options on their project that will save their budget dollars. A specific example of one print purchase request in Aug. 2009 was a savings of about \$3000 by selecting a different printer and the print buyer overseeing the production process locally. The print buyer reviews all specifications to determine whether or not specifications are set too high or too low according to what is needed. It may be that choosing a different type of paper could affect the cost up or down. When departments contact print firms on their own they may be given information that could cause the print job to cost

more money depending upon the spec information they are given by the print firm. By having the print buyer review all specifications, this ensures quality, and cost wise print specifications are developed for all printing solicitations. Another positive benefit has been that the print buyer requests all vendor quotes, then reviews the quotes for adherence to original specification, and selects the vendor of choice based on a fair and equitable quote or bid process. The print buyer can then also work closely with the awarded print firm to ensure that the print job/project adheres to specifications submitted, timeline and cost (contract monitoring). The print buyer also works closely with outside print firms to determine which firms provide specific type services and have specific type equipment for different printing needs. It was found that some departments were asking their “vendor of choice” to reduce their original quotes to beat a competitor that was lower. These departments are being educated regarding purchasing ethics and fair business practices as this occurs.

Another added benefit is that the print buyer developed and implemented a specification worksheet to be filled out by individuals on campus when a print job is required. This specification worksheet provides guidelines for printing and standards to streamline the specification process for campus departments. This results in obtaining better quality print jobs, better pricing, better selection of qualified print firms and control over University branding and copyright and use issues (artwork, web design, letterhead and photos). Informing campus users of this information ultimately results in cost savings over time for the University.