FALL 2014 BOARD MEETING MINUTES

BOARD OF DIRECTORS STRATEGY AND STUDY SESSION

Meeting Date/Time: Thursday, November 6, 2014 @ 9:00 AM
Friday, November 7, 2014 @ 9:00 AM

Meeting Location: Courtyard by Marriott
Seabreeze Room
Fort Lauderdale Beach, FL

Chair: Don Buffum CPPO
Board Secretary: Rick Grimm, CPPO, CPPB

NIGP’s Mission
Develop, support and promote the public procurement profession

AGENDA ITEM ACTION TAKEN

MORNING STRATEGY SESSION
NIGP BOARD, STRATEGIC PARTNERS, ACADEMIC COLLEAGUES, SENIOR STAFF

1. Call to Order, Introductions, and Opening Comments from President Don Buffum

President Buffum called the meeting to order at 9:00 am Eastern.

Board Members in Attendance:
Don Buffum, CPPO - President
Keith Glatz, CPPO, FCPM, FCPA - 1st Vice President
Rick Grimm, CPPO, CPPB - Secretary
Marcheta Gillespie, CPPO, CPPB, C.P.M., CPM - Imm. Past President
Jack Adger, CPPO, CPPB
Keith Ashby CPPO
Lisa Butenhuis, C.P.P.
Michael E. Bevis, JD, CPPO, CPSM, C.P.M., PMP
Ron Blendermann, CPPO, CPPB
D. Michael Clawson, CPPO
Joan Graham, CPPO, CPPB
Bill Lindsey, CPPO, C.P.M.
George Nader, CPPO
Nelson Park, CPPO, CPPB
Charles Smith, MBA, CPPO, CPPB

Board Members not in Attendance:
Paul Brennan, CPPO - Treasurer

Strategic Colleagues in Attendance:
Sheila Schnellenberger, HD Supply - Chair, NIGP Business Council
Eric Prier, Ph.D., Florida Atlantic University
Luke Spikes, Spikes Cavell
Cliff McCue, Ph.D., Florida Atlantic University
Ken McFarland, Periscope Holdings, Inc.
Matt Walker, Periscope Holdings, Inc.
Larry Martin, Ph.D., University of Central Florida
David Gragan, Chairman, UPPCC
### Staff Members in Attendance:
Carrie Rawn, CMP  
Tina Borger, CPPO  
Carol Hodes, CAE  
Brent Maas  
Cam Smart

President Buffum indicated this was a time to challenge ourselves and determine how we can jointly leverage our assets, emphasizing that taking the right steps now will ensure we are heading in the right direction together.

### 2. Updates from Strategic Partners:

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<th>A. Sheila Schnellenberger, NIGP Business Council</th>
<th>Sheila Schnellenberger expressed a desire by the NBC to leave a lasting impression, highlighting 3 goals:</th>
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| 1. Increase the brand value  
2. Attract experienced companies  
3. Provide resources to NIGP | To support the initiatives the NBC created 2 committees: |
| 1. Product Committee  
2. Local Chapter Presentations Committee | Additional notes include: |
| • The NBC enjoys the interaction with NIGP and does not want to be on the sidelines. The NBC wants to expand into the new governance model and participate on the different Councils.  
• Trends the NBC would like to be involved with include: |
| o Social media  
o Press releases  
o Public/private partnerships  
o Administrative fees or rebates | • The NBC needs assistance from NIGP navigating contracts as governmental procurement requirements are evolving.  
• The NBC may hold two sessions during the 2015 Forum; one targeted for the novice and one for the more advanced.  
• The 2015 NBC white paper is entitled, “What keeps you up at night?” |

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<th>B. Ken McFarland, NIGP Code</th>
<th>Ken McFarland shared that NIGP Code wants the Code as a common framework and industry standard. Points for growth include:</th>
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| • Code subscriptions  
• Code expansion  
• Code user forums  
• Promote the Code as the standard to both public and private sectors | Luke Spikes addressed the growth of Spikes Cavell. The USA-based business is larger than the UK-based business with almost 100 active users. The most recent spike in involvement has come from city agencies. Spikes Cavell is now working with NACo and US Communities and, with an average of 400 participants on webinars, senses a definite trend for procurement analytics. |

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<th>C. Luke Spikes, NIGP Observatory</th>
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| D. Matt Walker, NIGP Consultancy |  |
E. David Gragan, UPPCC

Matt Walker highlighted the growth in NIGP Consulting with 16 client projects in 2014. To gain consistency of review, Periscope has developed standard templates and established a training program for consultants. The challenges NIGP Consulting faces are:

- Program awareness
- Expanding audience and market
- Consultant roster expansion

NIGP Consulting is pursuing other external partnerships such as NACo and National League of Cities and will seek guidance from NIGP on introductions and strategies.

David Gragan outlined the UPPCC strategic plan developed during Forum. The next vision statement is, “Driving excellence in global public procurement.” The next strategic planning meeting is scheduled for February 2015 and, as part of the exercise, will include strengthening the relationship with NIGP, NASPO, and CPPC.

3. NIGP’s Mission to Advance the Profession

A. Presentations By NIGP Staff Based on 2012 Research Produced by the Asia-Pacific Procurement Research Group
   1) Promoting Public Procurement Holistically as a Profession
   2) Developing and Supporting the Public Procurement Agency and its People to Achieve Professional Maturity

B. Conversation and Feedback
   1) Opportunities, Challenges, Realities
   2) Future Direction

Carol Hodes and Brent Maas gave a presentation, “Promoting Public Procurement Holistically as a Profession.” Carol highlighted the points at the macro level presenting the pillars of a profession. Brent focused on the impact of maturity at the agency level.

The presentation garnered feedback leading to a common denominator of questions; What is NIGP’s purpose? To move and push forward or to support members where they are? For analogy purposes, does NIGP want to be the dog, the sled, or something else?

4. Strategic Thinking Session (Facilitated by Steve Swafford and Jill McCrory – Leadership Outfitters)

A. Welcomes and Introductions
B. Review and Discussion of Pre-Work Survey on the Institute
C. Reflection on Current Strategic Plan
D. Train Whistles/Change Catalysts: Exploring change catalysts that may affect NIGP’s future operations.
E. SOAR Framework - Strengths, Opportunities, Aspirations, Results (measurements): An appreciative inquiry approach to identifying the bright spots of NIGP and how these bright spots might be replicated in other areas.

Steve Swafford and Jill McCrory provided an overview of Leadership Outfitters and the strategic thinking process as an introduction to S.O.A.R. Steve summarized the survey feedback indicating an overall consistency in themes and responses.

With reference to the previous presentation, Steve Swafford reflected on the 2013-2016 strategic plan and stressed the importance of aligning identity and strengths with direction.

F. Key Issue Review/Update: Evaluating the current key issues and determining whether they are still relevant based on the Change Catalysts and SOAR Analysis.

Steve Swafford and Jill McCrory facilitated a discussion in small group, round-robin style to explore what trends may impact NIGP. The groups added comments to major headings that could impact the Institute:

- Culture/Society
- Economy/Finances
- Technology/Virtual
- Government/Regulations
G. Goal Review/Update: Developing new strategic goals in smaller groups based on interest and passion; with the intent to present draft goals or objectives for adoption by the Board

Focusing on the most common themes, the cycle of comments continued through the identification of the foremost desired results.

Steve Swafford and Jill McCrory summarized the top results for the Board to address and define in its development of the 2016-2019 strategic plan:

- Relevancy
- Education
- Advocacy
- Foremost Authority
- Community of Action

H. Session Wrap Up and Conclusions

Through continued facilitated discussions, the board members developed a consensus in the refinement and development of the 2016-2019 strategic plan:

- Relevancy: Develop, support and promote a relevant profession that ensures viability, growth, and leadership in public procurement
  - C-level engagement & equity
  - Media Inquiries
- Education: Create a life-long learning environment
  - College courses and degrees in public procurement
  - Unified curriculum (body of knowledge)
  - Continuum of life-long learning
- Advocacy: Advocate for the comprehensive value and role of public procurement utilizing multiple channels
  - Influence public policy
  - Procurement to be a strategic business function

AFTERNOON BOARD STUDY SESSION – 1:00 PM
ENSURING ADEQUATE RESOURCES
PROVIDING PROGRAM OVERSIGHT

5. Verbal Progress Reports on NIGP’s Current Strategic Plan

A. Technology Update (Tina Borger and DelCor Consultants)

Build a robust technology framework in order to deliver services more effectively.

- Develop a technology plan by fall 2013 Board meeting
- Establish an IT reserve fund to be able to proactively fund technology needs by March 2014

Tina Borger provided an introduction to the Technology update. Derek McNeil, NIGP IT Director, along with Sarah Maxwell and Dave Coriale of Delcor, provided specific information regarding the progress and next steps to further NIGP’s technology transition.

The program is meeting its timeline and is on track:

CMS:
- Results Direct identified as vendor
- Implementation has started
- Staffing:
  - Analyst has been hired
  - Content Manager has been hired
- Delcor moving data to the cloud
- Data centralization is in progress
- Data optimization is in process

Projects for 2015:
- Learning Management System (LMS) to deliver online content
- LMS analytics for tracking information
- NetForum upgrade
- Social media expansion
- Disaster Recovery Program
The disaster recovery program will be discussed further to define at what level recovery should start. Extended recovery levels incur higher prices.

**IT-identified trends:**
- Growing acknowledgement for analytics
- No longer technology projects, rather business initiatives that rely on technology
- Mobile workforce
- Cloud migration
- Social media calibration - more targeted and focus based on desired results.

NIGP does not yet have a definitive quote for the LMS system however based on budgetary figures, the price falls within the IT reserve funds. NIGP may need third-party LMS project management and this is to be determined.

**B. Education Program Update (Carol Hodes)**

*Develop and deliver a world-class education and training curriculum by increasing technology-based educational offerings, partnering strategically and optimizing the mix of traditional and distance learning opportunities based on market needs assessments.*

- Deliver four (4) courses focused on emerging trends and procurement strategies by December 31, 2013, as determined through market research
- Deliver at least six (6) affordable, short duration, “on demand” learning experiences within 12 months of funding

Carol Hodes provided an updated on the education program highlighting new courses or products:
- Creating online cert prep tools
- Webinars changed to personalized learning moments.
- Spend analysis
- Specification writing
- Bids
- Consideration is being given to an Ethics course

Carol also focused on collaboration with Mind Edge for personalized online learning. Mind Edge offers ~65 courses that are not public procurement but may still be relative to a member’s career. The offering to members is expected in January 2015.

**C. Optimal Governance Model Update (Marcheta Gillespie)**

*Ensure that NIGP is structured to address the dynamic global marketplace by developing the optimal governance model for the Institute as a non-profit professional association.*

Marcheta Gillespie gave a brief overview of the Talent Council’s progress in the implementation of 2.0.
- Talent Council
  - 2 Thought Leaders have been appointed
- Finance Council
  - 13 applications have been received
  - 1 of the 13 will be the Treasurer
- Member Council
  - 9 applications have been received

The Board provided guidance to the Talent Council on submitting recommendations:
- That the Council recommend which of the 13 Finance Council applicants should be appointed as Treasurer.
- That the Council is not bound to put forth a minimum number of candidates as stipulated in policy during this initial recruitment phase leading to the implementation of NIGP 2.0 in July 2015; rather, that the Council use discernment to recommend only applicants qualified to fulfill the roles.
- That the Council produce a competitive slate of candidates for the Member Council so that there are more candidates than openings; thereby giving the membership the opportunity to elect its representatives.
### 6. Financial Management Updates

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<th>A. First Quarter FY15 Financials and KPIs</th>
<th>Rick Grimm indicated performance is very healthy compared to last year highlighting:</th>
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<td>Online students are down due to lack a demand for certification-related offerings such as prep classes</td>
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<td>Balance sheet is healthier</td>
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<td>- Assets are up</td>
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<td>- Liabilities are down</td>
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<td>Actual YTD Net $476,630 vs $408,680 (previous YTD)</td>
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<td>B. FY14 External Audit</td>
<td>Comparing current performance to last year:</td>
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<td>- Face-2-Face Education:</td>
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<td>- Classes (55 v. 54 Last YTD)</td>
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<td>- Students (880 v. 839 Last YTD)</td>
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<td>- Membership: (2,963 of 3,005 YE goal)</td>
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<td>- Forum/Expo: (Attendees down 72; Booths up 20)</td>
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<td>- Enterprises: ($206k of total net of $636k earned)</td>
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<td>- eLearning: (179 v. 281 Last YTD)</td>
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<th>C. FY16 Funding Considerations</th>
<th>Tina Borger announced that NIGP received a clean audit. Marcheta Gillespie recommended the FY14 audit to be accepted by the Board. She also mentioned that the Board needs to decide, via policy, on whether future audit recommendations should be made by staff or the Finance Council. Rick replied that this issue would be addressed in the next edition of the Board policy. Tina concluded by stating that the current Finance and Budget Review Committee will be seeking competitive proposals for a new auditor for the FY15 audit.</th>
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<td>- Funding Governing Board and Council Travel</td>
<td>Rick Grimm provided funding considerations for FY16 and provided options for deliberation:</td>
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<td>Funding Breakdown:</td>
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<td>- President Chapter visits: $13,300</td>
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<td>- President Board and collegial meetings: $11,700</td>
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<td>- Board discretionary funds (15 x $3,000): $45,000</td>
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<td>- Staff travel $12,000</td>
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<td>Total $82,000</td>
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<td>Considerations:</td>
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<td>- Governing Board to meet face to face 3 times/year</td>
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<td>- Member Council and Finance Council to meet face to face twice a year</td>
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<td>- Talent Council to meet face to face once a year</td>
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<td>- Chapter Ambassador program at 18 visits estimated at $58,400/year</td>
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<td>- Transfer $13,300 funds for President Chapter Visits</td>
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<td>- 19 staff travel requirements at $21,755/year</td>
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<td>The Board discussed options on how to fund travel in FY16:</td>
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<td>- Full funding: $167,805 based on past history of the Board,</td>
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<td>- Fund lodging and meals, and add a $425 stipend for travel, or</td>
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<td>- Fund flat $1,200 stipend per individual per event</td>
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|  | The Board voted 12 to 3 in favor of treating councils the same as the Board in terms of funding meeting travel. However, there was not a final agreement on the specific option to be implemented. It was noted each
- Building Lease Costs

year the funds may vary and, even if an option is selected this year, it may change in subsequent years based on available funds.

The Board had considerable debate on whether these travel provisions would include participation in the annual Forum; to include complimentary Forum registration as well as lodging. There was general consensus that the Board should consider covering lodging costs and Forum registration fees for the Board and the three Councils. Staff reported that this would be an additional expense of approximately $35,000. To determine if the new governance model is affordable, Rick Grimm is to provide a FY16 recommended budget with full travel compensation including expenses related to the annual Forum. The Finance and Budget Review Committee and the NIGP Board can determine which option to fund as a component of the final discussions leading to the adoption of the FY16 budget.

Current estimates for building lease is ~$25/ sq ft. It was also mentioned that the one-time cost to build-out the new office space would be approximately $45/sq. foot. This cost is negotiable with the new landlord. A full service lease includes all build-out and possibly move-in costs but the rate is unknown. Necessary square footage requirements depend on the layout and whether UPPCC and/or Spikes Cavell co-locate.

In the current building, NIGP is still responsible for lease payment, real property taxes, security and the a/c units in the server room. It is possible NIGP under-budgeted by 10% in this regard but utilities and building maintenance are now covered under the lease agreement.

To make the move most cost-effective, NIGP is looking at a 7-10 year lease, facilities with shared conference rooms, location in relation to hotels and other facilities.

Questions surrounding future obligations to the Metro DC area were raised. As a result of the conversation, the Board reaffirmed that NIGP’s offices would remain within a reasonable proximity to the current location for the next 7-10 years.

- Technology Funding Impacts

Tina Borger explained technology is a journey not an event and will continually need to be funded. The LMS and CMS projects are proceeding and are covered through the current $226k IT reserve account plus the new infusion of $286,750 from FY14 net income. The third-party management cost still needs to be defined.

Rick Grimm explained if the UPPCC does not co-locate, NIGP will lose the management support funds. It was determined through discussion that, with the exception of IT, NIGP could still provide management services to the UPPCC without co-locating.

It was highlighted that if a physical separation of the organizations should take place,

- that the NIGP/UPPCC/NASPO agreement should be renegotiated, and

- if such a separation results in an increase in funding from NIGP in order to operate the UPPCC, the NIGP Board needs to be made aware of the increase and determine whether the additional cost is acceptable to NIGP.

Questions surrounding length of NIGP lease and whether the UPPCC
would be obligated to the same term. Rick Grimm indicated NIGP is open to a shorter-term lease with UPPCC but it would affect the cost.

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<th>7. Verbal Progress Reports on NIGP Programs</th>
<th>Tina Borger incorporated the progress of relocation in earlier reports.</th>
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<td>A. Office Relocation Project <em>(Tina Borger)</em></td>
<td>Brent Maas announced that 47 mandatory elements with additional weighted criteria have been identified. All of the review criteria will be sent to the task force for approval and, subsequently, released for public comment.</td>
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<td>B. Cooperative Accreditation Program <em>(Brent Maas)</em></td>
<td>The fee structure will be two-fold; the program consulting fee will be based on the Consor report, and the royalty fee for use of the NIGP mark would be calculated based on the administration fee associated with each contract. A range of .015-.5% is being recommended by Consor.</td>
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<td>C. Standards of Practice <em>(Carol Hodes)</em></td>
<td>The task force still needs to finalize a remedy opportunity, such as an appeals process, reporting details, plus a desk and field assessment.</td>
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<td>E. Member Recruitment Campaign <em>(Carrie Rawn)</em></td>
<td>Carol Hodes announced that the Standards of Practice program is on hold until a staffing replacement is made. There is a current staff member interested in this position.</td>
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<td>F. 2015 Chapter Leadership Symposium <em>(Carrie Rawn)</em></td>
<td>Rick Grimm indicated 7 of 14 sections of the Board Policy Manual have been converted to the new language representing the new governance structure. The remaining chapters will be updated by the end of December.</td>
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<th>8. Committee and Board Reports</th>
<th>Carrie Rawn introduced The Essentials member recruitment campaign and provided samples of marketing materials used toward recruitment of members. One brochure targets agency memberships and the other targets the individual.</th>
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<td>NIGP started a chapter visitation program with staff traveling to chapters and its efforts are also moving into state agency recruitment. Don Buffum has been an essential element for CPO introductions and allows NIGP to target areas with little to no presence.</td>
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<td>Keith Ashby requested a list of agencies within his area/region that have dropped off the radar and Lisa Buitenhuis requested additional support for Canada, even if it’s just once a year. Carrie Rawn will add this to her list of priorities this year.</td>
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<td>Carrie Rawn announced the leadership symposium will be January 29-31, 2015, at the Westfields Conference Center in Chantilly, VA. NIGP has expanded the offering to strategic partners if they want to attend. Jill McCrory and Steve Swafford from Leadership Outfitters will repeat the program from last year. Although it is essentially the same program, Board members are encouraged to participate since the chapter leadership will be different.</td>
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<td>2014 Demographics Report (Carrie Rawn)</td>
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<td>9.</td>
<td>Other Board Initiatives</td>
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<td>10.</td>
<td>Adjournment of Strategy and Study Session</td>
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