

HEI Sourcing Maturity Framework

STEP ONE – BUSINESS ANALYSIS

The **Sourcing Maturity Framework (SMF)** provides a powerful visual tool* for mapping the complete spectrum of Higher Education Institutions (HEIs) operational functions and services. This will allow senior leaders to establish historical performance, distinguish core and non-core activities, and interrelationships between activities**. This is valuable for the next stage of identifying opportunities for improvement.

The horizontal categories in the SMF extend from the executive function right through to producing academic outcomes. Along this axis (from left to right) are the (I) leadership & planning (corporate), (II) professional services (back office), (III) operational services (front line), (IV) knowledge creation (research), (V) knowledge sharing (teaching), and (VI) knowledge utilisation (application/commercialisation). The vertical axis provides four major input categories for assets and resources.

In large institutions, senior leaders should include heads of functions and departments in an ‘mapping exercise’ (large printed SMF with post it notes) to create a representative snapshot of the organisations major sourcing ‘activities’. This can include discussion around the following information:

- The history of the activity (always in-house, recent investment, new technology, insourced, outsourced, performance)
- The types business model adopted for each activity, lessons learnt from successful models and need for change
- Potential market testing of current activities
- Potential of strategic initiatives with external partners to enhance knowledge creation, sharing and utilisation

This tool can be used in combination with the Sourcing Activity Matrix (SAM) in Step Two, to assess the strategic importance of each activity to the HEI.

*Modified from Ministry of Defence (2005) Defence Industrial Strategy White Paper, illustrating the evolution of industry involvement in activities traditionally run by the MoD

** Interviews with experts and experienced organisations revealed the importance of these assessments early in the process (e.g. ‘make or buy’ decisions are linked to business capability and results)

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| | | <i>Business Support</i> | | | <i>Academic Delivery</i> | | |
|---------------|--|-------------------------|-----------------------|----------------------|--------------------------|-------------------|-----------------------|
| | | LEADERSHIP & PLANNING | PROFESSIONAL SERVICES | OPERATIONAL SERVICES | KNOWLEDGE CREATION | KNOWLEDGE SHARING | KNOWLEDGE UTILISATION |
| <i>Inputs</i> | PEOPLE (e.g. Senior managers, teaching staff) | | | | | | |
| | INFRASTRUCTURE (e.g. Estates, library, catering, conferencing) | | | | | | |
| | EQUIPMENT (e.g. ICT, AV, laboratory assets) | | | | | | |
| | ENABLERS (e.g. Legal, health, consultants) | | | | | | |

HEI Sourcing Maturity Framework – HEI Example 2013

| | | Business Support | | | Academic Delivery | | |
|---------------|--|-----------------------|--|--|--------------------|--|-----------------------|
| | | LEADERSHIP & PLANNING | PROFESSIONAL SERVICES | OPERATIONAL SERVICES | KNOWLEDGE CREATION | KNOWLEDGE SHARING | KNOWLEDGE UTILISATION |
| Inputs | PEOPLE (e.g. Senior managers, teaching staff) | CORE | | Catering & Cleaning (Private provider complements In-house) | CORE | CORE International teaching delivery (Shared service model) | |
| | INFRASTRUCTURE (e.g. Estates, library, catering, conferencing) | | Energy Procurement (Shared service) | Recycling (Public sector service provider) | | | |
| | EQUIPMENT (e.g. ICT, AV, laboratory assets) | | | Estates, Maint, FM (Private provider) | | | |
| | ENABLERS (e.g. Legal, health, consultants) | | | Data Centre (Shared service within public sector) | | | |

In-house

Currently Outsourced

Emerging Outsourcing

HEI Sourcing Maturity Framework – Supporting Information

STEP ONE – BUSINESS ANALYSIS

According to Universities UK (2011) the key drivers of outsourcing services in UK HEIs include:

1. **Cost reduction**
2. **Improving quality**
3. **Focusing on core capabilities**
4. **Accessing market-led talent**
5. **Partnering to increase innovation**
6. **Reducing time to market**

Also potentially relevant to HEIs, according to the NOA (2013) and CIPS (2013) other expectations include: (I) economies of scale/productivity, (II) capital investment avoidance, (III) manage complexity & stabilise environment, (IV) response to changes in environment, (V) leverage technology advances, (VI) improve systems, (VII) access to specialist expertise, (VIII) is deemed non-critical, and (IX) requires less strategic control.

Using research conducted in another sector (APSE,2009) there are a number of factors applicable to HEIs that might necessitate returning operations to internal control (insourcing) might include:

1. **Poor performance**
(service outputs, user dissatisfaction, reduction in capacity, poor quality of assets, & government dictate)
2. **Drive for quality, synergy and value for money**
(cost vs. quality, audit or benchmarking findings, inflexibility, & quality and proximity to users)
3. **Strategic governance and local policy drive**
(synergy, politics, policy change, activity emerges as core, & improve delivery control)
4. **The workforce**
(lack of investment, poor terms and conditions, & misalignment of values and objectives)

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Strategic Sourcing in HEIs:

This work was carried out by researchers at the Bristol Business School at the University of the West of England, and was funded by the Innovation Transformation Fund 2012.

Sources used for the development of this tool included:

Ministry of Defence (2005) Defence Industrial Strategy White Paper

Interviews with Higher Education sector managers

Interviews with private and public sector organisations

Interviews with consulting experts

Advice from representatives of the National Outsourcing Association (NOA) and IAOP (International Association of Outsourcing Professionals)

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