

Research and Resourcefulness Pay Off for McMaster University



McMaster University has long held an esteemed reputation for comprehensive research, so it is no surprise that Terri Wetton, senior manager of accounts payable at McMaster, did her due diligence when she saw the opportunity to improve and streamline payment activities at the university.

Many purchases at McMaster are made in bulk, such as stationary and scientific materials, which were previously reconciled when suppliers of these high-volume, low-dollar purchases would send a monthly spreadsheet with every transaction that went through the McMaster account. Completing the steps to authorizing, tracking, processing and reconciling the high volume of these forms had become an arduous task for accounts payable and procurement. With the implementation of an enterprise resource planning (ERP) system, came the opportunity to simplify processes, while continuing to hold account holders in the decentralized university accountable for their purchases.

The McMaster team piloted an updated purchasing card program to further simplify its cumbersome process; the program streamlined processes from authorization to reconciliation into a single platform. "We get a file from BMO that feeds directly into the ERP system, and it makes expense reporting so much easier," said Terri. "The supplier gets the p-card numbers, and cardholders can order online, over the phone or however they prefer." Coupled with the ERP system, they had the opportunity to review all of their process, including how they purchase, how they paid, and where to set purchase approval thresholds.

After receiving positive initial feedback, purchasing thresholds were increased from \$2,500 per invoice for p-card purchases to \$10,000. When purchasing goods or services valued less than \$10,000 the end user may choose to use their p-card, be invoiced or use a purchase requisition. P-card approval occurs on the back-end and affords cardholders a high degree of freedom, as well as accountability, when it comes to submitting reconciliations. The increased threshold gave McMaster's staff increased autonomy and eliminated inefficiencies, allowing procurement and accounts payable teams to reallocate resources to areas that better served McMaster's mission. In a recent survey of card holders, 69% agreed with the statement 'the new limit increase to the P-Card program has made it easier for your department to make daily purchases'.

The streamlined purchasing process has allowed McMaster to increase efficiencies, and has not only led to cost savings, but has also allowed the University to achieve the volumes necessary to qualify for a rebate. The

new solutions are helping redirect resources to further McMaster's vision of providing innovative educational programs and cutting-edge research.

Terri and her team, which values its ability to tap BMO tools and staff for consultations and strategy whenever necessary, are thinking of more ways to utilize the p-card, once again putting in the hard work and research that brought them to the p-card solution originally. Two years ago, McMaster was billing about \$200,000 per month using the p-card; that number has now reached nearly \$3 million per month, and it continues to grow as more cardholders use the system. The team at McMaster is finding ingenious ways to bolster the program, further increase its potential rebate and reduce expenses like printing cheques. "We've acquired two virtual credit cards so far. We're also working with procurement to identify suppliers who are willing to accept p-card for payment of purchase order invoices. These are purchases greater than \$10,000 per invoice," said Terri.

"We want to keep growing and find out ways to get more bang for our buck," Terri said. "We do a lot of research at McMaster, but luckily, this program isn't rocket science. Simplifying our processes with flexible tools, accessible resources and a little creativity has opened our eyes to new possibilities."

About McMaster University

For nearly 130 years, McMaster University has grown its prestigious undergraduate and graduate programs through the pursuit of discovery, communication and preservation of knowledge. Alumni have gone forward from the scenic campus nestled among the marshlands of Cootes Paradise in Hamilton, Ontario to become cabinet ministers, business leaders, scientists, university presidents, Hollywood actors, Olympians and astronauts. The McMaster Model, the university's policy for a student-centered, problem-based, interdisciplinary approach to learning, has been adopted by several other universities around the world. Consistently ranked among Canada's top universities, McMaster is renowned for its dedication to research and innovation.

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