



The University of Liverpool uses the Barclaycard Business Purchasing Card to deliver real savings

The University of Liverpool is one of the UK's leading research-led academic institutions. It was the UK's first 'red brick' University, a name coined after the completion of the University's famous Victoria Building in the 19th Century. Today the University has 18,000 students, 4,500 staff and an annual turnover of more than £245 million.

The problem with purchase orders

David Johnson is a Senior Procurement Manager at the University and part of the team responsible for supporting the University's procurement activity. He explains that in 2000 it was clear that, with the level of purchasing taking place at the University, the system of paper purchase orders and invoices could not be sustained. "We were basically pushing too many low-value purchase orders and invoices around" He recalls.

David was regularly seeing more than 140 purchase orders a day from various departments for validation and authorisation. He adds, "When you are seeing that number of purchase orders coming in it does take time to go through and validate to ensure departments are using the contracted suppliers and then authorise."

"We realised the cost of pushing paper around was disproportionate so we looked for new solutions. We were impressed with the systems at universities that had started to use purchasing cards and thought this would also be effective in Liverpool."

Choosing Barclaycard Business

The project was initiated by the Director of Procurement who, having market tested various products, found the Purchasing Card offered by Barclaycard Business to be best suited to its needs.

Growing the card base

When the University of Liverpool launched the scheme it was envisaged that there would be one main cardholder and one deputy cardholder per department to ensure there was always a card available for staff to use. During a six month pilot run there were just six purchasing cardholders at the University. The pilot run was successful and the team initiated a gradual roll-out of the purchasing card scheme. The

University also agreed an increase in the transaction limit from £250 to £1,000 to increase the card's usefulness. As a result, the number of cardholders has grown steadily and there are currently in excess of 270 cardholders.

In the last financial year the University initiated 29,000 transactions on the Barclaycard Business Purchasing Card with a total value of more than £4 million. David adds "It's clear staff find using the card a much more effective means of paying for goods than using traditional paper purchase orders."

The benefits

There are numerous benefits for a department using a purchasing card explains David. "Instead of writing out orders, sending them to the Finance Department for authorisation and posting to the supplier, a member of staff with a purchasing card can go to a secure website, or order over the phone there and then – it's simple to use."

The Barclaycard Business purchasing card has also helped the University Finance Department in other ways. For example it has helped the department deal with last minute payments on behalf of staff travelling to conferences and events. David explains "Staff travelling to conferences can now have conference fees and airline tickets paid by a purchasing card without having to request urgent payments to be made by the University Finance Department prior to their trip. This saves us time and money, particularly where payments need to be made in foreign currency. And of course there are now 29,000 fewer invoices and associated queries to deal with each year."

In parallel with this change from paper purchase orders to the Barclaycard Business Purchasing Card the University is also devolving more of its financial processes to individual departments. As part of this the purchase card transaction log has been developed into a web-based system which has enabled each financial commitment to be immediately available on the destination account, thus eliminating delays between placing the order and the cost appearing on internal accounts. The monthly statement matching process has also been streamlined via the web, producing a truly efficient, user friendly, integrated system.

These benefits have translated into efficiency gains. It is difficult to be precise about real cash savings because staff time is a major element of process cost. So, savings are not necessarily identifiable in bottom-line cash terms. Based on Office of Government Commerce estimates, the cumulative process efficiencies from the University of Liverpool's purchasing card programme are probably in the region of £800,000 a year.

For more information please visit Barclaycard Business – www.barclaycardbusiness.co.uk