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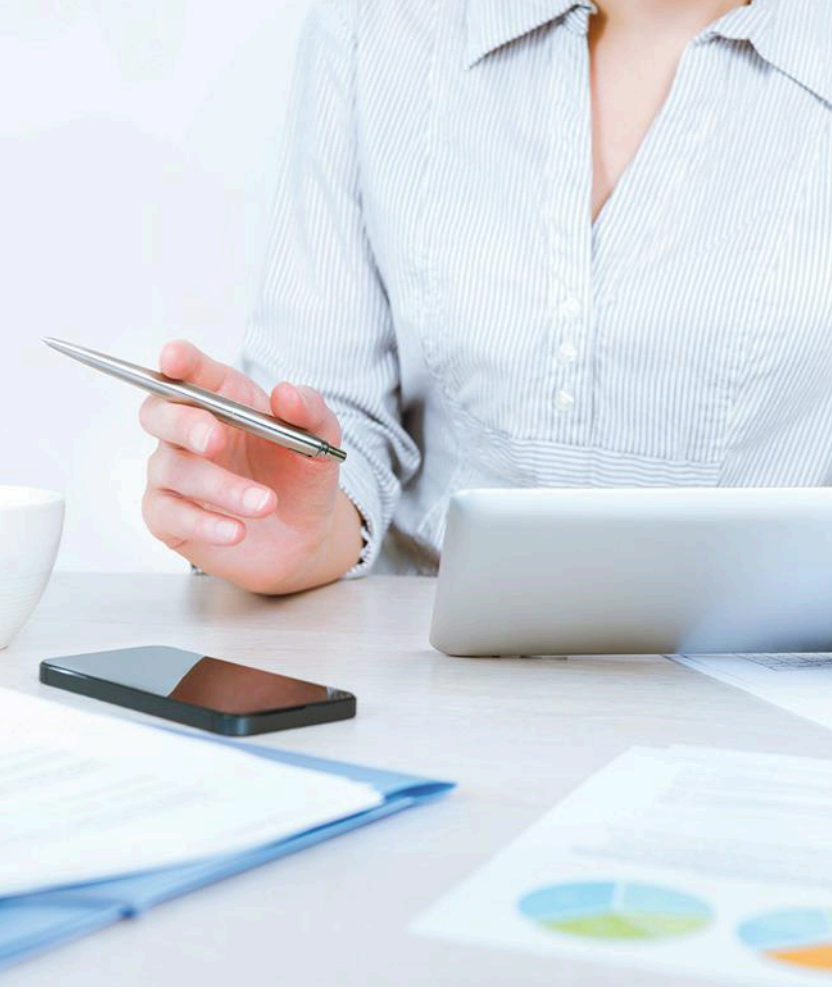
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PROCUREMENT PONDERABLE

Politics in Procurement

Stephen B. Gordon, PhD, FNIGP, CPPO

Kevin J. (Beau) Grant was one of the more inspirational and impactful instructors in the forty-year history of NIGP's educational program. The great-great-great grandson of General and President Ulysses S. Grant, Beau grew up in the Chicago area as the son of professional entertainers. His ability to title, structure, and deliver his presentations was nothing short of special.

One of Beau's favorite reminders to his students was "Politics and procurement don't mix, but in government they have to." That reminder is as timely today as it was decades ago. As public procurement practitioners make increasing use of cooperative procurement contracts, they are finding that while this sourcing approach is typically simpler and quicker, it can present an even greater need to consider potential political risk when selecting a contractor or supplier. A large service contractor located two hundred miles away might be able to perform a job better, timelier, and more cost-effectively than any of three or four local contractors in the same line of business; but as many of us have seen, very real political consequences can result for all stakeholders in a procurement when a procurement official decides to bypass local contractors. Those stakeholders can include but not necessarily be limited to elected officials, senior general management, client agencies, and procurement operations.

This is not to say that a public procurement official should rule out the consideration of cooperative contracts as an option when deciding how to source goods, services, solutions, or infrastructure. To the contrary, some cooperative contracts are structured to accommodate the political, legal, and other risks of public entities that are thinking about using them. If a public procurement official senses that adverse political consequences could result from the use of a cooperative contract, he or she should look for cooperative contracts that provide for negotiation of such risk-mitigating features as local or in-state participation into the contracts without adversely impacting best overall value. Choosing the right cooperative contract, as opposed to choosing the right contractor or supplier, must be the focus. A particular contractor or supplier may hold several contracts, some of which provide for negotiation of terms and conditions and some of which do not.

The very real presence of politics in government procurement unquestionably adds to the challenges public procurement officials face every day. As you close 2018 and begin 2019, think about other areas in the public procurement process where the potential for political risk exists. Identify and evaluate ways to mitigate and, if possible, avoid political risks in those areas. Politics in procurement will not go away anytime soon. Thank you, Beau, for your timeless reminder.

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HOW MUCH DO YOU REALLY KNOW ABOUT YOUR SUPPLIERS?

By Jean Clark

> **A**s many public procurement professionals learn at some point in their career, suppliers' written proposal responses don't always tell the whole story about their past performance or current capabilities. That is leading several industry groups, including the NIGP Business Council, to revise their best practice recommendations for the supplier solicitation and evaluation process – especially given the renewed emphasis on transparency regarding every procurement amidst increased scrutiny of government spending.

However, as government procurement leaders are quickly realizing, it is impossible for agencies to apply the same set of evaluation criteria to every

purchase. The requirements for commodities, services, construction and technology procurements are very diverse. And each agency's unique mission, programs, budget, digital transformation goals, organizational structure, IT architectures and business processes could influence the scope of work. Templated solicitations and a standardized "requirements" checklist will fail to deliver the desired outcome.

That is why it is so important for government procurement leaders to develop a solicitation framework for their agency's individual goal. This includes identifying – and possibly re-engineering – the contract vehicles and procurement strategies that will offer the most efficiency and value. It also

includes the implementation of an evaluation process that equally scrutinizes the value and quality of the good/service being procured as well as the supplier. No matter what you are buying, it is usually not enough to simply pick the right “product.” Your success – and savings – are just as contingent on selecting the right supplier “partner”. This is especially true for IT and systems-type procurements that demand either a scalable or customized solution and a team of experts that specialize in the design, implementation and long-term management of such solutions. However, it is also critical that you verify supplier credentials for what may seem like simple commodity buys. You need to ensure they have consistently met or exceeded the quality, value and performance expectations for other government agencies.

If you want to confidently select the right solution – and the right solution provider – every time, be sure that your team is asking the right questions about the supplier’s track record to the right people at the right time. This includes ensuring third party consultants, that might be leveraged, are truly knowledgeable and up-to-date in the respective market.

EVALUATING PRIOR EXPERIENCE

AS NIGP recommends in one of its best practice guides, agencies should request “detailed descriptions of prior experience with projects having a similar scope and size – to include description of the situation or problem, the implemented solution and the results.”

This helps to foster transparency and facilitate more meaningful conversations with the supplier’s other customers during further reference checks. As do pre-bid conferences and other early engagement tactics that enable buyers to interact with solution providers to “gain information about capabilities, experience, etc. that they may not have gotten through a formal RFI” or even the final RFP response. Case studies and awards often lend credibility to the supplier’s past successes and should be reviewed as part of your initial evaluation process. They will help you understand how the supplier’s offering, service, and products could also help you save time and money.

Just remember that a supplier’s marketing materials may not tell the whole story. It is critical that you pick up the phone and solicit feedback from both their listed references and other government agencies that you know have utilized the supplier’s solutions in the past to corroborate claims about their capabilities and value.

One of the best ways to determine whether or

not a supplier is indeed likely to deliver a quality solution – especially if you are unable to dedicate resources to the more intensive information-gathering exercises just outlined – is to incorporate best value evaluation criteria into the solicitation, even if price will ultimately be weighed heavier than other factors. Forgoing this step increases the risk that an agency “may select the equipment that meets the minimum specifications without regard to the supplier’s experience, support services, knowledge of customer needs, equipment longevity, end user training, equipment maintenance programs, or other qualifications,” as noted in an NIGP Business Council white paper.

Be sure to develop a thorough requirements checklist for reference during the evaluation process, including a set of both quantifiable and intangible key performance indicators (KPIs) that can be utilized to gauge both product/service and supplier capabilities. And don’t be too hasty to disqualify a supplier should a red flag surface.

GIVE FAIR AND EQUAL CONSIDERATION TO CURRENT CAPABILITIES

While past performance inquiries are critical to anticipating potential issues with a supplier, you don’t want to rule out anyone based on historical performance alone – unless there is a clear trend of mismanaged projects, non-compliance with contract terms, or an inability to deliver the quality and value promised. Either way, it is important to inquire about the supplier’s response to documented issues – both with the supplier and the customer(s) that gave a less-than-stellar review:

- > Did they commit the appropriate resources to resolving problems?
- > Did they adapt their future service level accordingly? Offer an alternate product/solution that meets contract-defined terms and customer expectations?
- > Have they made staffing changes since the referenced incidents occurred to ensure mistakes aren’t repeated again?

Keep in mind that companies can undergo many changes in a short period of time due to mergers and acquisitions, leadership changes, and operational restructurings. That is why you must always take the time to assess their current capabilities without biased instead of passing judgement solely on past performance feedback, good or bad. At this

stage, it is best to talk to the supplier's current customers about some of the following factors, each of which NIGP recommends that you thoroughly investigate during the evaluation phase:

- > Economic and financial standing (including bonding capacity and applicable insurances)
- > Technical and professional ability
- > Quality of goods/ services provided (via extensive market research, subject matter experts, etc.)
- > Reliability (i.e. Will the supplier be reliable, ethical, and faithfully complete the terms of the contract?)
- > Management practices and ability to perform
- > Experience

A reminder: Reference and background checks also allow you to inquire about a supplier's integrity, ethics and criminal history (to ensure there are no accusations/convictions related to bribery, corruption, collusion, fraud, etc.).

DON'T FORGET TO RATE PERFORMANCE POST-AWARD

It is your responsibility to diligently monitor and

document supplier performance throughout the contract lifecycle. That is the only way that you, your predecessors, and your peers will be able to confidently evaluate and select the right solution – and solution provider – again in the future. It is also important to share your best practices, lessons learned, etc. specific to supplier selection via case studies, webinars, social media, traditional media, internal newsletters, and presentations at industry events. After all, public procurement professionals have the luxury of collaboration when it comes to perfecting our craft – and picking suppliers. We should talk to each other more to corroborate performance claims versus simply trusting what we see in our internal paper trails or external supplier proposals to be the exclusive truth. Together, we can improve the value and quality of every purchase and every supplier partnership.

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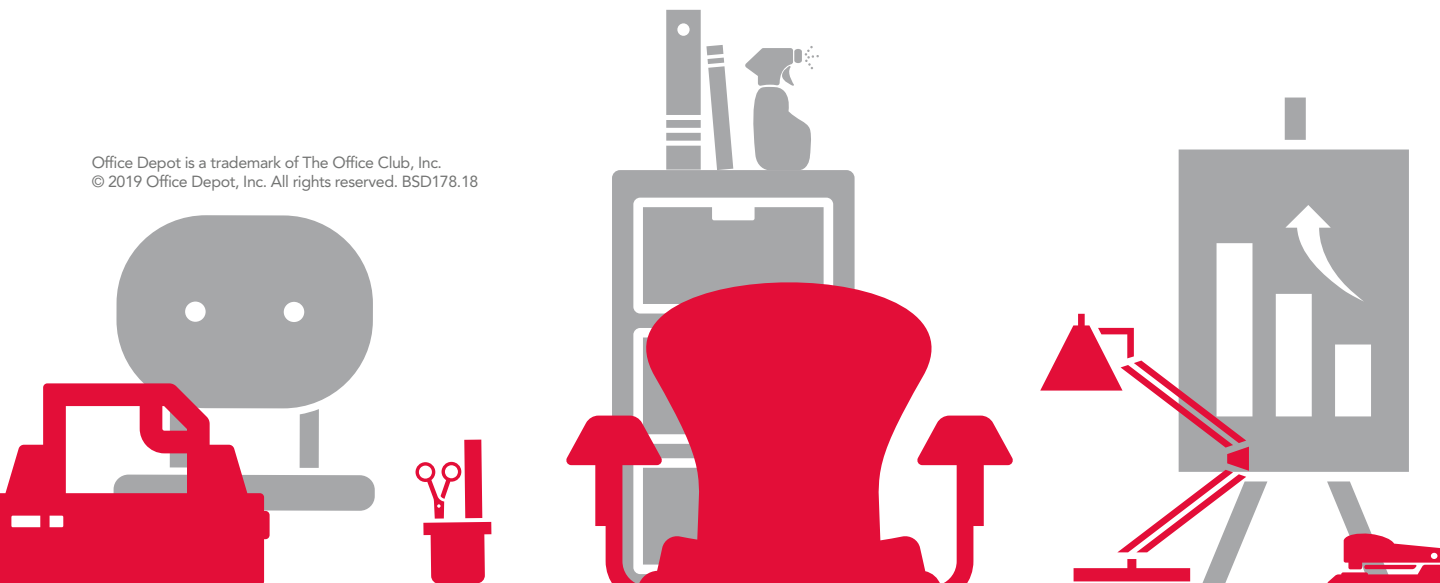
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TOP 10 ENERGY BUYING MISTAKES YOU DIDN'T REALIZE YOU WERE MAKING (& HOW TO AVOID THEM)

By Bob Wooten

We've all experienced it: that moment we realize we paid more than we should have. We thought we did our research and negotiated well, but it turned out that someone else got a better deal.

If you've been getting bids on electricity supply for years, you might think you're always getting the best rate. Finding out someone else has a better deal when you're locked into a higher-priced contract not only raises buyer's remorse, it's downright infuriating. Let's face it: if you didn't get the best rate possible, you're overpaying.

Why do you miss out on the best rates? And what can you do about it? The problem – and the solution – is more complex than you might think.

THE MISTAKE: NOT GETTING THE MOST COMPETITIVE RATES

The mistake of not getting the most competitive energy rates is simple to understand. You go through the procurement process and secure a new electricity contract. You're feeling good about paying 5 cents/kWh. But was there a better rate out there? And, if so, why didn't you know what it was?

WHY IT HAPPENS: YOU DON'T KNOW WHAT YOU'RE MISSING

The truth is, finding out – and getting – the best rate can be really tricky. Let's look at three reasons that you're likely to get less-than-competitive rates.

Not enough suppliers: Most times, a lack of

competition is the primary culprit keeping you from getting the best rate. Because energy markets are deregulated, you have a choice when it comes to your supplier. And with well over 100 electricity and natural gas suppliers in the U.S. alone, there could be as many as 20 who meet your criteria. But both finding and getting those eligible providers to compete for your business isn't as easy as sending out a request for bids or proposals. You also have to find a way to convince them to respond.

Unfortunately, not every supplier is hungry for all types of business. Most typically focus on a certain type or size of opportunity. If your organization is small or mid-size, for example, the number of suppliers who will consider doing business with you could be limited. This means you not only have to know the right providers to contact, you have to make your case that bidding on your business is worth the effort.

Not the right terms: It's not uncommon for an organization to award their business to the supplier that offers the best kWh price, then find out months or even years down the road that extra fees and penalties have added additional, unexpected costs and eroded any savings.

Negotiating the best terms for an energy contract is not an exact science. Obviously, the supplier has stacked the terms in its favor. Your job is to understand how the terms shift risk from them to you and what that does to your overall price. Many times, the lowest rate comes with unfavorable terms that cost you more in the end.

Not the right time: Compared to other variables, market timing has more to do with getting a competitive rate than anything else. Secure a long-term contract at a time when prices are spiking, and you may find yourself stuck with a very non-competitive rate once the market comes back down. Likewise, opting for a floating rate or a short-term contract when the market is heading up can increase your costs in the future. Catching the market in a favorable window can easily save you cents per kWh on your electricity or dollars per Dth on natural gas.

Of all the problems and solutions discussed here, market timing can be the most difficult to assess. None of us has a crystal ball to know how the market is going to move. It's always possible that you will have a more favorable window to contract next week than what you have right now.

HOW TO FIX IT: INCREASE COMPETITION, NEGOTIATION, AND MARKET INTEL

You can't typically amend your current situation

if you've already signed a new energy contract. Maybe it's great and you wouldn't even want to change it. But if you have a less-than-ideal contract and find your rates are not competitive, you can avoid negotiating something similar next time.

One of the most effective solutions is to work with an energy advisory firm. With their intimate market knowledge, they'll be on your side and ask the right questions to help you secure your best contract. By leveraging their strengths, your energy advisor:

Find and get suppliers to battle for your business who might not have otherwise responded. That's the kind of competition you need to help get the best rate.

Negotiate the best terms. Because they thoroughly understand energy contracts, they'll eliminate unacceptable terms and preserve your good rate.

Help you with market timing. Not every advisory firm can do this, though. Make sure the firm has access to high-level market intelligence. Better still, find one that is involved directly in the markets, conducting wholesale transactions and providing key market research. That will position you to catch the market during a favorable window and secure a competitive rate.

CONCLUSION: LEVERAGE YOUR RESOURCES

It is not a good feeling to suddenly realize you are paying too much for your electricity or natural gas. All of the problems and solutions highlighted here hinge on creating leverage in soliciting suppliers, negotiating terms, and identifying favorable market windows. Many organizations engage the services of an energy advisor for just these reasons. From a return-on-investment standpoint, the costs of good advice pale in comparison to the dollars saved by ensuring you are establishing the best rates possible. It requires diligence and dedication, but with the increased efforts come the true rewards as you ensure your organization is competitive with its energy rates.

BOB WOOTEN, C.P.M., CEP, is Director of National Accounts for Tradition Energy, and has over 20 years of experience managing commercial, industrial and governmental procurement programs for a wide variety of clients. Bob holds professional certifications from the Association of Energy Engineers and the Institute for Supply Management, as well as a B.A. from Texas A&M University, and a Master's in Public Administration from the University of Houston.

LANGUAGE MATTERS: DEFINITIONS MATTER: PUBLIC-PRIVATE PARTNERSHIPS (P3S) FOR FACILITIES & INFRASTRUCTURE

By Lisa Premo and Dr. Lawrence Martin

> When practitioners, academics, and suppliers develop NIGP’s public procurement practices, we begin by carefully discussing and reaching consensus on terms and definitions. Establishing a clear definition is essential before task force members can coherently develop guidance for the practice topic. The need for defining terms is echoed throughout reference documents. The

particularly important when terms have multiple, conflicting, and confusing interpretations. We see the need for clarity with the terms scope of work and statement of work. We see it with public-private partnerships (P3s) for facilities and infrastructure.

In 2016, NIGP published a public procurement practice on “Public-Private Partnership (P3): Facilities and Infrastructure.” The practice includes the

following definition:

A public-private partnership (P3) is a broad term used to describe public facility and infrastructure contracts that minimally include components of design and build (e.g., construction, renovation, rehabilitation) in a single contract. Components of financing, operations, maintenance, or management may be included within this single contract. A P3 contract allocates risks to the party (the government or the contractor) best able to manage the risks and may assign a higher level of responsibility for means and methods to the private partner.

The P3 public procurement practice was developed to provide a clear and useful definition as well as guidance for this new and complex

procurement method. P3s are being used increasingly in the United States for a variety of facility and infrastructure projects (e.g., roads, bridges, transit, housing, government buildings). Consequently, the use of the word “partnership” in the P3 term is ripe for confusion, dilution, and misuse. Indeed, there are examples today of simple collaborations

American Bar Association’s Model Procurement Code, Article 1, Part C, defines terms used in the Code. The Federal Acquisition Regulation (FAR), Part 2, also provides definitions of words and terms it frequently uses. Before a discussion on policies and procedures can take place, there must be agreement on terms and definitions. Clear definitions are



between government and the private sector (both businesses and nonprofits) being referred to as P3s. More concerning is how this ambiguity can be used to circumvent Procurement requirements. There are documents, position papers and articles that explicitly state that P3s are not contracts and need not comply with public procurements requirements.

NIGP's public procurement practice defines public-private partnership (P3s) for facilities and infrastructure as contracts. When the collaborative, i.e., partnership aspect of P3s is highlighted rather than the contractual aspect, Procurement may be left out of the project. The involvement of Procurement is crucial to the success of a P3 facility and infrastructure project. Without the involvement of Procurement, P3 projects may be agreed upon without a competitive solicitation and without the benefit of procurement expertise including: knowledge of laws, identification of performance metrics, development of specifications, determination of the best procurement method, and evaluation of proposals.

The confusing array of P3 definitions are further complicated by equally concerning myths, including the assertion that P3s are a source of free money. In discussing P3s, one procurement professional broke into a spontaneous and personalized version of the Dire Straits' song "Money for Nothing," substituting the words "Get Your Rails for Free!" for the original lyrics. While the private partner may provide or arrange the financing for a facility or infrastructure P3, the government is ultimately responsible for its funding as well as for the outcome of the project.

John Adler, CPPO, Vice President, Procurement, of Dallas Area Rapid Transit shares an example of what can happen when Procurement is not involved in a P3, including the decision to use a P3:

Advocating P3s as a better value for taxpayers because of their low-cost private sector financing, Indiana public officials established the Indiana Finance Authority (IFA). In 2014, IFA selected I-69 Development Partners to upgrade 21 miles of State Route 37 between Bloomington and Martinsville. The concessionaire was selected despite concerns over the bid amount, which was about \$73 million lower than the next closest bid and \$22 million less than the State of Indiana's cost estimate.

The P3 was a failure from the start. Construction started four months late and nine employees of the concessionaire's parent company were arrested for embezzlement. The contractor fell behind paying subcontractors and suppliers and the 5% payment bond was insufficient to cover the short-fall. In a July 2017 settlement agreement, the IFA parted ways with the concessionaire

and took over the project. The cost to complete the project rose 51%, from \$369M to \$556M.

Ironically, Indiana had access to lower cost financing using its bonding authority. A simple business case analysis done by Procurement would have disclosed that traditional public financing was a better alternative than a P3.

Other considerations are also important to acknowledge when using a P3 for a facility or infrastructure project. For example, the government should ensure that it has access to specialized expertise, e.g., finance, real estate. Also, flexibility must be incorporated into the P3 contract to address how future issues will be dealt with, including a process for the resolution of disputes. Facility and infrastructure P3 contracts often extend for 30-40 or more years. Chances are high that the stakeholders executing the contract will not be the stakeholders addressing issues that arise 20 years later, nor can they foresee the types of issues that may arise. Challenges that surface may result from laws not yet passed and technology not yet in existence.

Contracts require clear language. Defined terms should convey the same meaning and expectations to both the public and private partners. A P3 facility or infrastructure contract can involve more risk for the private partner than a traditional procurement. With acceptance of this risk, however, the contractor receives increased flexibility in how the project is delivered. Meanwhile, the government can expect an outcome at least as successful as a traditional procurement with the likelihood that the P3 project will be delivered on-time, on-budget, and with equal or better quality.

The next time your government considers using a P3 for a facility or infrastructure project, make sure that Procurement is involved and refer to NIGP's public procurement practice on Public-Private Partnerships (P3): Facilities and Infrastructure. (www.nigp.org/global_practices).

LISA PREMO, NIGP Global Practices Manager, collaborates with public procurement practitioners and academics to conduct research and develop useful guidance on public procurement topics. Lawrence (Larry) Martin is a professor of public affairs at the University of Central Florida. He was a member of the project team that developed the NIGP Public Procurement Practice on Public-Private Partnerships (P3s) for Facilities & Infrastructure.





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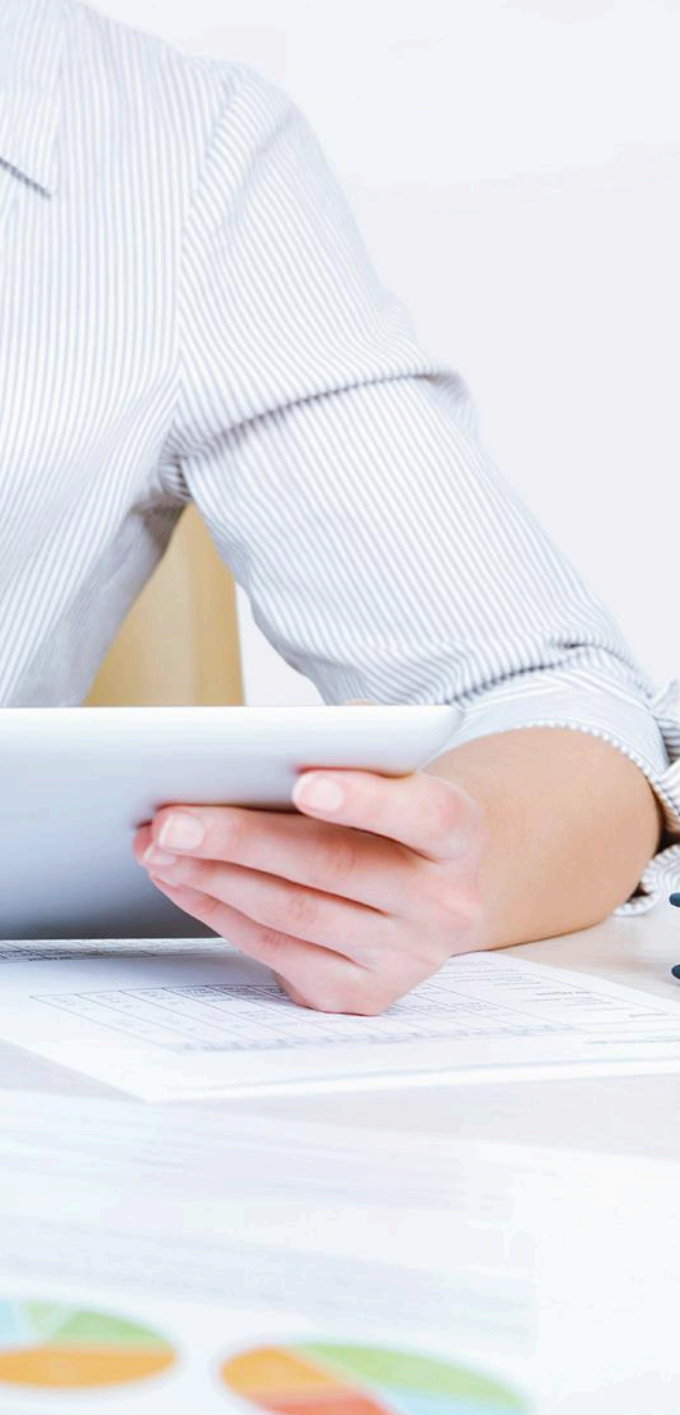
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Public Procurement Compensation & Retention



The results of the new NIGP benchmark study

The National Institute of Governmental Purchasing (NIGP) recently published its seventh biennial Compensation Survey Report on positions within public sector procurement. The primary goal of this biennial study is to provide comparative compensation information to assist in classifying public procurement positions and determining appropriate salary ranges. This year's report also includes a supplement on retention and turnover rates.

NIGP issued its first Compensation Survey Report in 2003 in collaboration with Dr. Mohamad G. Alkadry, currently at the University of Connecticut's Department of Public Policy. The first study was conducted in January 2003, and was repeated in the first quarter of 2005, the first quarter of 2007, the first quarter of 2009, 2011 and most recently, the first of quarter of 2016.

The current report, co-authored by Dr. Mohamad Alkadry and Dr. Susannah Ali, Assistant Professor at Florida International University, covers the 2018 study and reports key data from the previous four studies. Therefore, for the first time, this report includes a fourteen-year salary trend for procurement professionals starting with 2001 through 2018. No data was collected between 2011 and 2015.

NIGP issued two surveys to its members in conducting this study. First, an Agency Survey that asked agency representatives to complete information on the number of people in each position within their organizations, and salary information for each position for the current and previous years. The results provided salary information for eleven (11) procurement positions; four (4) positions related to stores, warehouse, and assets; and two (2) support positions

Second, NIGP issued a survey to all individuals receiving member benefits, which asked about their salary and various things that affect their salary including certification, education, benefits and bonuses. The individual survey data allows NIGP to report average and median salaries summarized by level of government, highest education completed, field of education, number of certifications, gender and race.

WHO ARE PROCUREMENT OFFICERS?

Procurement officers are an educated and diverse group. For our surveys, 71 percent of respondents were White Non-Hispanic, 13 percent were Black Non-Hispanic, and 9 percent were Hispanic. This shows that representation who are White Non-Hispanic and Black mirrors the

IN DEPTH [compensation]

US population, but Hispanics are under-represented. About two-thirds of procurement officers are women.

Education appears to play a major factor in public procurement as well. Overall, 69 percent of respondents have a four-year or higher degree, and 22 percent of respondents held a master's degree or higher. As can be expected, degrees are most common for managers and directors. Fifty-eight percent of procurement officers reported that they held procurement-specific certification. That rate varies by position, but most managers and directors had a higher percentage and about 70 percent of directors hold procurement-related certifications.

SALARIES ARE RISING, BUT THERE ARE DISPARITIES

Agencies reported that average salaries are rising. On average, between 2001 and 2018, all of the sixteen surveyed positions showed a cumulative increase in salaries ranging from 24 percent to 58 percent. Buyers saw a rise of 46 percent while senior buyers witnessed an increase of 42 percent over the same period. On average, women earn \$8,422 less than what men earn when serving the same role. While women always earned less on average than men, the greatest salary discrepancies are noted for Directors, where differences ranged from 11 percent to 16 percent, and Assistant Buyers with a 16 percent differences.

WHO WANTS TO CHANGE JOBS?

Procurement officers make up a mobile workforce where there are many opportunities and people are willing to leave their current organization. Thirty-six percent of

people are considering leaving their current position in the next year. Turnover intent was highest for those in non-supervisory position (39 percent) and lowest for Directors (28 percent). Similarly, the percent of people who want to change jobs went down as salary increased.

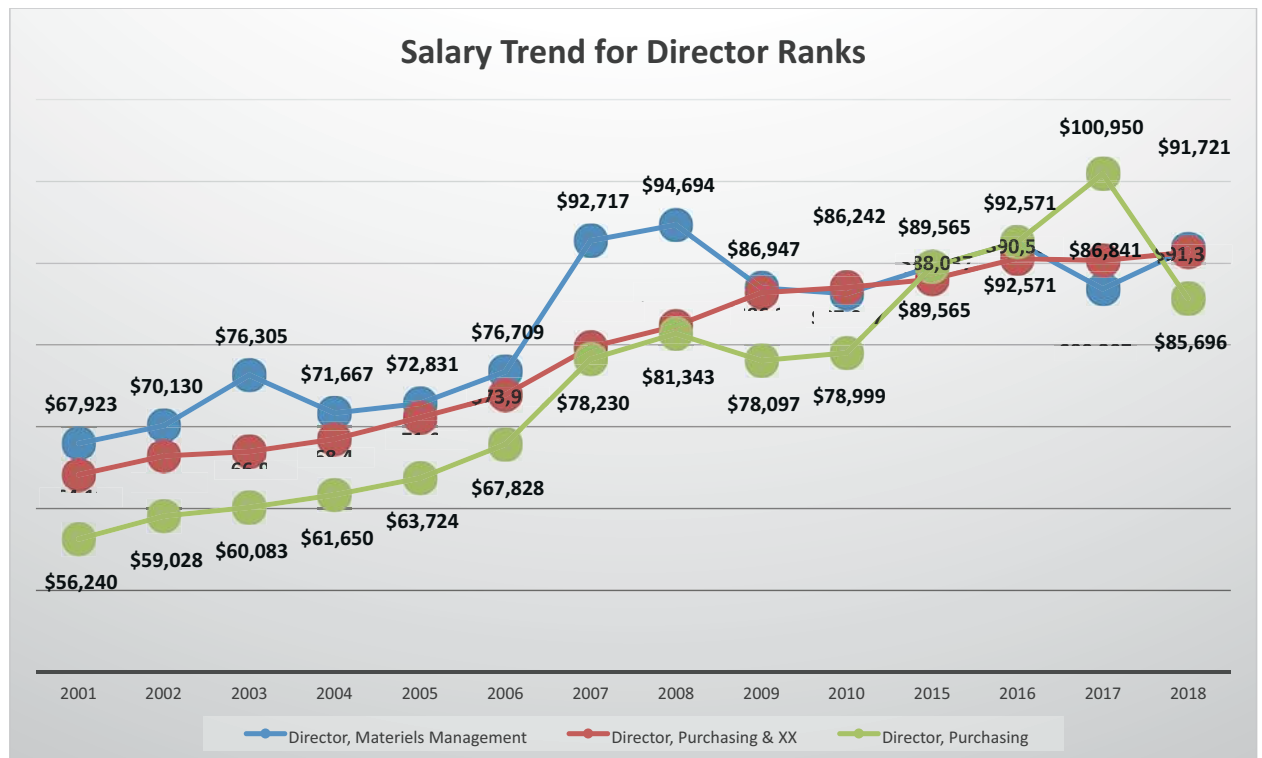
Education worked in the opposite way where more educated employees were more likely to consider job changes than their less educated peers. Position tenure also influences a desire to change jobs. The likelihood of someone wanting to change jobs increase as people stay in the same position with the highest turnover intent somewhere between 6 and 10 years in the same position, turnover intent then drops until people approach retirement age.

Respondents were asked about their willingness to relocate to a different geographic location if offered more pay for a similar job. Forty-four percent (611) of the 1,843 respondents were willing to relocate, while 56 percent (1,023) were not.

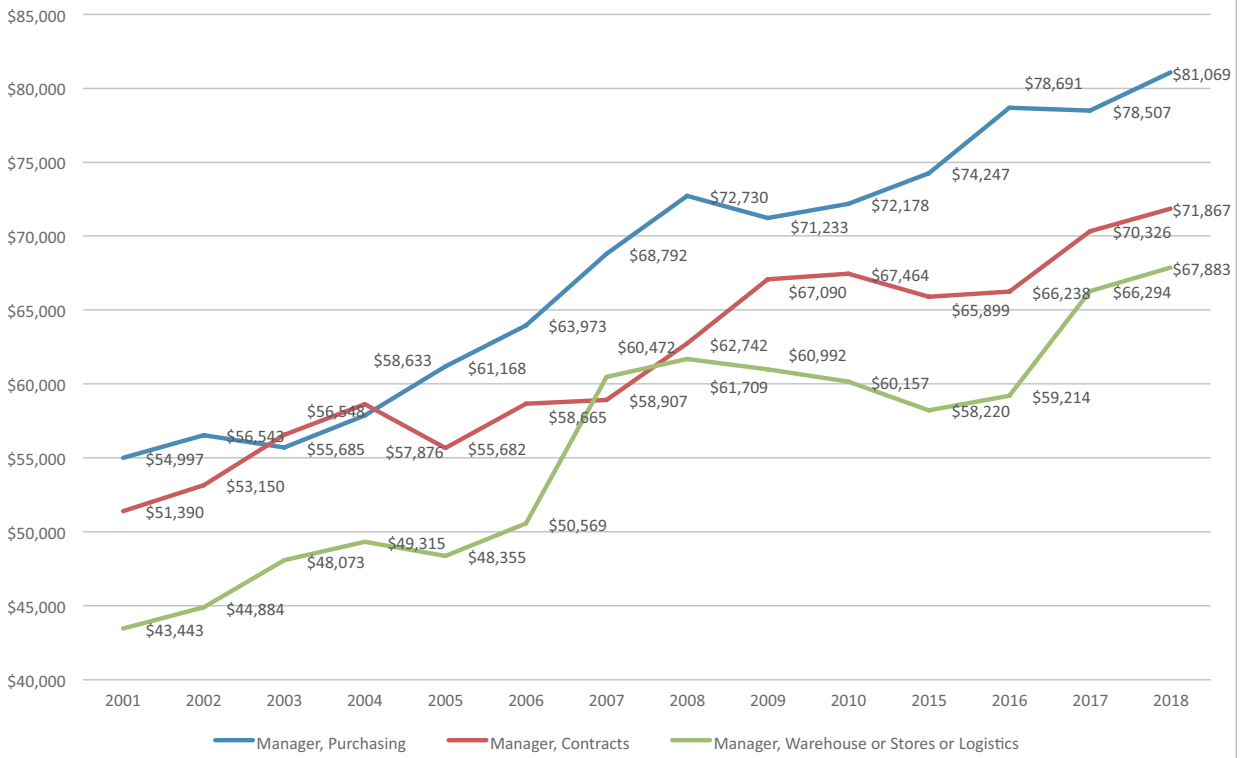
Individuals were asked to rate from one to five how important various factors were in their decision to change jobs in the past. The most important factor was the opportunity for advancement followed closely by salary. Other factors in order of importance were frustration with the organization/leadership, work/life balance, one's supervisor, and location.

SALARIES ARE RISING

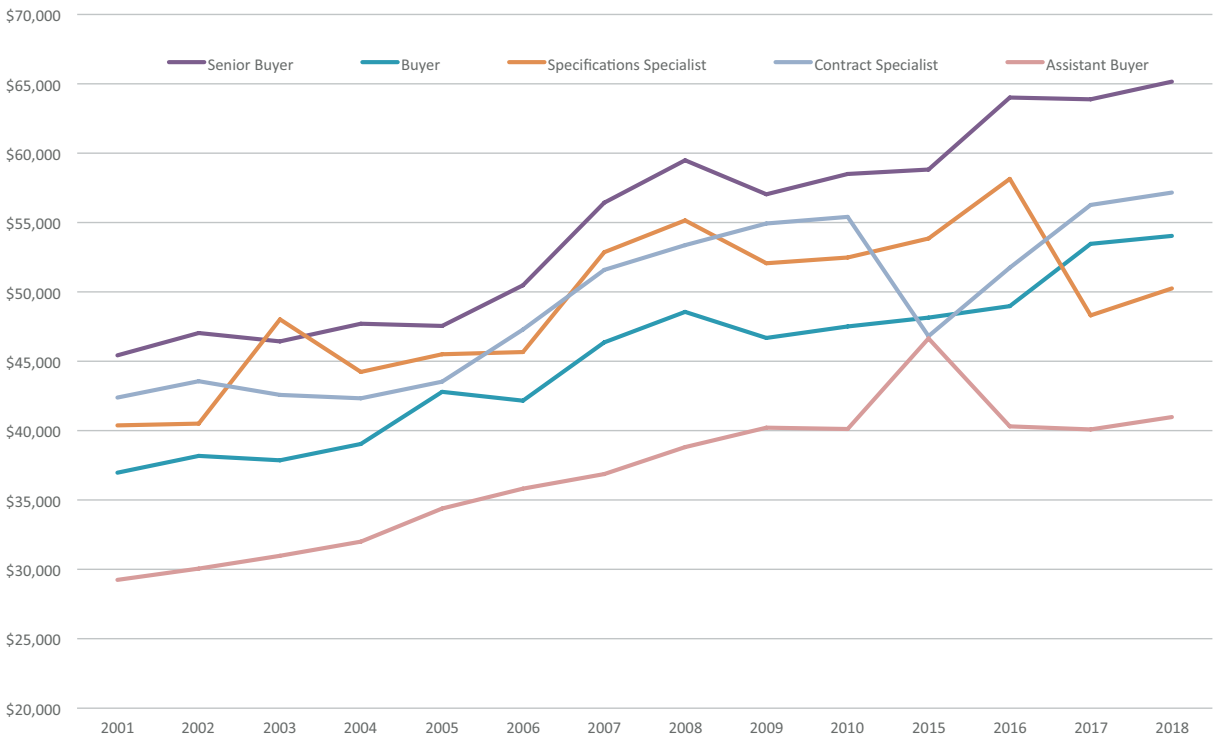
Agencies reported that average salaries are rising. On average, between 2001 and 2018, all of the sixteen surveyed positions showed a cumulative increase in salaries ranging from 24



Salary Trend for Manager Ranks



Salary Trend for Professional Ranks



IN DEPTH [compensation]

percent to 58 percent. Buyers saw a rise of 46 percent while senior buyers witnessed an increase of 42 percent over the same period. Titles for similar public procurement positions vary across the United States and Canada. This study uses a designated set of titles and descriptions to define the position regardless of the actual title used in each agency.

EDUCATION LEVELS & FIELDS

Education appears to play a major factor in public procurement. Overall, 69 percent of respondents have a

four-year or higher degree, and 22 percent of respondents held a master's degree or higher. As can be expected, degrees are most common for managers and directors.

ART: Use Figure 3. Educational Attainment of Public Procurement Professionals (percent)

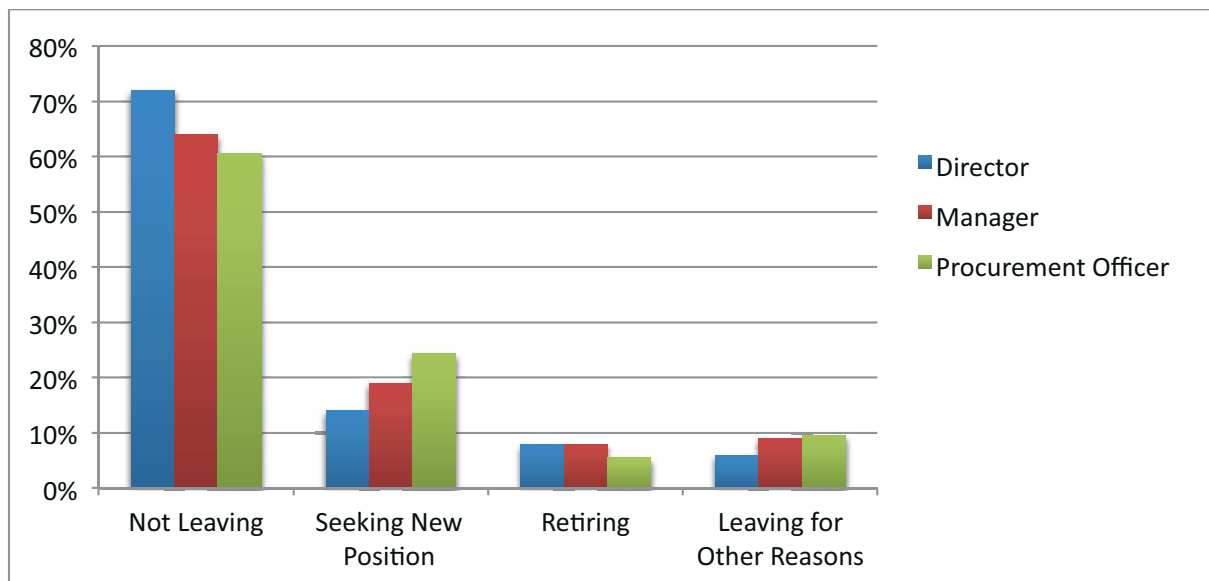
GENDER & SALARY

On average, women earn \$8,422 less than what men earn when serving the same role. While women always earned less on average than men, the greatest salary discrepancies

Gender Differences in Salaries



Decision to Leave



are noted for Directors, where differences ranged from 11 percent to 16 percent, and Assistant Buyers, with a 16 percent difference. Sixty-three percent (63 percent) were female and thirty-seven percent (37 percent) of respondents were male.

EMPLOYER-PROVIDED BENEFITS

Employer-provided benefits, including retirement programs, and health, dental, life, and disability insurance, are common for public procurement jobs. Fifty-nine percent (59 percent) of respondents worked for organizations that offered flexible work arrangements and seventeen percent (17 percent) worked for organizations that offered childcare benefits.

RACE/ETHNICITY

Of the 1,799 respondents answering this question, 71 percent of respondents were White Non-Hispanic, 13 percent were Black Non-Hispanic, and 9 percent were Hispanic.

WILLINGNESS TO RELOCATE

Respondents were asked about their willingness to relocate to a different geographic location if offered more pay for a similar job. Forty-four percent (611) of the 1,843 respondents were willing to relocate, while 56 percent (1,023) were not.

INTENT TO CHANGE JOBS IN THE NEXT YEAR BY POSITION AND FUTURE JOB

Respondents were asked if during the next 12 months they would consider staying in their current job, finding a new job in their current field, retiring, or leaving for other reasons including family concerns, pursuit of a career change or to further their education. At the director level, 72 percent wanted to stay in their jobs, 14 percent wanted a new position and 8 percent wanted to retire. Managers were more likely to want to leave their positions with 64 percent wanting to stay in their current positions, 24 percent wanting to look for new jobs and 8 percent considering retirement. Finally, Procurement Officers were the most likely to look for a new position with 61 percent staying in their current jobs, 24 percent seeking new

positions, and 6 percent planning to retire.

INTENT TO CHANGE JOBS IN THE NEXT YEAR BY SALARY

As salary increased, people were less likely to express a desire to change positions. Those who earned less than \$40,000 per year were the most likely to want new positions, with 43 percent expressing the desire to change in the next year. That number decreased as salary increased. Thirty-eight percent (38 percent) of those earning \$60,000 to \$79,000



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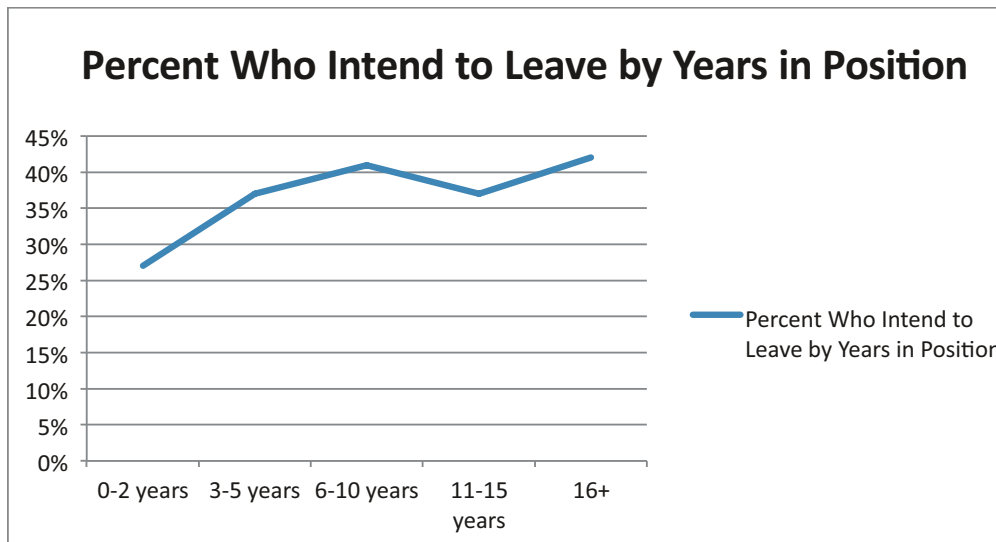
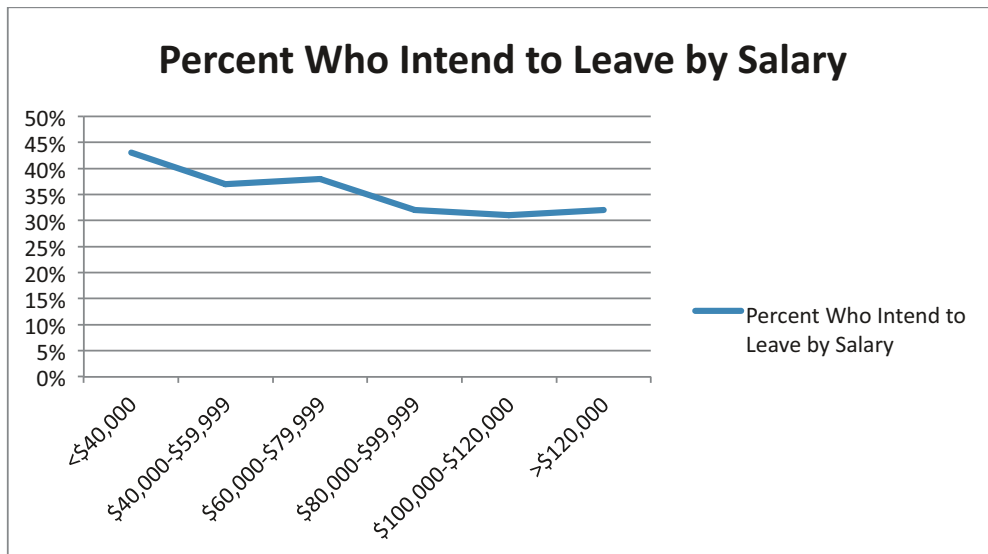
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wanted to leave and of those earning \$100,000 to \$120,000, 31 percent expressed interest in seeking a change.

INTENT TO CHANGE JOBS IN THE NEXT YEAR BY YEARS IN POSITION

Position tenure also influences a desire to change jobs. In the first two years, 27 percent of people want to change jobs. In years 3-5, people are more likely to want to change (37 percent of respondents). The percentage of people wanting to change jobs rises again to 41 percent in years 6-10, then dips in years 11-15 and then hits the high of 42 percent as retirement becomes an option for more people in the 16+ years category.

Differing levels of education also impacted turnover intent. Individuals with more education were more likely to want to leave their organizations with 38 percent of those with a master's degree or above wanting to leave compared to 36 percent of those with a bachelor's degree

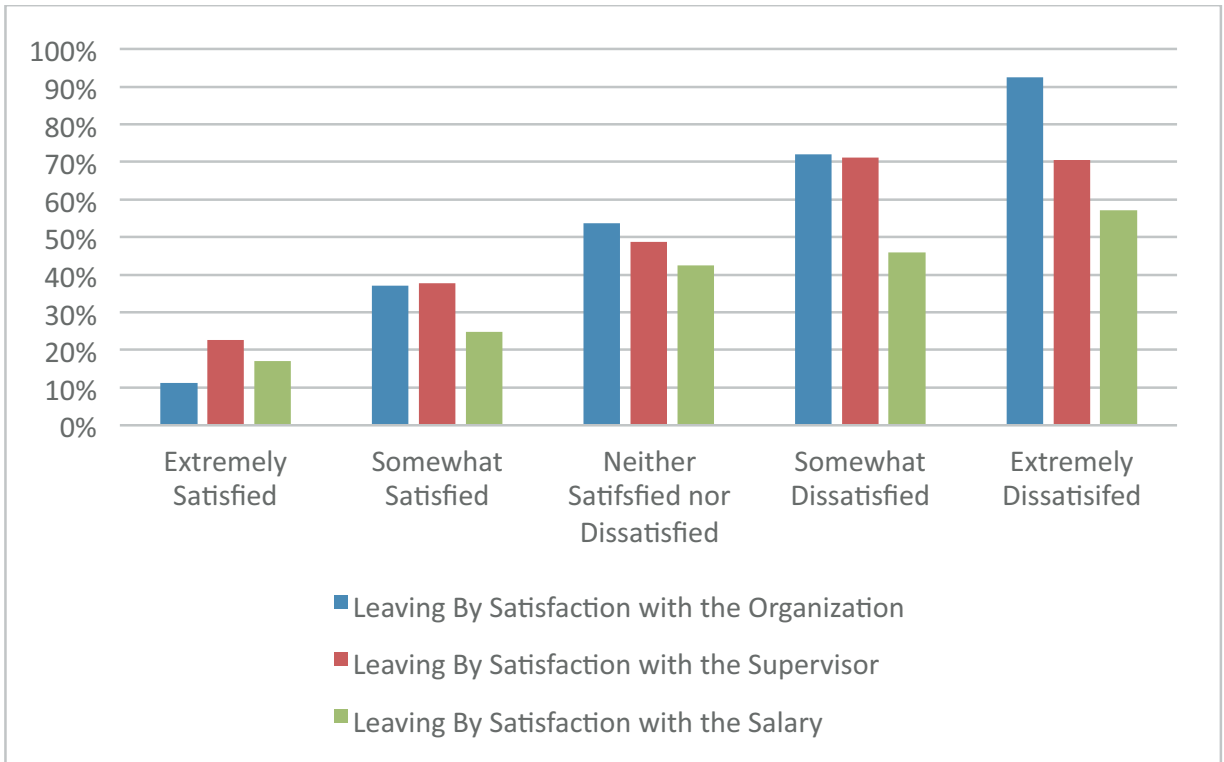

and 34 percent of those without a bachelor's degree.

Professional certifications also are correlated with higher turnover, where 37 percent of those who reported having a certificate wanted to leave compared to 34 percent of those who did not identify as having a certificate.

INTENT TO CHANGE JOBS IN THE NEXT YEAR BY SATISFACTION MEASURES

The clearest drivers for people wanting to leave their organization are satisfaction with the organization, supervisor, and salary. For each satisfaction measure, less than 22 percent of people who were extremely satisfied were considering leaving. On the other hand, 93 percent of those who were extremely dissatisfied with the organization, 71 percent of those who were extremely dissatisfied with their supervisor, and 57 percent of those who were extremely dissatisfied with

Percent Intending to Leave by Satisfaction

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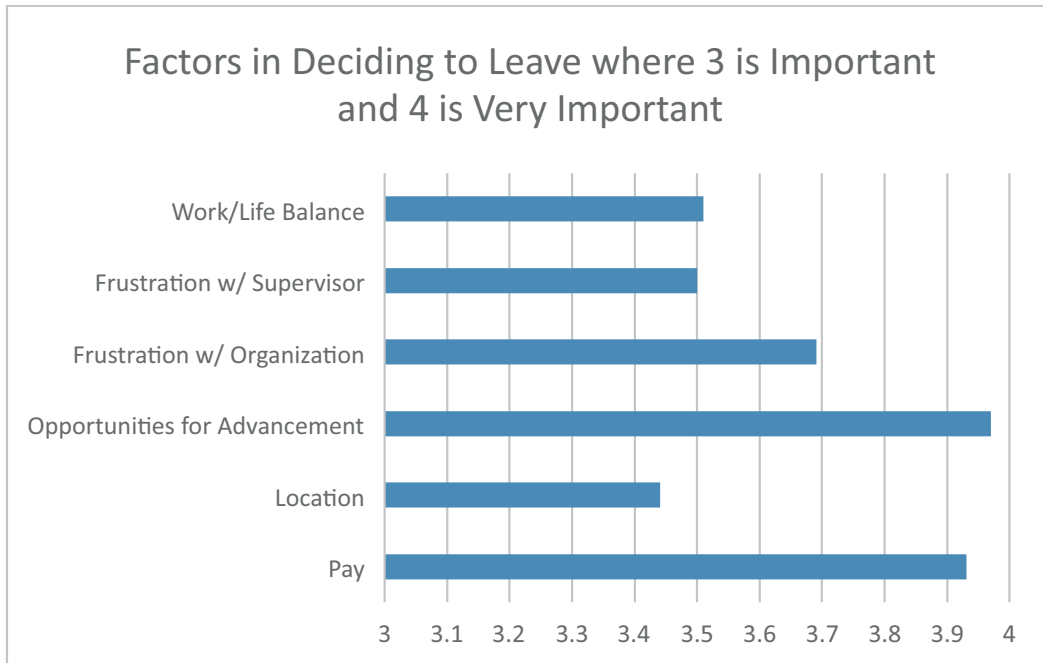
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their salary want to leave in the next 12 months.

Individuals were asked to rate from one to five how important various factors were in their decision to change jobs in the past. The most important factor was the opportunity for advancement followed closely by salary.

Other factors in order of importance were frustration with the organization/leadership, work/life balance, one's supervisor, and location.

For more information and to obtain a full copy of the 2018 NIGP Compensation Report visit www.nigp.org

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Learning from Others

> **I**t is real easy for me to get in a rut. You know the drill; thinking you have everything figured out and not really in need of outside opinions? After oh so many years in public procurement, I think I know what I'm doing. But in reality, we all have a lot to learn from each other.

Remember the Zen Proverb: "It takes a wise person to learn from their mistakes, but an even wiser one to learn from others."

What I mean is that sometimes we tend to focus on what we know and what we have done in public procurement, and not really consider what might be possible. The fact is, the possibilities are endless when it comes to improving our procurement practices, just by looking to others.

A few years ago our procurement department at Portland State University made a concerted effort of promoting supplier diversity. In a three year period our utilization of minority, women and emerging small businesses jumped from less than 5 percent to nearly 18 percent. While I was proud of this accomplishment (maybe even preparing for an award acceptance speech), I discovered something about a colleague of mine on the other side of the country, Etta Henry. Her university, Old Dominion, had just realized over 60 percent utilization of small businesses. Obviously, there was something more for me to learn.

It takes a wise person to learn from their mistakes, but an even wiser one to learn from others.

If we are really honest with ourselves (and maybe a bit humble), we can admit that professionals outside of our organization can help us. How about a review of our procurement policies and practices from Periscope, a consulting firm that is highly experienced in best public agency practices?

Or perhaps a third party assessment of our procurement program from The Institute for Public Procurement or the National Purchasing Institute? The Outstanding Agency Accreditation Award and the Achievement of Excellence in Procurement, respectively, are highly recognized accomplishments. They are also a nice award to display in your lobby. Each of these programs assess the performance level of your procurement practices, but they also offer a blueprint of areas for improvement.

My point is this: even the most experienced procurement professional can learn a great deal from others outside of their organization.

Here is another example I often share. While teaching at the University of Illinois at Chicago, I met with Lourdes Coss, then their director of procurement. She shared with me that for each formal solicitation her office handles, they send a postcard to the using department. It includes a brief survey asking how their needs were met, quality of goods or services received, and the helpfulness of the procurement staff. It is pre-addressed to the director of procurement, who personally reviews each and every response. This allows their central procurement unit to make adjustments and improvements to their processes.

What a great idea....why didn't I think of that?



DARIN MATTHEWS, 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 Matthews at darin@ucsc.edu

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