

HEI Portfolio Decision Matrix

STEP THREE – PROVIDER SELECTION

Following the internal analysis conducted in Steps One and Two, there are some important questions that follow:

Do we understand the market as it currently stands?

Is there an external supplier capable and willing to run this service? (If so, can they do it better than us?)

How would a change in provider impact on our brand, end users, staff, systems, processes and other dependencies?

Can an internal transformed operation provide a competitive option versus the market?

The **Sourcing Decision Tree** tool can assist with exploring the range of options open to HEIs. Following a decision to pursue external options, the **Portfolio Decision Matrix (PDM)** is designed to support HEI managers with determining the type of relationship required and extent of control needed over the service provider.

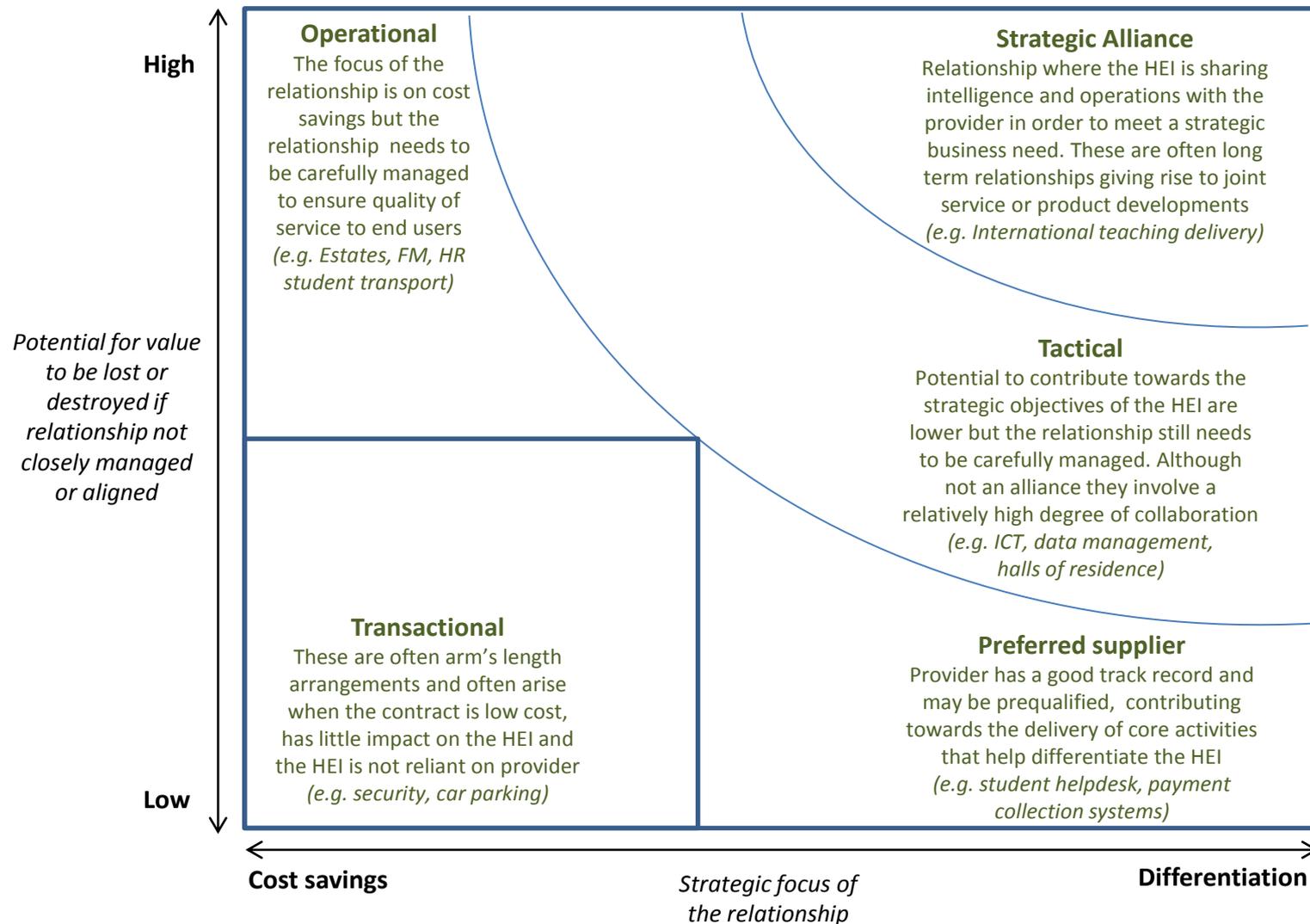
The PDM has two major axes, which can be used to position HEI services. Along the horizontal axis the 'strategic focus of the buyer-supplier relationship' exists as a continuum ranging from an orientation on cost savings versus competitive differentiation. The vertical axis represents the level of risk to the HEI where there is 'potential value to be lost or destroyed if relationship not closely managed or aligned'.

In terms of how suppliers contribute to achieving 'differentiation', there may be differences between HEIs depending on the relative importance of the activity. Similarly, the attractiveness of competing in different positions may have a bearing on supplier behaviour and innovation. This tool should be revisited if the HEI strategy changes significantly.

There are five positions plotted in the PDM visual, these include:

- **Transactional** (low impact to HEI, cost savings focus)
- **Operational** (high impact to HEI, cost savings focus)
- **Preferred Supplier** (low impact to HEI, differentiation focus)
- **Tactical** (medium impact to HEI, differentiation focus)
- **Strategic Alliance** (high impact to HEI, differentiation focus)

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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:

Academic research

Strategic Sourcing in HEIs Survey data

Feedback from industry and academic experts

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