



California State University // Case Study

Office Products Auto-Substituting Program Yields Substantial Savings in First Year

The Challenge:

The California State University was founded in 1857, but has since evolved into a true state university system with 23 separate campuses and enrollment approaching half-a-million students, making it the largest public university system in the U.S. Facing a reduction in funding, the California State University system needed to reduce costs. CSU chose a proactive approach toward cost savings to try to minimize the impact of the budget cuts on its vast student population.

The Solution:

To reduce their budget, one opportunity identified was spending less on office products. CSU recognized that it could leverage an existing relationship with the Office Depot OfficeMax team to tackle the challenge of reducing office products costs. OfficeMax has provided CSU with office supplies for 10 years and had also furnished a turnkey campus workplace redesign and installation.

CSU and the Office Depot OfficeMax team collaborated to implement an “auto-substituting” program involving 1,700 office products, with an ambitious goal of at least \$400,000 in savings in the first year. “In the fall of 2012, the CSU campuses began auto-substituting about 1,700 select name-brand office products, replacing them with Office Depot® Brand and Office Max® Brand products,” said Tom Roberts, who was then the CSU Director of Contracts and Procurement.

The Results:

By over-communicating and using a “crawl/walk/run” process that included a pilot program, the Office Depot OfficeMax team was able to get buy-in from presidents at all 23 campuses. Actual savings exceeded projections by 59% in the first year and 67% in the second year.



Here's what California State University had to say about their experience working with the Office Depot OfficeMax team:

"The anticipated result was cost savings of at least \$400,000 annually. The Office Depot OfficeMax team delivered the results of the first year of the project showing a direct savings to CSU of \$635,343."

Tom Roberts

Director of Contracts and Procurement
California State University

The Approach:

The sheer size of CSU presented both an obstacle and an opportunity to cost-saving initiatives. Getting buy-in from so many different entities would be difficult. But any potential savings, applied system-wide, would be significant.

The idea was to save a little each time on many small, individual purchases. If, for example, a specific name-brand pen cost \$22 per dozen and the functional equivalent Office Depot® or OfficeMax® Brand could be substituted for \$18 per dozen, the University would save \$4 per dozen. That relatively modest savings, applied to 1,700 items across 24 locations, would add up to a significant sum.

According to Roberts, the project only included office products—toner, technology and other categories were not included. Still, when the Office Depot OfficeMax team modeled the potential savings, the numbers were substantial.

Beginning on the go-live date, an order placed for any of the 1,700 office products on the CSU system-wide master list would result in an automatic substitution of lower-cost equivalents with the same fit, form and function.

Although campuses were not allowed to override the auto-substituting process, buyers were encouraged to suggest additions to the list as well as prospective replacements for existing items. In addition, defective items could be returned.

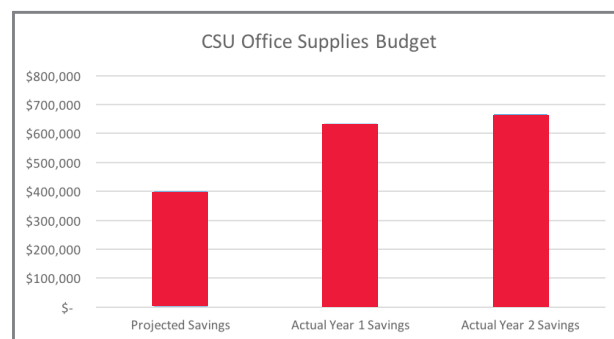
However, that didn't prove to be an issue. Less than 2% of items on the original master list were found to be unsatisfactory replacements for their higher-cost equivalents in the first year.

"The Office Depot OfficeMax team was instructed to refresh that list of 1,700 items and add additional items under specific criteria established by the CSU commodity team," Roberts said. "In the first year only about 30 auto-substituted items were removed from the list by campus request."

Conclusion:

The success of the auto-substituting program demonstrated that system-wide cooperation was possible with collaboration from a trusted partner. Additionally, the cooperative model is proving to be sustainable. With the revised list, second-year savings totaled \$668,780. The impressive results of this joint venture came as no surprise to Ann Larson, National Account Manager at Office Depot OfficeMax.

"This entire program would not have been so successful if it wasn't for the collaboration and teamwork we had between the California State University system and the Office Depot OfficeMax team," Larson said. "This program really illustrated how the Office Depot OfficeMax team can partner to help educational institutions with creative solutions to their challenges."



**We did it for them.
We can do it for you, too!**

Contact your Account Manager today to see how.

Office DEPOT
OfficeMax



bsd.officedepot.com/education



888-2-OFFICE (888-263-3423)



Visit us in store