

Strategic Sourcing by HEI Activities

STEP TWO – OPPORTUNITY EVALUATION

Higher Education Institutions (HEIs) can use the **Sourcing Activity Matrix (SAM)** to carry out a high level critique of operational functions and services, which can inform subsequent strategic sourcing decisions. Senior leaders should consider how HEI activities identified in the Business Analysis (Step One) stage can be assessed against the following:

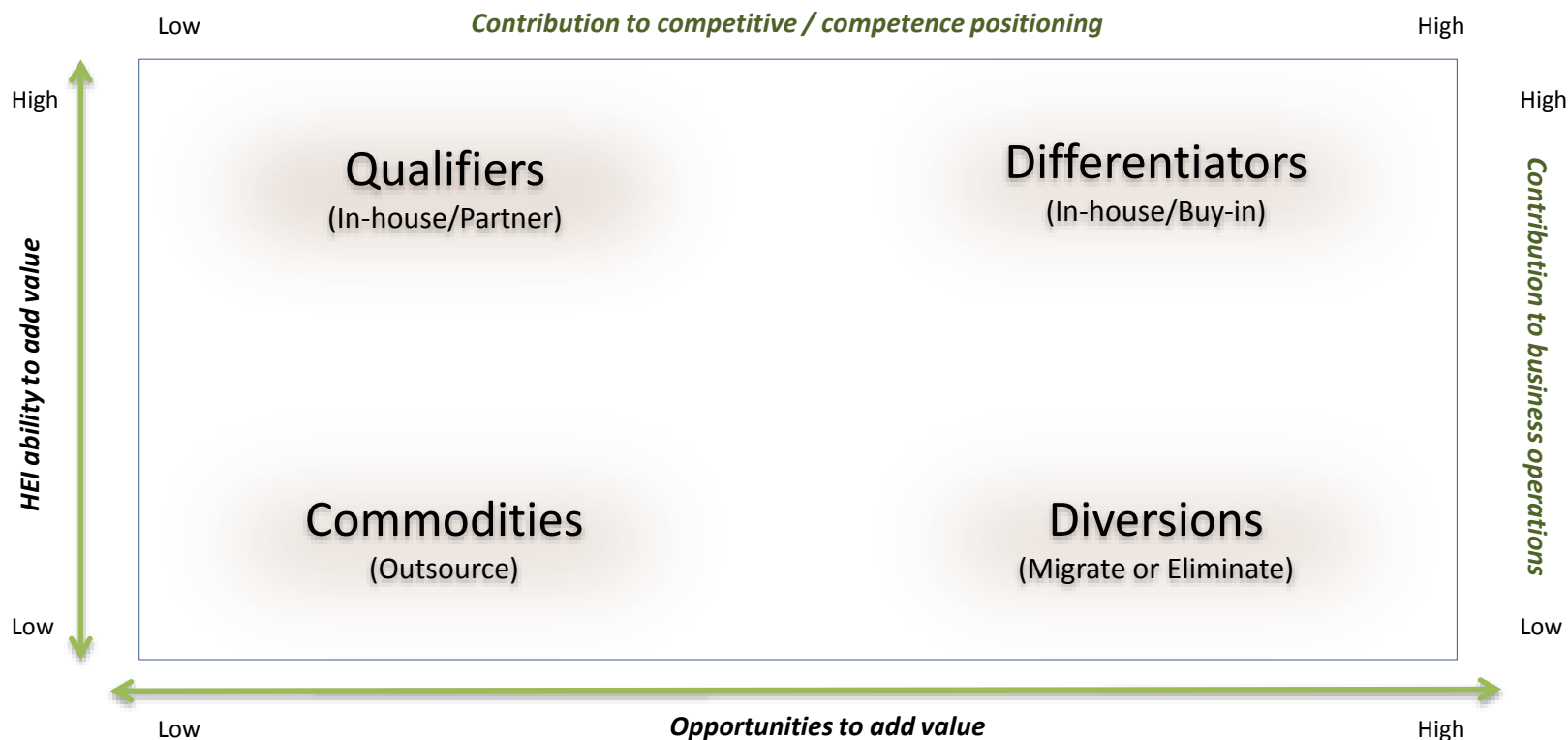
- *fit with the institution's identity, values, and strategic objectives*
- *contribution to business operations and the institution's ability to add value (vertical axis)*
- *contribution to competitive / competence positioning and opportunities to add value (horizontal axis).*

Activities should be positioned in one of four categories, each of which has different sourcing implications:

- 1) **Commodities** – activities that are necessary to do but rarely contribute towards the HEI's competitive position (e.g. parking, basic IT support, and cleaning)
- 2) **Qualifiers** – activities must be undertaken in order to operate in the HEI sector but provide limited competitive advantage to the HEI (e.g. student support services online learning management systems) but these do not distinguish one HEI from another. Explore potential for growth and mutual benefit when engaging private sector bidders
- 3) **Differentiators** – activities essential to the running of the HEI and contribute significantly towards its competitive position (e.g. teaching and research). This may vary significantly from HEI to HEI. Some institutions regarded "Accommodation" as a key differentiator, where it is perceived to be a determining factor during a student's (and her/his parents) selection process, where other institutions felt that their role in providing pastoral care meant that catering outlets had to be provided in-house to ensure that 24-7 provision could be ensured
- 4) **Diversions** - activities that may have been undertaken unsuccessfully to distinguish the HEI from its competitors. An example here is a University that felt it should provide a health emergency helpline to its students given its reputation for pastoral care was considered a differentiator. However, it was discovered to be rarely used and high cost versus the free service NHS direct (or 111) offering a comparable level of support

The SAM is based on academic* and practitioner outsourcing expertise. It has been modified and tailored for use in the Higher Education sector.

Sourcing Activity Matrix



QUALIFIERS

Our institution periodically reviews the status of activities in this category to test the market and bring in external skills and assets that increase opportunities to add value

DIFFERENTIATORS

Our institution maintains full executive control of activities in this category in order to compete effectively for students and academic outcomes. Activities also contribute to our areas of specialisation.

COMMODITIES

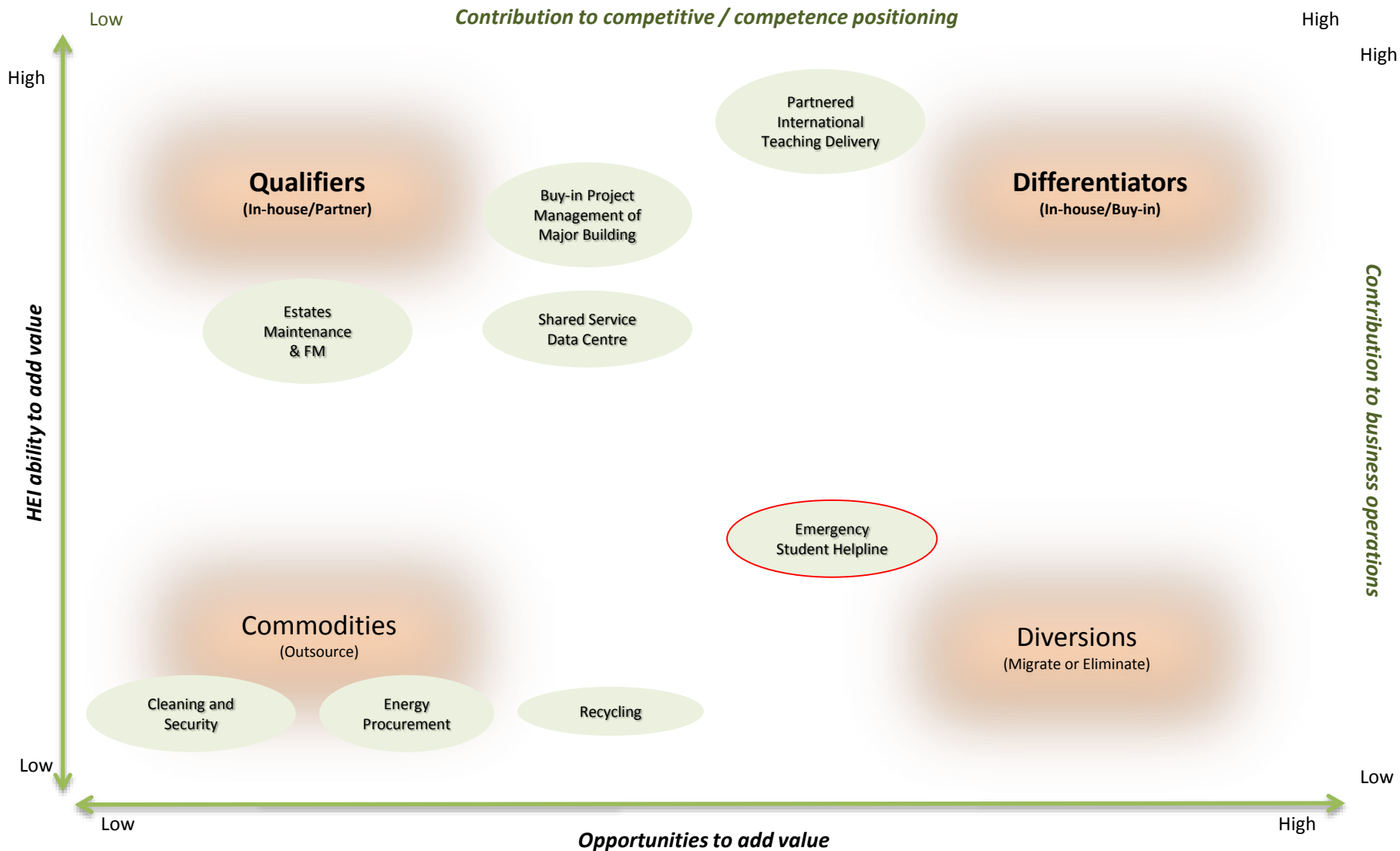
Our institution seeks out opportunities to outsource activities in this category or work with other HEIs / not-for-profit sector to achieve economies of scale

DIVERSIONS

Our institution periodically reviews the status of activities in this category in order to migrate the operation towards differentiation or divesting the operation

Sourcing Activity Matrix

HEI example 2013



Sourcing Activity Matrix

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:

Academic research

Interviews with Higher Education sector managers

Interviews with private and public sector organisations

Interviews with consulting experts

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