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PUBLISHED: Government Procurement, August/September 2019, Vol 27, No. 4 (ISSN 1078-0769) is published 5 times a year — Feb/Mar, Apr/May, Jun/Jul, Aug/Sept and Oct/Nov by Informa Media Inc., 9800 Metcalf Ave., Overland Park, KS 66212-2216. Canadian GST #R126431964. Copyright© 2019 Informa

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Stephen Gordon, PhD, CPPO, FNIGP

Someone recently reminded me of a conclusion Stan Zemansky and I reached long ago - that while it is important for public procurement as a field to pursue professional status, it is equally important that others view public procurement officials as professionals.

Based on criteria that Zemansky and I cited in a 1981 journal article, our field is not a profession. It possesses some of the traits in varying degrees and is endeavoring to achieve all of the applicable ones completely; but professional recognition remains distant. The characteristics Zemansky and I cited were: the existence of an esoteric body of knowledge, rigorous formal training, formation of a representative association, development of a code of ethics to guide the behavior of its members, insistence on social service as its dominant motive, considerable autonomy in its practice, and establishment of criteria for entrance into that profession. Zemansky and I opined, and I still believe, that public procurement actions should not be autonomous.

The strategies Zemansky and I advanced for public procurement achieving recognition as a profession remain viable today. They were to: work with responsible legal organizations (e.g., the NIMLO, ABA), to remove procurement from public organizations from undue outside pressures and political influence, and work with responsible public interest groups (e.g., the Council of State Governments, the National League of Cities, ICMA, and the National Association of Counties), to establish and enforce meaningful requirements for entering and staying in the field, to continually impress upon aspiring and practicing public purchasers their responsibility as trusted public servants. NIGP long ago began working with the ABA and recently has engaged with several public interest groups.

Individual practitioners must strive to be viewed as professionals in our field. The traits Zemansky and I posited for a professional in public procurement were: “...knowledgeable and competent in the areas of public purchasing, public administration, business management, and product/service responsibility, ... dedicated to the public service and the best interests of the whole, ... guided by a desire for excellence, ... governed by the highest ideals of honor, integrity, and objectivity, ... completely honest, ... recognized as a professional by [her/his] peers, ... [accepting of] responsibility for failure and ... modest when successful, ... an active team player, ... active in at least one professional organization of public purchasers, ... and ... courteous ... and tactful at all times.”

Stephen Gordon has served in the public procurement arena for more than four decades. Now retired, Steve serves part-time as an instructor and consultant for NIGP. In addition, he volunteers for a call-center program that serves individuals who struggle with depression and loneliness.
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Top 10 Energy Buying Mistakes You Didn’t Realize You Were Making (& How to Avoid Them)

NO. 6: USING A DECENTRALIZED APPROACH

By Bob Wooten

We are now halfway through our series on energy buying mistakes. The first five articles discussed the mistakes of not procuring proactively, missing the most competitive rates, developing an inappropriate procurement strategy for your specific needs, not having a predetermined goal of what you want to achieve, and utilizing an aggregation for purchasing energy.

Some issues go beyond the specifics of energy procurement and get into broader issues of procurement practice and policy.

In this sixth installment, we’ll take a look at how a decentralized procurement policy can lead to problems in procuring energy.

CENTRALIZED VS. DECENTRALIZED

The discussion about whether to centralize or decentralize an organization’s procurement is not new. This is a debate that will most likely continue for many years to come – and the reason is that, for the most part, there is not necessarily a right or wrong answer. Organizations that prefer a centralized approach
do so for a number of reasons, which include ensuring adherence to corporate procurement policy, standardizing needs/specifications, and consolidating administrative resources. By comparison, those that favor decentralization state that this approach allows each facility to procure for its own needs as it sees fit, and that it creates a more customized approach to the specifics of each location. For site managers who want more control over the operations at their facility, a decentralized approach is what is favored.

Too often, organizations fit energy procurement into the same bucket as procurement for everything else. As part of their corporate culture, they fall back on either centralized or decentralized methodology. Below we will discuss why taking a decentralized approach to energy procurement can result in a less desirable end result.

THE MISTAKE: TAKING A DECENTRALIZED APPROACH TO BUYING ENERGY

Facility managers who want more control over their operations prefer a decentralized procurement structure. This allows them to buy what they feel they need, regardless of what other sites or facilities may do. When this is applied to energy, it means the whole transactional process is dealt with on a local or regional basis. The facility manager handling the energy procurement is typically talking directly with energy suppliers in that area – meaning they are dealing with the local representatives of those suppliers.

WHY IT HAPPENS: FACILITY MANAGERS WANT TO HANDLE THEIR OWN PROCUREMENT

When an organization takes a decentralized approach, it allows the local sites and facilities to handle procurement matters on their own. This fits in with the local managers who want to therefore handle the procurement themselves, and energy is considered just another example of something that is specific to that facility. The manager may feel that someone in central procurement has no idea what the actual energy needs are at their location, and for that reason they need to have the ability to procure on their own.

Another issue that sometimes leads to energy procurement being decentralized is that there are so many differences between states, and even between utilities within each state. This means that if you centralize the approach, the person in central procurement needs to understand enough about all

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“Centralization will lead to two key benefits for your organization. The first is that pricing will be leveraged by the larger scale of your organization... Secondly, you can also use this organizational leverage to negotiate the terms and conditions your organization needs to ensure consistency across all facilities.”

these various states, utilities, and tariffs to be able to properly conduct procurement for all sites. Many organizations see this as an unnecessary burden, believing it is smarter (and easier) to leave energy procurement in the hands of local managers.

The result of this approach is that the facility in question works for the best energy contract available to them based on those local discussions. Sounds great... except that it also means pricing and terms are negotiated in a vacuum, which doesn’t take in to account the larger picture of the organization as a whole. This, in turn, means that prices are not reflective of the leverage of the entire organization. More favorable terms and conditions could be negotiated for the organization as a whole than for a single facility.

HOW TO FIX IT: CENTRALIZE ENERGY PROCUREMENT

Centralizing energy procurement first and foremost ensures that one strategy and approach is being taken by the organization. As an example, a decentralized approach at an organization with three different facilities may find that one location is on a floating index energy contract, one is on a fixed price, and one is still just receiving power from the local utility. This represents three very separate strategies from three managers. Chances are that at the organizational level, there is one coherent thought about risk management that would govern how energy is procured. But the decentralized approach prevents the ability for consistency across the organization.

The first step in centralizing involves pulling all information together. As a person in central procurement, you will need to find out what contracts, terms, and rates are in place for all of your facilities. You’ll want copies of contracts and even bills to see how these are structured. Next, you’ll need to talk with the local managers to understand if they are proactively taking a particular approach, or if they are just “doing what has always been done.”

As you start the process, centralization will lead to two key benefits for your organization. The first is that pricing will be leveraged by the larger scale of your organization. While you can’t establish a price for all facilities nationwide with one supplier, you can increase leverage when conducting procurement for each facility by letting suppliers know what the bigger picture is. This means that suppliers are competing to win more of your business as a whole while still individually pricing each location, resulting in better prices than just working with the local supplier representative. Secondly, you can also use this organizational leverage to negotiate the terms and conditions your organization needs to ensure consistency across all facilities.

The challenge comes when you have to navigate the intricacies of each market. This is a key area where an energy advisor can provide crucial assistance by helping to develop a sound risk management strategy and then ensuring its implementation across locations in all states and utilities.

CONCLUSION: CENTRALIZE WHERE NECESSARY

As we’ve talked through this scenario of how a centralized approach can give you greater negotiation power, keep in mind that there can be several strategies under one procurement department. So even though you may centralize the procurement of energy for your organization, there may be other areas that are still left decentralized. The key takeaway is to develop a strategy that fits within your organizational approach, while also taking advantage of a centralized energy procurement approach.

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Much emphasis is placed on leadership. What is leadership? Is leadership a skill that can be taught or is it, rather, something so innate that its possessor may not even be aware of its existence until circumstances compel them to action?

There are different types of leaders, as varied as the individuals that accept the role. Therein lies one of the keys to leadership. It requires that the person be true to themselves, their values, their character. Genuine leaders possess an inner conviction of who they are as well as a moral compass and, therefore, cannot be compromised, deterred, or swayed.

The expression of leadership is as varied as the leaders themselves. Some leaders act, others inspire. Some issue fiery rhetoric while others exude a quiet confidence and competence. Think about your organization. Who are the unassuming leaders that are sought out for advice, problem solving, or conflict resolution?

Another common theme is selflessness, a concern and compassion for others. A true leader cares about the people around them and feels responsible for their wellbeing. They may know names, ask about and remember details about family. An interesting characteristic of leaders is that, while they hold themselves accountable for any negative impacts or consequences, they credit those around them with any achievements. In other words, ego is harnessed for the vision, but set aside for accolades. Leaders acknowledge and empower those around them.
“There are different types of leaders, as varied as the individuals that accept the role. Therein lies one of the keys to leadership. It requires that the person be true to themselves, their values, their character.”

Empowering others means, in part, letting go of control. To do this, the leader must believe in and trust others. They must also tolerate failure, a vital step in empowerment. Providing support for others to realize the vision in their own way through harnessing their own values, strengths, and skills, can reinforce commitment to the vision and invite innovation.

Leaders earn the respect, admiration, trust, and loyalty of those around them by “walking the talk.” A level of competence and intellect must also be present. Leaders do not ask anyone to do what they would not do. They understand and accept risk, and stand shoulder-to-shoulder rather than asking someone to take their place while they observe safely from the sidelines. There are no sidelines for a leader. At the same time, others may choose to stand with the leader and follow them, regardless of risk.

While consistency, the ability for others to rely on a leader’s words, action, and values, is important, it must not be confused with the absence of change. Change is a given and a leader must appreciate the context of that change, including analysis for external opportunities and threats and compassion for the impact of change on staff and stakeholders. A leader’s ability to steadily navigate through change also depends on the leader’s ability to quickly adapt and adjust course based on new information.

Adherence to values, authenticity, tolerance for risk, and compassion may be innate characteristics of leadership, but what about creating and communicating a vision and empowering others? Creating a vision is sometimes more about removing blocks and giving oneself permission to dream. What would it take to set aside current obstacles and imagine optimal Procurement?

Communicating a vision implies the ability to clearly and persuasively tell the story and capture the imagination and passion of others. How does this work in Procurement? There is much discussion over communicating the strategic value of procurement. To do this, one must imagine optimal procurement and how it relates to the mission and vision of the entity. One must then tell the story that connects Procurement’s placement and function with achieving the entity’s mission and vision.

Communication also extends to the ability to listen. Leaders then provide what is needed for the empowerment of others and realization of the goal. Empowerment requires creation of a nonjudgmental space where each person is appreciated for who they are and what they contribute. Essential ingredients include trust, respect, and tolerance. People must feel free to voice their thoughts. How often have you been in a group where you or someone else started to say something, but decided against it.

What was in the way? Did the thought seem too insignificant or too controversial and not worth the blowback? The mere fact of being able to give voice to thoughts can be more important sometimes than what is said. We must remember, too, that values and principles underlie our thoughts and that productive conversations will unearth and hold them up to the light. Adequate time and space must also be provided for thoughts to emerge and develop. The ultimate expression of these thoughts may give voice to a new understanding or solution.

Are values, authenticity, tolerance for risk, and compassion strictly innate? Are values not, in part, the result of experience? Wouldn’t frugality, for example, become prized if it helped you survive the economic crash of 2008? Couldn’t authenticity be nurtured by a supportive, safe environment that encouraged you to be true to and express yourself? Wouldn’t compassion be strengthened if you lived through hardship or became intimately involved with people that were suffering? Don’t we try to imbue our children with compassion by providing them with opportunities to offer service to others?

What is leadership? It’s the ability to serve others in a way that empowers those we serve. Many of the characteristics, or competencies, of leadership such as strategy, critical thinking, and communication can be learned. NIGP offers a variety of leadership development courses designed to empower future leaders with the tools and skills they need to advance their career and the public procurement profession.

LISA PREMO, NIGP Global Practices Manager, collaborates with public procurement practitioners and academics to conduct research and develop useful guidance on public procurement topics.
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THIS NEW TECHNOLOGY IS EMPOWERING GPOS TO BETTER SERVE PUBLIC PROCUREMENT CUSTOMERS – AND IT CAN HELP YOUR AGENCY TOO

By Jean Clark

In the last issue, we talked about why group purchasing organizations (GPOs) and co-ops may be your best source for healthcare-related goods and services. Those types of purchases are complex, and contract management can get complicated. But what I didn’t delve into was the reason why GPOs and co-ops can so successfully manage complex category procurements including, but not limited to, pharmaceuticals.

One reason for their success is technology. The sole focus of GPOs and co-ops is to save public sector agencies time and money. So, they tend to strategically invest in technology tools that will enable them to fully extend the benefits of their unique buying power to you (i.e. agency buyers).

For example, MMCAP Infuse just implemented a new best-of-breed eProcurement system that facilitates more automated procure-to-pay, vendor management and compliance processes to the benefit of their buyers and yours. It will soon roll out a new Marketplace that Periscope Holdings has built exclusively for the public sector. The Marketplace will make it easier for organizations such as yours to secure healthcare-related goods and services – faster than you could get them on your own, and for a lower price than you would likely be able to lock in via your own solicitations. It will also grant easier and faster access to new products coming to market, which gives healthcare providers more treatment options, and empowers them to deliver the highest quality of care to all patients at all times.

Because you are also trying to save your buyers money and time – your organization could equally benefit from this type of technology – and a Marketplace. You’re trying to increase the efficiency of your procurement professionals so that they aren’t wasting time on tasks that could be streamlined or automated, such as market research and other sourcing-related activities. That’s why it could be equally beneficial for your agency to invest in a new eProcurement system or, at a minimum, sync your existing system with the new Marketplace platform.

This Marketplace used by MMCAP Infuse is government agency, supplier, and procurement system agnostic, meaning anyone in the public sector can login to look around no matter what their procurement “system of record” may be, and any supplier can upload their catalog, even if they’ve never secured a government contract or spoken to a single government buyer or agency before. Now, just because you have unfettered access to the Marketplace and can see every supplier, product, or service option on the open market doesn’t mean that your agency is suddenly going to loosen its sourcing guidelines. So, I wouldn’t be surprised if you’re hesitant to buy into the hype if your agency dictates which catalogs and contracts you can buy from. And you may be wondering why it would benefit you to access catalogs and contracts that you will never be able to actually buy from.

But, think about it: many buyers complain that it is difficult to comparison shop within GPO or co-op catalogs – and even harder to compare these pre-negotiated contracts against statewide contracts, supplier’s individual catalogs, and bids/proposals. Until now, there has been no single place to view these side-by-side. In some cases, you have to know which supplier or product you’re looking for to even look up their pricing; there isn’t a way to “search” the co-op’s catalog. You have to literally flip through hundreds of pages. This makes it difficult to say, with 100 percent confidence, that you are receiving the highest quality product at the best price.

It’s even harder to compare service providers as their offerings and contracts aren’t always published in a single, searchable place. Even finding a single comprehensive service provider vendor list online is an impossible feat. Plus, service pricing can vary greatly based on requirements.

ALL OF THIS CAN WASTE TIME, AND TIME IS MONEY.
So, what do some buyers do? Turn to the same supplier pool over and over again because that’s who “they know,” even though they don’t really know whether or not those are the best suppliers on the open market. But that may also be wasting money via overspending, even if it is saving time.
Marketplace breaks down government procurement’s geographic barriers so you can secure more sources and better pricing without breaking your agency’s buying rules.

Some of the other shopping platforms pitched to the public sector allow buyers to research products, compare prices and specifications, and make a purchase in one place. However, the Marketplace that MMCAP Infuse will roll out takes it a step further: it aggregates all of these other “one-stop-shops” – including co-op and GPO catalogs – into a single shop. This means the Marketplace is the only “market/catalog” that your government agency’s buyers will need to access during the course of their day, whether the intention is just to window-shop from all potential sources within a matter of minutes or to actually make a purchase.

Procurement team leaders/agencies can still control purchase sources by designating catalogs or contracts in the Marketplace as “informational” versus “active.” But buyers can browse all catalogs and contracts that have ever been loaded into the Marketplace by any GPO, co-op, agency or supplier, even if they aren’t authorized to buy from them.

That means Nevada governments could be able to see and (possibly) buy off Massachusetts’ contracts and vice versa. And suppliers who are hoping to do business with government agencies but may not have a pre-negotiated contract with any agency or organization can even upload their government catalogs, giving you visibility into all of your possible sourcing options. In other words, just by syncing your eProcurement system with Marketplace, you automatically expand your agency’s sourcing pool. (The power of technology.)

You also gain the ability to evaluate if your traditional contract sources or recent bids/proposals truly offer the best price for, say, wheelchairs or if MMCAP Infuse has secured better pricing. Perhaps more importantly, you’ll give GPOs and co-ops the power to negotiate even better pricing: the more people who can access – and buy from – Marketplace suppliers, the more likely those suppliers are to offer volume discounts to your benefit.

In other words – the Marketplace is a win for all of public sector procurement.

JEAN CLARK, FNIGP, CPPO, C.P.M, CPM is President of NIGP Code and Consulting Services at Periscope Holdings, Inc. She is an NIGP Past President and former State of Arizona Procurement Administrator.

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Combining spend to leverage savings is a contracting method that brings more “bang for the buck” purchasing for any organization. Cooperative procurement takes the concept further by combining the spend of multiple government entities for an awarded contract, thereby creating even greater savings.

Endorsed by the American Bar Association, and widely adopted by states, municipalities, school districts and universities, cooperative contracts have been used over the past decade for commodities such as office and janitorial supplies, computer systems, heavy equipment and those supplies needed to operate any government or education operation.

The former public chief procurement officials at Government Sourcing Solutions meet with government officials across the country to hear about the issues that are front of mind within the public procurement community. Based on their analysis within its Public Procurement Report, Nicole Smith, Senior Director of Research, says that “Cooperative Purchasing is consistently within the top-5 trends cited by senior procurement officials, and the impact is growing.”

New Approaches to Cooperative Contracting

This procurement method continues to help solve problems and expand its focus

By Tammy Rimes
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IN DEPTH [co-op purchasing]

Staffing levels is also a principal issue with the attrition of retiring employees as well as the growing gap between public and private sector wages, leaving many procurement offices across the country woefully understaffed. “It is no coincidence that the same procurement leaders who raise staffing levels as a top issue also cite cooperative purchasing as a key focus. Cooperative purchasing enables not only the pooling of purchasing power, but the pooling of purchasing staff resources,” Smith says. “Using a cooperative contract frees up existing staff time to focus on those categories for which a cooperative contract is not easily available.”

The evolution and support of this contracting methodology is further outlined in a recent Harvard Kennedy School of Government publication, Cooperative Procurement: Today’s Contracting Tool / Tomorrow’s Contracting Strategy. According to the white paper, “Cooperatives have evolved to provide a wider variety of benefits to procurement officials and vendors, offering increasingly complex services adaptable to a growing participant pool. Expansion of offerings and targeted attention to best-in-class contracts have furthered their value proposition.”

Contracts extending beyond goods and commodities is further supported by the cooperative industry. “Cooperative/Group Purchasing contracts were initially created to aggregate volume and leverage the purchasing power of a group, which drives deeper discounts and greater overall value to the constituency of the group. The industry is changing rapidly, from greater consolidation to venturing into new and unchartered waters of contracting,” says Gary Link, Chief Business Development Officer for E&I Cooperative Services.

CITIES COLLABORATE TO BENEFIT THE ENVIRONMENT
With more than 10 million public and private fleet vehicles currently on the road using more than 95 percent petroleum-based fuels, municipal fleets have an opportunity to lead the future of environmental impacts through transportation choices. While electric vehicles (EV) have been readily adopted by the public, governments also realize that using electricity as an alternative energy source can drive sustainability initiatives.

Climate Mayors, a bi-partisan group of peer-to-peer coalition of over 400 U.S. Mayors, was formed to work together on climate change by taking meaningful actions in their communities. On September 11, 2018, City of Los Angeles Mayor Eric Garcetti launched the Climate Mayors EV Purchasing Collaborative, where municipal fleets announced a large-scale commitment to electrification. The Collaborative brings together Climate Mayors, Sourcewell, and the Electrifcation Coalition to create a nationwide cooperative contract.

The resulting Sourcewell cooperative contract leverages greater purchasing power for participating cities and counties by offering a first-of-its-kind, one-stop platform. The online system provides access to competitively solicited electric vehicles and charging infrastructure, as well as leasing options that can monetize state and federal tax credits. The national contract means that EV models are now available to fleets across the country, regardless of local dealership inventory.

As many cities have climate action goals, the use of EVs can reduce GHG emissions and/or petroleum use. Additional vehicles will be added - light, medium and heavy vehicles and buses - as they come to market. As of April 2019, 43 cities and five counties have committed to procuring 953 light-duty EVs by 2020, thereby helping to reduce U.S. dependence on foreign oil and avoiding an estimated 4,400 metric tons of greenhouse-gas emissions annually.

“We’re excited to be part of something so outside-the-box when it comes to sustainability and environmental responsibility,” says Sourcewell’s Tom Perttula, Manager of Contract Administration.

Source: The Public Procurement Report, Volume 3 Government Sourcing Solutions

Employees using city-owned pool cars help support the environment and save money through reduced fuel costs.
CONSTRUCTION IS NEWEST TREND
Over the past decade, construction has been a growing area within cooperative contracting options. In September 2016, residents of Sheridan School District passed a 3.8 millage increase, to use these funds toward the greatest facility transformation the district has ever seen. As the 5th largest geographic school district in Arkansas, and second largest employer in Grant County, the District serves a population of 4,200 students.

While the project would deliver upgraded 21st century buildings, the district also wanted to honor the history of its oldest building - the Central Administration building. Built in 1913, this county landmark served as Sheridan’s first high school. According to Roy Wilson, Advanced Placement Coordinator and 45-year Sheridan School District veteran, “Sheridan’s 1913 school building was built because visionary leaders wanted something better for the young people of this area. At that time, 52 separate one- and two-room school
districts existed across Grant County. People sacrificed to support this first brick school during a time of great poverty, when most of the families in this area were subsistence farmers. This century-plus school building reflects the hopes and dreams of those residents and students who wanted to uplift their lives through education. By preserving this building, it will continue to be a symbol of tradition for our residents as the school district builds for the future.”

Since roof repairs and replacements were a significant part of the improvement project across the seven campuses, the district pursued a comprehensive approach. By contracting with RoofConnect, through the OMNIA Partners Public Sector cooperative contract, the company addressed the varying needs of the independent campuses, using the latest technology and materials to modernize the building infrastructure, while honoring the historical significance of the Central Admin Building. According to “We have been able to do more with less by taking advantage of cost savings generated by the cooperative program, such as the value-added maintenance program,” says Sheridan’s CFO Heather Szefinski.

“The Sheridan roof program was groundbreaking in many ways, and this entire program could not have been possible through the traditional public bid process. Unbelievable savings were realized by viewing the roof as a 20-year asset instead of a 1-year expense. While Sheridan’s expenses increased the first year, they have received savings and better performing roofs over a 3-year period. Annual leak calls have decreased by 80 percent. With decreased leaks, possible future savings include reduced water damage to roof insulation, decks and structural problems as well as mitigated slip and fall litigation or even worse, an injured child,” says Wade Crosswhite, RoofConnect’s Vice President of Sales.

DISASTER RECOVERY EFFORTS SUPPORTED
In the annual Disaster Relief Fund report to Congress, FEMA estimated over $7 billion of funding is needed to support public entity disaster recovery efforts for 2019. While there is a benefit to accessing these critical funds for municipal governments, there can be a substantial burden to comply with the rules and regulations tied to their use. Until an emergency, most government teams are unfamiliar with FEMA procurement regulations, creating a recipe for significant financial exposure due to a procurement misstep.

While federal procurement standards encourage the use of cooperative agreements to foster greater economy and efficiency, FEMA’s position was initially reserved. In a FEMA fact sheet (January 2018), it advised public entities to exercise caution and limited use to only same-state cooperative purchasing programs. However, with Hurricane Harvey and overwhelming use of cooperative agreements for recovery, Dr. Kim Abrego with Disaster Recovery Services, shares that a positive shift in perception resulted, as the federal government begin to realize the benefit of immediate access to compliant contracts. As a result, FEMA expanded their acceptance of cooperatives and provided further guidance on contract compliance evaluation for recovery success (FEMA Fact Sheet, September 2018). With this change, many Texas public agencies recovering from Hurricane Harvey were able to purchase commodities and services offered through cooperative contracts. “Our district would have been delayed in our recovery efforts by at least three to six months without the immediate access to resources that the Choice Partners cooperative agreements afforded us,” says Mike Seale, Humble Independent School District CFO.

Due to greater federal acceptance, cooperative organizations are proactively working to ensure contract compliance with FEMA guidelines. Choice Partners Cooperative, headquartered in Texas, provided representation at FEMA Public Assistance procurement compliance meetings and offered subject matter experts to work with awarded suppliers.

Jeff Drury, Choice Partners Director says Choice Partners is committed to supporting its members with their FEMA recovery efforts. “We are investing more time and resources into incorporating lessons learned from Harvey into new initiatives, including member education and access to subject-matter experts to help strengthen recovery success in future disasters.”

NATIONAL CONTRACTS BENEFIT LOCAL BUSINESSES
When a legislative body enacts a law to promote contracting with local businesses, it is procurement’s role to make it happen. Instead of going out to bid, and taking a chance whether a local business may qualify, many organizations are turning to cooperative contracts. While these contracts are awarded at a national manufacturer level, they are generally serviced through a local distributor or dealership.
OFS, a national manufacturer of furniture for government, schools and university environments has seen a growth in cooperative contracting over the past decade. “Government customers have been moving toward cooperatives, and our OMNIA Partners contract is often the key to unlocking opportunities. We have hundreds of small local businesses [dealers] representing OFS across the country, allowing us to provide the local business participation desired by agencies to meet their goals,” says Anna McClelland, OFS National Account Director.

One dealer in Charlotte, NC, John Skipper from Jack Fetter Associates Inc., touts the benefits of using a national cooperative contract that promotes the use of local businesses. “The state contract has a limited number of product categories, services and dealers, so using a more comprehensive cooperative contract offers product flexibility and greater access to added-value features. Our government clients appreciate having a choice of local dealers.” Also, dealers no longer need to respond to multiple small bid opportunities. Responding to the typical government bid can easily take up to 40 personnel hours, which require resources that smaller dealers cannot often commit. “When our dealers are using the cooperative contract, they can respond quickly to their clients with pricing that is not only competitive, but consistent,” McClelland says.

Interest in cooperative purchasing is increasing in Canada. Called “group purchasing,” Canadian public agencies are actively pursuing information on using cooperative procurement. A newly created cooperative organization – Kinetic GPO – formed solely to provide for the Canadian marketplace, offers newly awarded contracts for Canadian public agencies to leverage savings, while providing an avenue for awarded companies to expand their government business. “The recently enacted Canadian Trade Agreements have enabled a broader number of public sector entities to utilize group purchasing to drive additional efficiencies for their organization,” says Chris Penny, CEO for Kinetic GPO. “While we are in the early stages of building a national GPO, we are seeing signs that this phenomenon will quickly scale across Canada.”

TAMMY RIMES is a keynote speaker and procurement consultant, former Purchasing Agent for the City of San Diego, and current Executive Director for National Cooperative Procurement Partners Association.
Over the years I have had the privilege of working with some outstanding professionals. Some of them were in the procurement office (my day job) and others were in the classroom (my part-time job). In both environments, I have seen young people with tremendous potential that have since gone on to make their mark in procurement. I would like to use this column to share with you some of their stories.

Karen Davies was a graduate student of mine at Portland State University. She brought a positive attitude and strong professional experience to our graduate program. While working in supply chain operations for Nike, Karen earned her Master of Science in Global Supply Chain Management. Soon after her graduation, she was named Supply Chain Director for Nike Canada and relocated her family to Toronto. Talk about your education paying off!

Many years ago I had the opportunity to interview a young man for a contracting position at Portland Public Schools. Our panel was immediately impressed with Nathan Mosley and I wisely offered him the position. He had earned his degree from Concordia University on a baseball scholarship and then pursued a career in procurement. Talented employees tend to advance and that is what happened with Nathan. He took on advanced roles over the years, earned his CPPB certification, completed a certificate program in Construction Contracting, and earned a reputation for promoting small and diverse businesses. Nathan is now a Sourcing Manager for a company you may be familiar with; Facebook.

For several years I worked for Dr. Clif McCue at Florida Atlantic University. He gave me the opportunity to teach public procurement courses in their School of Public Administration. In one of my classes, I had a couple of particularly strong students, Alexandru Roman and Adam Williams (sorry, can’t disclose their grades). Each went on to earn their PhD at FAU and are now fulltime professors. Alex is with California State University, San Bernardino and Adam teaches at University of Illinois, Springfield. Well tables can turn in life, as I have recently worked for each of them as an adjunct instructor.

I first worked with Elaine Baker at Multnomah County, where she was a buyer for another department. I could definitely see her leadership skills and was fortunate enough to have her join my own team a few years later. She was an excellent assistant director and went on to serve as chief procurement officer for two different organizations in the Portland area. Elaine also made time to serve on local boards, finish her college degree, and earn her CPPO certification. In 2018, she was recognized as Oregon’s Purchasing Manager of the Year.

I will have to stop there, since our editors tell me to keep this to one page. Now, did I play a small role in their success? I hope so. But mostly I just feel fortunate to have worked with them and am extremely proud that they all “passed me up”.

“Did I play a small role in their success? I hope so. But mostly I just feel fortunate to have worked with them.”

Darwin Mathews, FNIGP, CPPO, CPSM, is the director of procurement for the University of California, Santa Cruz. He has extensive management experience, speaks throughout the world on procurement issues, and has published several books and articles on supply chain management. Contact Mathews at darin@ucsc.edu
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