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ISSN 1078-0769

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LIST RENTALS: To rent circulation lists of *Government Procurement*, contact Justin Lyman, online marketing manager; 913-967-1377, justin.lyman@informa.com

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REPRINTS: For customized article reprints, contact: Wright's Media, phone: 877-652-5295; email: informa@wrightsmedia.com

PUBLISHED: *Government Procurement*, August/September 2020, Vol. 28, No. 4, (ISSN 1078-0769) is published 5 times a year – Feb/Mar, Apr/May, June/July, Aug/Sept and Oct/Nov by Informa Media Inc., 22701 W 68TH TER, STE 100 SHAWNEE KS 66226-3583, Canadian GST #R126431964. Copyright © 2020 Informa

POSTMASTER: Send address changes to *Government Procurement*, PO Box 2100, Skokie, IL 60076-7800. Periodicals postage paid at Kansas City, MO, and additional mailing offices.

SALES OFFICES ARE LISTED ON PAGE 2.

PROCUREMENT PONDERABLE

Comprehensive Collaboration

Stephen B. Gordon, PhD, FNIGP, CPPO-Ret.

The Procurement Ponderable in the last issue of Government Procurement called attention to the need for “Deeper Collaboration” among state and local units of governments, challenging procurement officials in that arena to move beyond riding contracts and master agreements formed by others. Two deeper forms of intergovernmental procurement, true (joint-solicitation) cooperative procurement and consolidated (joint-administrative) were presented as more viable alternatives for optimizing efficiency, economy, and effectiveness in the new reality – more practicable than forty years ago, when the needed technology and level of professionalism in the state and local procurement workforce did not exist.

The need to assure that critically needed goods and services remain available at acceptable prices during future widespread emergencies demands an additional, richer, more comprehensive, and complementary form of collaboration. This additional form of collaboration will require state and local procurement officials, clients of procurement in state and local entities, supply chain professionals who work for the manufacturers and service providers who produce what state and local governments need, and others to come together in highly functioning state and local government procurement networks in specific good and service categories to figure how the supply failures that have occurred during COVID-19 do not happen again.

This isn't an unproven theory. Forty plus years ago, I was fortunate to be part of a collaborative programmatic effort involving the National League of Cities, the U.S. Environmental Protection Agency, and NIGP, which used a market-based, incentive-driven procurement approach combined with rich and deep exchanges of information and ideas and agreement on what was and was not feasible to successfully drive the marketing of quieter equipment to state and local governments. This same approach can be used all these years later to drive an outcome of even greater value to society: avoiding very serious harm to people, businesses, and state and local governments, because what end-users needed is not available when needed at reasonable prices or, worse yet, at all.

If you are interested in working as a co-volunteer with Norma Hall, David Gragan, Harold (Hal) Good and me as part of a nascent initiative to assure that supply failures, price gouging, fraud, and all the other bad things you have experienced during the COVID-19 pandemic do not rear their ugly heads again, please join us. It's going to take a lot more volunteers than us to make this happen, and it needs to happen. Contact us at MitigatingSupplyFailure@gmail.com.

STEVE GORDON is a longtime veteran of the public procurement arena. His primary focus in retirement is on helping those individuals who struggle with loneliness, anxiety, and depression.



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Energy Sourcing and Supply Management in the Age of COVID-19

RISKS TO AVOID AND OPPORTUNITIES TO SEIZE

By Bob Wooten

> **2** 020 has been a year unlike any we've ever experienced. As the novel coronavirus, COVID-19, has made its way around the world, economies have been shut down. Sickness and death have become common topics of discussion on the nightly news. We now have a whole new set of terms that have become commonplace lingo, such as social distancing, contact tracing, and Zoom. Until recently, the idea of wearing a

mask was relegated to kids at Halloween or those planning on robbing a convenience store.

The world of energy supply has also been impacted by the pandemic. Buyers and sellers of energy, users, and generators have been affected in ways that may linger for years to come. You, as a user and purchaser of energy, need to understand these changes because they create both risks to avoid and opportunities to seize.



It would be logical to expect that if your usage of energy increases, so does your cost. You use more energy, and you pay for more energy – very simple. However, that’s not always the case. It may be counterintuitive that, if you use less energy, you actually end up paying more. But this is the dilemma that many organizations are faced with in the wake of the COVID-19 pandemic.

Because of the quarantines, shutdowns, and ensuing economic collapse, many businesses and organizations are using significantly less energy than they ordinarily would. Unfortunately, their decreased usage does not equate to decreased cost. The terms and conditions of many electricity and natural gas supply agreements include clauses that address such changes in usage and outline recourses the supplier has in these cases.

Much has to do with how supply contracts are negotiated, a topic we have written about extensively. Deviation from your expected estimated monthly energy usage is addressed in supply contracts by typically giving the supplier the ability to recoup costs associated with meeting your energy usage needs when they deviate from the expected – whether up or down. This means that, even though your usage is down, you’re still expected to cover your contracted amount.

When an energy supply agreement is executed, the supplier is hedging its position in the market by purchasing that energy for you. This puts them at risk of needing to either buy extra energy if you use more than expected or sell back unused energy if you use less. When you use less energy, penalties may be assessed to cover losses the supplier incurs or administrative costs involved with selling the unused energy back into the market. These penalties may prove to be more costly than if you used the estimated amount of energy you would have before COVID-19 interrupted things.

These risks can be mitigated by negotiating a “bandwidth” around your estimated energy usage. A 25% bandwidth clause would mean that your usage could go up or down 25% without resulting in any penalties. Sometimes there are “material adverse change” clauses in these contracts that mean a substantial change in usage (such as has been occurring as a result of the pandemic) can then allow the supplier to assess penalties or even implement a new rate. A key aspect of addressing this risk is to either negotiate a contract without such a clause or better define the clause so that you have greater protection.

In any event, the majority of energy supply contracts have clauses and terms that can lead to increased costs if your usage decreases – especially in such a dramatic fashion as has resulted from

COVID-19. Being savvy enough to identify and properly negotiate these clauses in the future will help provide greater protection to your energy budget.

Because the pandemic has shut down or curtailed many operations, we have seen a widespread decrease in energy use. This includes decreases in transportation, with a resulting decline in the demand for fuels such as gasoline and diesel. We just addressed the risks to you as a consumer under a supply contract where you are using less energy. The flip side of this situation is that this lowered demand for energy has created an abundance of supply.

Economic theory tells us that increased supply in light of decreased demand leads to lower prices. The energy markets are no different. COVID-19 has led to lowered prices for both electricity and natural gas in many markets. For those organizations in a position to take advantage of it, there are opportunities to secure future supply agreements that may create greater savings than what you are currently paying.

Some markets allow for the consumer to negotiate supply contracts many years into the future. You could negotiate a contract for electricity, for example, that may be 15% lower than your current contract costs – and you might be able to lock in this rate for five years or more. This reflects the “upside” to what the pandemic has done to the energy markets: You can actually lower your energy budget by securing deflated energy rates for your operations.

As a country and a world, we’re all dealing with the “new normal” resulting from the global health crisis. We in the energy consulting business see both risks and opportunities. The wise consumer – the savvy procurement specialist – will take the appropriate steps to protect against the risks. At the same time, you will position your organization to seize the opportunities.

While the pandemic hit everyone unawares, we are starting to see the recovery. Regardless of how your organization has been negatively affected by the initial impact of COVID-19, you can take steps today to arm yourself with the knowledge that will lessen future impacts while also benefiting the bottom line of your organization,

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IF THERE WERE EVER A TIME FOR PROCUREMENT TO BE MORE STRATEGIC, IT'S NOW

By Jean Clark

The public sector is no stranger to frugality. It's hard to remember a time in the last couple of decades in which "better spend management" wasn't a top fiscal priority. State and local entities, in particular, have been battling to increase the balance of their rainy-day funds for as long as I can remember. Even when the economy is strong, there still seems to be budget deficits in several categories. As such, public procurement professionals have spent their entire careers trying to extract as much value as possible from each dollar spent.

So, when COVID-19 came in with a one-two punch – first hurling emergency spending to historic highs and then slashing budgets to what some say will be historic lows – procurement teams were ready.

Though rattled at first by the simultaneous onslaught of unplanned purchase requests, market constraints and the shift to remote work, government buyers quickly found their footing and proved how incredibly adept they are at handling adverse situations. And there has been a lot of adversity these past several months.

When the COVID-19 crisis began, many state and local agencies didn't have the ability to post bids electronically, much less manage the procure-to-pay process in a single e-procurement system. With buyers working safely from home, access to secure (and often disparate) procurement and finance systems was tough to come by. Paper-based contract documents and catalogs were completely inaccessible. And the collaborative processes typically used to conduct market research, secure new vendors, negotiate pricing, troubleshoot contract issues and secure approvals became more difficult to sustain. Not necessarily because of the physical separation, though.

Strategic sourcing efforts often proved impossible because buyers and their agency partners (i.e. customers, legal and finance, etc.) lacked a single, shared view of everything happening within the procurement function.

It didn't help that workloads nearly doubled at a time when workforces were sometimes being cut in half. Most procurement professionals tasked with emergency buys were still having to manage existing contracts, which became more burdensome

than usual. With many projects, services and even routine product buys suddenly halted, contract amendments had to be made, notifications issued, funds re-allocated and new reports generated. Vendor management actually became more complicated during the COVID-19 crisis because contracts that may have been previously managed on autopilot suddenly required a lot of manual intervention.

But the impact of the pandemic's sudden blow could have been softened for many if the right e-procurement solutions would have been in place from the beginning. Procurement officials would have had the operational visibility and the resource capacity needed to be more strategic in their decisions and more deliberate in their actions.

No change can occur in government operations without procurement's involvement. If a project needs to be started, paused or canceled, it's up to procurement to make it happen. If 1,000 workers or 10,000 teachers need certain computers or software next week to work from home, procurement has to deliver. If a field hospital is needed, a public building needs to be cleaned STAT or first responders need PPE, procurement's phone is among the first to ring. Oftentimes, we feel like we're being asked to work a miracle. But that's precisely why procurement needs to become more strategic – as does our utilization of people, processes and technology.

JUST ASK PROCUREMENT LEADERS FROM MASSACHUSETTS, NEVADA, OREGON OR ARKANSAS.

When the COVID-19 outbreak started to shift governments' priorities and weaken supply chain, these states found themselves facing the same sourcing challenges as surrounding jurisdictions. It became difficult to "buy by the book." Procurement teams had to get creative in order to secure in-demand items with very limited budgets and within short fulfillment windows.

Yet, these states had an operational advantage: they had spent most of 2019 and early 2020 thoughtfully re-engineering their procurement processes. They had also implemented a set of highly-integrated, cloud-based procure-to-pay technology solutions

that not only automated the procure-to-pay process but introduced significant flexibility in the sourcing process while maintaining the necessary rigidity in the financial and contract/vendor management components. When stay-at-home orders were enacted and teleworking became the norm, procurement teams were able to quickly and strategically.

In other words, their strategic technology implementation enabled them to see exactly how to improve the strategic utilization of people and processes in time-sensitive and financially-strapped situations and then act on those opportunities. As such, procurement officials were able to become more strategic influencers and leaders within their agencies, achieving a long-term goal of public procurement. The operational visibility provided by the statewide e-procurement platform empowered geographically-dispersed stakeholders to collaboratively overcome sourcing obstacles, mitigate the risk of fraud, reduce wasteful spending and ensure compliance with government policies and regulations.

Likewise, group purchasing organization (GPO) MMCAP has been able to successfully fulfill government agencies' requests for medical supplies and pharmaceuticals despite months of sustained surge demand because it has been able to organize, see and manage its many different vendors in one e-procurement system. More so, it has been able to automate many of its procure-to-pay processes on both the buyer and supplier sides, which relieved the burden of end-to-end manual management of vendors, solicitations, contracts and reporting.

The mounting demands faced by procurement teams right now aren't going to subside any time soon, and workforces aren't suddenly going to multiply to sustain the growing workload. It's also going to take a long time for supply chains and budgets to recover. But governments can't afford to shut down, so we must do what we can to maximize spend, minimize waste, boost productivity and sustain the elevated operational tempo of 2020 (and possibly beyond) without burning out.

Of course, you don't have to overhaul everything at once. You could start by adopting the

NIGP Code to help organize your vendors and catalogs or get a better categorical view of spend. Or you could simply focus on updating your e-procurement system, which believe it or not could be live in less than 60 days from project start.

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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RESILIENCE MATTERS: PANDEMIC AND PROCUREMENT

By Lisa Frank

> Procurement professionals practice resilience and resourcefulness daily. Dallas Area Rapid Transit (DART) started the search in February for emergency supplies. They sourced and ordered PPE and other emergency supplies without requisitions. A blanket emergency procurement determination was issued, giving buyers carte blanc authority to find and order by phone or email, provided the source was responsible and the price within acceptable parameters. Soon masks, disinfectant wipes, sanitizer, and other supplies were flowing into the warehouse. Procurement worked with engineering and maintenance staff to order plexiglass and fixtures for operator screens and dispensers for masks and sanitizer for buses and trains. Contracts were modified to provide extra cleaning services for the vehicles. With ridership down dramatically, operators and contract providers delivered meals to students and the elderly.

We can learn a lot about resilience from health care workers. Certainly, our frontline workers serve under acute and unrelenting pressure. One resilience strategy they use is developing a close-knit team, a community. Members lean upon the strength of one another. They ask their colleagues how they are doing and provide an unwavering sounding board for whatever may come out. Another vital ingredient is self-care. In the February-March issue, I wrote about the DISC personality indicator, which provides information about personality and communication styles. The “S” or “Steady” personality style makes up about 70% of

the population. These are the people that are most likely to place themselves last (if on the list at all!), wanting to know what more they can do for others, while denying themselves critical self-care. They feel a responsibility to remain strong for everyone else. It’s important that these leaders, the people that others go to whether or not they are in a position of authority, know that they, too, can unburden themselves. If you identify with this description, what would it take for you to give yourself permission to let go?

In addition to our careers, procurement professionals are also family members, contending with Wi-Fi issues, air conditioning breakdowns, and spiking water bills due to leaks. As we balance personal and professional demands, the pandemic has brought us, uninvited, into one another’s homes. Just as lines have blurred between goods and services, for example, the combination of hardware and software used by a library checkout system, our home and work environments have become increasingly entwined. Children’s voices and the barking of dogs punctuate and sometimes overwhelm virtual meeting platform discussions on the future of schools, businesses, and nations. And it’s not just our conference rooms that have been upended. Necessity and ingenuity have helped us transform our homes into multiuse classrooms, playgrounds, offices, and television studios.

In addition to all the clatter and upheaval of our physical space, many of us may feel isolated and

disconnected. The notion of impromptu conversations around the coffee machine or water fountain now seems quaint and nostalgic. The traditional escalation of communication from a simple email to picking up the phone to an informal walk down the hall or more formal, scheduled face-to-face conversation is no longer practical. We miss those human interactions. As the pandemic keeps us from beauty salons and barber shops, conference participants often elect not to use video. Lacking body language and other signals, we may experience more friction with those with whom we have difficulty communicating. Feelings of disconnection can lead us to withdraw, thereby denying ourselves access to needed information.

There is nothing “normal” about these times. What was up is down and out. The rest is spinning out of control. Whatever our assessment was about how well we communicated before COVID-19, it has since decreased. Businesses have adapted. With staff members now working remotely, entity executives try to stay in constant contact, which means more virtual meetings and personal calls. They are discovering that it takes a lot to keep up morale.

CEOs hold weekly check-ins with the entire staff. Each department is inclusive in their meeting invitations. However, these meetings can tend to have packed agendas with many staff members, an environment that may unintentionally

discourage participation. Individuals may hesitate to ask their question or bring up their project, not wanting to “waste” the group’s time.

Each of us must be intentional about directing energy to communicating and connecting with one another. That may mean reaching out to colleagues and employees to check in and see if they need anything or scheduling regular time in smaller, more intimate groups. It may mean more one-on-one or small group meetings.

Change has been thrust upon us, but there’s a silver lining. COVID-19 has increased our awareness of our world and each other. It has woken us up and taught us gratitude and appreciation for things we took for granted such as handling mail or walking side-by-side. It has called out our resilience and resourcefulness and we have answered.

In the swirling mayhem of chaos and unpredictability, Procurement is the steady engine that moves us all forward. Procurement connects departments, entities, and communities, ensuring that life-saving goods and services are delivered. We make things work. The resilience of procurement professionals can be summed up by John Adler, Vice President, Procurement of Dallas Area Rapid Transit (DART), “I would not miss this for the world.”

LISA FRANK is Program Content Manager at NIGP.

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PROCUREMENT'S CONTRIBUTIONS TO AMERICA'S BIGGEST CHALLENGES

By David Yarkin

> **P**he economic crisis caused by the coronavirus has tested American households and American governments in ways not seen since the Great Recession a dozen years ago. The federal government responded to that crisis with the passage of American Recovery and Reinvestment Act of 2009 (ARRA). In the weeks leading up to and after the passage of the ARRA, I talked to dozens of procurement officials and heard a constant refrain: “We want a seat at the table” when it comes to the spending of the stimulus funds.

Several months after passage of the bill, I wrote a column for this magazine not-so-creatively called, “Seat at the Table,” calling on policy makers to involve their procurement staffs in the development and execution of sourcing strategies. My, how times have changed! Like it or not, procurement

was thrust into a seat at the proverbial table with the onset of the COVID-19 crisis and we are likely to stay here as we grapple with its aftereffects.

States, cities, counties and schools across the country are or soon will be contending with five major issues:

- > Reopening offices and schools
- > Making contracting more inclusive and diverse
- > Saving massive amounts of money to close yawning budget deficits
- > Stimulating the economy (again) and
- > A potential second wave of COVID-19

To get a better understanding about what public procurement officials can do to confront these topics, I asked five former procurement leaders who each work consultatively with dozens of purchasing organizations today.

REOPENING

As the pandemic continues to plague our country, universities are in the process of making the difficult decision about how and when to return students to campus. Universities are faced with the impossible choice of returning students to campus and resuming in person classes in some fashion or moving campus to a fully online learning experience. Students want to come back and the universities want them back too, particularly because many universities are facing double digit budgetary shortfalls. But at what risk? While on campus, students will have all the appropriate CDC guidelines imposed; but what happens when they are not on campus? The decisions students make outside of the classroom and off campus will likely have the biggest impact on the campus itself and unfortunately infection rates.

For the last few months, procurement departments have been working closely with trusted supplier partners and unknown suppliers to acquire and stockpile much needed PPE for staff, cleaning supplies and items to retrofit dorm rooms, classrooms and cafeterias. This was undertaken to promote a safe return to campus. All this work was thrown out the window as campuses put on the breaks at the last minute. Recently, several large universities declared, despite this planning, that they will ask undergraduates living in dorms on campus to “stay home” and learn entirely online this fall, with no in person classes. The new scramble begins on the information technology side of the house. Fortunately, the spring term provides a learning experience to manage this swift shift. Perhaps this fall will be a smoother transition for faculty, staff and most importantly – students. In the spring, the IT supply chain was stretched to its limit. It remains to be seen if it has caught up to the levels that will lead to a more successful fall experience.

Judy Smith, Former Chief Procurement Officer, University of Michigan

SUPPLIER DIVERSITY

The pressure to focus on diversity and inclusion in the procurement process has escalated. Government has strived for over a decade to increase diversity related expenditures. Increases have occurred, but not in significant numbers when compared to the demographics of states and municipalities.

Progressive governments have learned that simply certifying businesses and creating lists do not drive compliance and generate increases in diversity spend. Government must take a much broader view and approach to this issue. They need to be more strategic in identifying, training and marketing targeted

businesses throughout their purchasing arms. They could establish an incubator program to mentor and train those diverse businesses just entering the public sector market. Governments have historically and should continue to encourage large companies to partner with diverse businesses.

Procurement has often focused on key categories when seeking to enhance the use of historically underutilized businesses such as construction, janitorial and security services. Many of these businesses have been successful and have become prime contractors. With the implementation of eProcurement systems, procurement should be exploring expenditures in all categories and actively seeking diverse business participation in each.

Like the COVID-19 crisis, diversity is another challenge procurement will face and will be successful. However, they cannot do it alone. There must be multi-department collaboration within the organization to achieve the desired outreach and ultimate transformation.

Jane Benton, Former Chief Procurement Officer, State of Arkansas

SAVINGS

Throughout the COVID-19 crisis procurement has been rising to the challenge through their leadership and guidance by locating and securing necessary supplies from around the globe. While ensuring this emergency supply process remains intact, procurement has also been focusing on ways to help fill the tremendous budget gap created by the pandemic. Keeping costs low has always been a primary objective of procurement. However, governments and educational institutions are now faced with unprecedented budget deficits. Procurement officials are thinking more strategically than ever and utilizing eProcurement tools to further save budget dollars. With staff resources a concern, some are looking at consolidating contracts to lower costs while also saving staff time. Others are monitoring contract renewals. Instead of automatically renewing a contract they are actively seeking to transition the need to a cooperative purchasing contract offering a lower price point at the same or better terms. Longer term contracts and leasing options are also being considered to reduce costs or to stretch budget dollars over time.

Innovative procurement leaders are leveraging this time as an opportunity to implement savings ideas that may have seemed impossible just two years ago (e.g., outsourcing a service or alternative funding models). If there is a positive to come from this crisis it will be the innovative and creative ideas developed by the procurement community that will help to meet



Climbing the Ladder

Firefighters in Brainerd, Minn., are keeping residents safer with new equipment and training. Replacing aging equipment takes time, but department leaders speed up the process and secure best pricing with cooperative purchasing. They get the equipment they want with a process they trust through their government partner, Sourcewell.

Watch this video to see how cooperative purchasing is helping fire departments.



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Procurement had previously led the change in inventory management through a larger reliance on just in time delivery which reduced the need to maintain stock in a warehouse. The crisis has shattered that paradigm.

this challenge and help drive savings in the future.

Mike Smith, Former Chief Procurement Officer, State of Illinois

STIMULUS

The initial response to the Great Recession was the Economic Stimulus Act of 2008 that, much like the CARES Act passed earlier this year, provided for tax rebates. This was followed up in 2009 by ARRA, a more robust stimulus package which, along with nearly \$300 billion in tax incentives, provided billions in funding for things like education, healthcare, and infrastructure. The distribution of this money in large part fell to procurement offices across the country to ensure it was spent in a fair, transparent, and competitive way to ensure maximum value—and economic impact—was achieved. Agency procurement

staff were trained on how ARRA funds could be spent, what requirements suppliers must meet to be awarded ARRA-funded contracts, and refreshers on anticompetitive practices to watch out for.

Given the current state of the economy today and the many similarities to what we saw in 2008-2009, we can anticipate similar wide-ranging economic stimulus packages to be debated and passed in coming years. Procurement will again be called upon to be the gatekeeper of these funds, making sure these funds are spent as intended. This is procurement's function and value to government and is our everyday goal in normal times. Now, it is of even more critical importance.

Jason Soza, Former Chief Procurement Officer, State of Alaska



POSSIBLE SECOND WAVE

During the COVID crisis, procurement was charged with finding critical PPE and related supplies as the global supply chain was unprecedentedly impacted. Working with the unique difficulties of securing critical equipment for first responders on top of dealing with the ongoing needs of government and education put procurement in the limelight. The procurement industry acquitted itself very well throughout the first months of the coronavirus pandemic. But as the country prepares for a possible second wave in the fall, the next round of challenges is starting to present itself.

Procurement had previously led the change in inventory management through a larger reliance on just in time delivery which reduced the need to maintain stock in a warehouse. The crisis has shattered that paradigm and is forcing procurement to work more closely with their internal customers and suppliers to manage, maintain and rebuild inventories in critical supplies.

The impacts to the critical equipment and supplies now in constant high demand have forced procurement to expand the other tools they rely on to improve their supply chain. Procurement will have to

explore and potentially expand the methods used to procure these supplies while maintaining the needs and demands of government that continue before and after the crisis. Among the strategies that may see an increase in usage are cooperative agreements.

Of the potentially most impactful is a return to a standard of one mask per patient which would substantially increase the consumption rate even as worldwide shortages of PPE face masks continue. Consideration is also being made to mandate a 90 to 120-day supply of key items which will mark greater reliance on warehousing, change the management of these supplies and increase operational expenses.

Jason MacDonald, Former Chief Procurement Director, Cities of Long Beach, Calif. and Fresno, Calif.

DAVID YARKIN, the former chief procurement officer of Pennsylvania, is the President of Government Sourcing Solutions, a consulting firm that works with 34 states and most large cities, counties and schools, helping them save money through cooperative contracts. Email David at dyarkin@govsourcing.com.



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How to Maximize Your Agency's Spend

By Tammy Rimes, MPA

Cooperative procurement – piggybacking on previously solicited and awarded contracts for goods, services and construction – is a growing public procurement phenomenon.

The growing interest in cooperative contracting was evident during the recent National Institute of Governmental Purchasing (NIGP) FORUM. In early 2020, NIGP signed an MOU with the National Cooperative Procurement Partners (NCPP), North America's Association for cooperative procurement, to serve as the "strategic advisor" on the topic. As an extension of that agreement, NCPP sponsored a first-ever offered Cooperative Track during the virtual conference. The educational goal was to share the perspective from three angles of the contracting equation – agency procurement professionals, suppliers, and cooperative organizations.

PUBLIC PROCUREMENT'S SIDE OF THE STORY

The University of California (UC) is one of the largest university systems in the nation. Its Strategic Sourcing Centers of Excellence leverage category expertise and procurement capabilities across all ten UC campuses.

While the UC System can effectively solicit on their own, cooperative contracts have become a central part of its procurement strategy. "Having the resources and scale to approach strategic sourcing projects across ten campuses allows for tremendous opportunities," says Executive Director Justin Sullivan. "When we can, we want to create opportunities for other public agencies to tap into that scale by serving as a lead agency. Imagine meeting with a school district in California to talk about putting more students on the path to a UC education, and also sharing that we can help them purchase better and more efficiently by allowing access to our competitively bid agreements."

"Working collaboratively across a large system also presents challenges," he says. The spend in Higher Education is incredibly diverse. We need help too, as we cannot possibly bid out everything. When our resources are stretched, we often research a specific category through cooperative agreements from multiple organizations to support our programs. Cooperative purchasing is a great facilitator of collaboration across public agencies with contracted suppliers."

Municipalities often balance the need to strategically purchase while meeting diversity contracting goals.



Yolanda Miller, Austin, Texas Deputy Procurement Officer provides leadership for the department's small business outreach efforts. "Our team's philosophy is do as much business as possible with local, small, minority, women and veteran-owned companies," Miller says. "As some contract opportunities are too large for smaller firms, subcontracting might be an opportunity through a cooperative contract. We currently meet a minority subcontracting goal with our cooperative contract on office supplies. The awarded firm subcontracts with a minority-owned firm to take initial orders, process invoices and coordinate deliveries. We can meet our goals of better pricing with a large nationally recognized company, while providing a professional mentorship for this minority business. It's a win for all the parties involved.

"When cooperatives started years ago, there was initial skepticism as we envisioned that our own bids could do better. However, through our research, we determined it makes better business sense to choose a cooperative contract for certain commodities like fleet and technology. Cooperative contracts offer benefits through broader product selections, and already negotiated pricing with added value components," Miller says.

One prime success story was a city-wide project to remove all desktop printers and consolidate under a master contract. The initial phase was to remove printers from individual offices; however, many people were attached to their equipment. Realizing the city could not undertake such a large project by themselves, it contracted with a national supplier to provide not only the equipment, but additional services such as inventorying and consulting to roll out the new strategy. The selected company considered operational needs to transition the entire organization to multi-functional devices. Another benefit to the consolidation effort was the city moved to almost 100 percent use of recycled paper, thus meeting a huge sustainability goal.

SUPPLIERS OFFER AN ANOTHER PERSPECTIVE

On the supplier side of the contracting relationship, companies also benefit from competing for, and being awarded, a cooperative contract. Offering more robust product selections with accompanying services, the awarded contract can be used by multiple agencies, thus eliminating the need for the supplier to respond to hundreds of individual solicitations. Those savings may be incorporated into better pricing through the awarded cooperative contract.

WESCO is a global electrical, communications and supply chain solutions company that serves a wide range of organizations – both public and private. Rob Beznak, Director and General Manager of SLED National Sales and Marketing recognizes the changing agency-supplier relationships within the government sector. He suggests, "to obtain the full value of a supplier relationship, share information early in the process. The more we know about the problem to be addressed, then our proposed solution can be that much better. During the initial COVID response, we were able to transition our private industry experience in supporting remote work locations and videoconferencing, and quickly pivot to apply that knowledge toward government teams."

With many facing budgetary impacts, Beznak offers the following advice, "consider consolidating spend wherever possible to drive savings, not only for volume price discounts, but also savings through consolidated delivery and invoicing through one contract. As WESCO holds several cooperative contracts, Beznak shares the four main reasons why agencies use their cooperative contracts: 1) depth and breadth of the products offerings through larger catalog offerings; 2) elimination of the time-consuming process for an agency to issue and award their own solicitation; 3) increased scale as many agencies use the contract to create a greater value proposition; and 4) assurance of compliance for agencies to be confident all procurement rules have been followed.

Anna McClelland, Vice-President of Specialty Markets for OFS Brand supports universities, school districts and municipalities with furniture needs. Responding to the new health and safety requirements related to COVID-19, institutions are rethinking their current open

floor plans, while structuring a setting where people can still work and learn in person. “We can still support an open floor plan concept, with flexibility in arranging the furniture for social distancing, coordinating traffic flow, installing screens and planter boxes, and adding sanitation stations,” McClelland says. “Even the type of product choice is important to retain durability due to increased cleaning and disinfection. In a partnership relationship through our cooperative contracts, our teams can work more collaboratively toward new solutions.”

Our team’s philosophy is do as much business as possible with local, small, minority, women and veteran-owned companies. As some contract opportunities are too large for smaller firms, subcontracting might be an opportunity through a cooperative contract.

COOPERATIVE VIEWPOINT COMPLETES THE STORY

Sourcewell is a governmental cooperative with over 100,000 government and non-profit members who utilize contracts, ranging from office supplies and computers, to fleet and emergency vehicles. Duff Erholtz, Client Development Administrator, fields requests from procurement professionals across the country regarding the use of cooperative contracts. According to Erholtz, “the foremost question received is related to compliance, as members want to ensure public procurement policies have been followed during the solicitation process. The second set of questions is usually related to contract terms and pricing.” As a cooperative solicits and awards a contract on behalf of agencies across the nation, Erholtz says, “we understand that local municipalities may have their own unique terms and conditions or want to tailor the indemnification language. Many cooperative contracts allow, through a participating addendum, for the public agency to introduce unique terms and conditions or special requirements. Most suppliers will approve these additions to best serve the organization.”

As part of building a procurement strategy around the use of cooperative contracts, Erholtz suggests, “the key is

to educate and collaborate with decision makers across the agency before going down the road toward cooperative contracts use. Lean on your cooperative partners to provide educational content and answer any legal or policy questions related to the contracts. Having those important conversations beforehand helps bring the whole organization toward a cooperative procurement strategy and leverage the full benefits of efficiencies and savings.”

Jeff Drury, Director of CHOICE Partners national purchasing cooperative adds his perspective, “if everyone bought on price alone, then there is no need to look further than low bid contracts. The key benefits of cooperative contracts are both advantageous pricing and valued-added services. As due diligence is conducted, my suggestion is to consider customer service as part of the total package. Cooperatives should be able to assist your teams in finding the information needed and be responsive to customers.”

THE FUTURE WILL REQUIRE PARADIGM SHIFTS

Antiquated rules and policies, implemented from older technologies or political agendas of the past, can often constrain today’s public procurement processes. In light of present realities, the challenge for procurement is to question the status quo and determine if new paths are required to support changing needs for both the agency and its constituents. If the answer to the question, “Why do we do it this way?” is answered by “because that’s the way we’ve always done it,” it might be time to ask new questions and make needed changes. Many tried and true practices may need to be revised or updated, particularly to increase responsiveness, for the new reality.

The County of San Diego’s Purchasing & Contracting Department is nationally recognized for its customer and mission focused approach. Director Jack Pellegrino says, “one of the keys to our success is how we organize ourselves around customer departments and their mission requirements. By really understanding the customer’s business, as well as the timing of upcoming needs, we can create a procurement action plan for contracts to either renew or initiate new solicitations to support upcoming needs. We often look to cooperative purchasing options as a first tool in new acquisitions because of the expedited contract award timing and leveraged pricing. If a solicitation has already been competitively conducted, and can serve the volume scale of the county with advantageous pricing, then for sheer efficiency, it makes sense to use cooperative contracts to meet our customer’s needs in an expedited, timely manner.”

TAMMY RIMES is Executive Director of the National Cooperative Procurement Partners (NCPP), North America’s Association for cooperative procurement.



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Supporting the professional development
of our members when and where it's needed most.

Every single day, with every effort we make at NIGP our focus is on our mission, to develop, support and promote our members and the work that you do.

The COVID-19 pandemic has shone a brighter light on that work, and how important it is for the smooth functioning of all the communities and entities you serve. Whether that's a small township or a major metro area, a school system or a hospital network and the many other entities that provide all the vital services to keeping us all healthy, safe and able to cope with the vast challenges we are facing.

Sourcewell has been a great partner and continuing supporter of NIGP's mission and a champion of the work that we do on behalf of our members and the profession at large.

We are immensely grateful for their generous financial support of the NIGP Scholarship Program. The program will ensure our organization continues to provide the learning and development opportunities that enable our members to be more effective in the work that you do.

> NIGP Elevates Leadership Development with Leaders Edge Program

Leaders Edge is a transformative leadership development program specifically created for mid-level procurement professionals. It factors in the rapidly changing workforce which requires professionals to embrace an agile mindset, to learn continually, to take greater charge of their professional development and forge their own unique career paths. Leaders Edge provides the blueprint.

The program is a fully immersive competency-based learning experience that candidates must apply to. It is designed to meet the needs of the profession narrow the leadership gap in public procurement by finding and nurturing high caliber candidates who aspire to become the next generation of executive leaders.

Our inaugural class of Leaders Edge kicked-off in August 2019, and now, we're pleased to announce the first graduating class.

Congratulations to the Inaugural Class of Leaders Edge Graduates:



- > **Tara Acton, CPPB**
Principal Contract Officer
City of Tucson, Az
- > **Jennie Almeida**
Deputy Agency Chief
Contracting Officer
New York City
Department of Citywide
Administrative Services
- > **Andrea Black, J.D.**
New York City
Department of Education
- > **Deborah Bryan, CPPO, CPPB**
Program Administrator 2
Ohio Department
of Public Safety
- > **Yadissa Calderon, CPPB**
City of Miami, Fl
- > **Lori Cervantes**
Purchasing Specialist
State of Hawaii
Procurement Office
- > **Arden Clark, VCCO, VCO, VCA**
Virginia Alcoholic Beverage
Control Authority
- > **Ireyan Clark-Sam**
Senior Contracts and
Procurement Analyst
City of Missouri City, Texas
- > **Lisa Cummins, CPPB, MBA**
Purchasing Manager
City of Rochester
Hills, Mich.
- > **Kara Daniel, CPPB**
Coordinator I - Purchasing
The School District of
Springfield, Mo. R-12
- > **Carson Davis, MBA**
Contracting Officer
University of Alaska
at Anchorage
- > **Matthew Fritzing**
Virginia Department
of General Services
- > **Leigh Gileno**
Procurement Specialist II
City of Palm Springs, Calif.
- > **Tahlia Gray**
Procurement Analyst
City of Miami
- > **Trevor Hall**
Contracting Specialist
Idaho Military Division
- > **Jessica Hendrickson, CPPO, VCA, CPPB, VCM, VCCO, VCO**
Procurement Management
Account Executive
- Virginia Department
of General Services
- > **Kirk Henry**
New York City
Department of Citywide
Administrative Services
- > **Leslie Hooker**
Buyer
Collin County Community
College District, Texas
- > **Adil Khan, CPPB, PMP**
Procurement Business
Administrator
Miami Dade County
Internal Services
Department, Fla.
- > **Sanjay Khare, CPPB**
Commodity Manager
Washington Metropolitan
Area Transit Authority

- > **Kerrie Koopman, CPPO, CPPB**
District Financial Officer
Maryland State Highway Administration
- > **Ginger Line, CPPB**
Membership Development Administrator
Sourcewell, Minn.
- > **Erika Lopez, CPPB**
Senior Buyer
City of Hillsboro, Ore.
- > **Jeffery Lovingood**
Purchasing Coordinator
Escambia County, Board of County Commissioners, Fla.
- > **Geno Marchizza, CPPB**
Chief Procurement Office for Higher Education
State of Illinois Procurement
- > **Jose (Joey) Molina, CPPB**
Procurement Supervisor
Maricopa County, Ariz.
- > **David Noriega**
Procurement Contracts Specialist
County of Santa Clara, Calif.
- > **Lydia Osborne, CPPO, CPPB, PhD**
Strategic Procurement Division Director
Miami Dade County Internal Services Department, Fla.
- > **Krystyna Owen, CPPO, CPPB**
Purchasing Agent
City of Norfolk, Va.
- > **Lindsey Parrish**
Procurement Consultant
Hamilton County, Tenn.
- > **Stacey Pollitt**
Contracts Administrator
Washington Metropolitan Area Transit Authority
- > **Amy Risley**
State Procurement Administrator
Colorado State Purchasing Office
- > **Camber Schlag, CPPB**
Contracts and Procurement Manager
Marion County Finance Department, Fla.
- > **Emilie Schulhoff, CPPB**
Supervisor - Contracts and Procurement
Multnomah County Purchasing, Ore.
- > **Valerie Scott, CPPB**
Procurement Specialist
City of Longmont, Colo.
- > **Stephanie Suter, CPPO, CPPB**
Procurement Manager
City of Lynchburg, VA.
- > **Theresa Therilus**
Deputy Director of Procurement
County of Santa Clara, Calif.
- > **John Tran**
Program Manager II
County of Santa Clara, Calif.
- > **Lindsay Unitas**
Buyer I
Anne Arundel County Public Schools, Md.
- > **Jeanne Waters**
Purchasing Agent I
Kentucky Cabinet for Health & Family Services

Welcome the Incoming Class of 2021:

- > **Andrea Armstrong, PMP**
Contracts & Purchasing Administrator
Yuba County Water Agency, Calif.
 - > **Loretta Browning, CPPO, CJP, CPM**
Senior Buyer
City of Avondale, Ariz.
 - > **Traci Burtnett, CPPO, CPPB**
Purchasing Director
St. Vrain Valley School Dist., Colo.
 - > **Norma Camacho**
Senior Contract Officer
City of Tucson, Ariz.
 - > **Zac Christensen**
Director of Purchasing and Contracts
Utah State Board of Ed
 - > **Christine Coghill**
Procurement Manager
City of Groveland, Fla.
 - > **Jessica Davis**
Contract Administrator
WAMATA, D.C.
 - > **Perry Davis**
Contracts Supervisor
Orange County, Fla.
 - > **Nathan Dawson**
Procurement Manager
State of S.C.
 - > **Erin Dvincent, CPPB**
Procurement Supervisor
City of Austin FSD, Texas
 - > **Veronica Gayotin**
District Purchasing Manager
Lakota Local School, Ohio
 - > **Ping Ge**
Supervisor, Transit contracts and procurement
City of Mississauga, Ontario
 - > **Travis Grubb**
Buyer
City of Dearborn, Mich.
 - > **Latifah Jackson**
Contracts & Business Development Coordinator
Edwards Aquifer Authority, Texas
 - > **Shannon Lockwood, DES, CMP**
Events Delivery Manager
NIGP, Va.
 - > **Jianchong Luo, CPPO, CPPB**
Senior Contract Officer
Cherterfield County, Va.
 - > **Marybeth May, MBA**
Purchasing Agent II
Kentucky Cabinet for Health and Family Services, Ky.
 - > **Valerie McKinney**
Contracts Administrator II
WAMATA, D.C.
 - > **Angelina Mulenga**
Contract Administrator
WAMATA, D.C.
 - > **Thea Prince**
Senior Procurement Specialist
City of Spokane, Wash.
 - > **Lisa Robbins**
Sr. Procurement Specialist
City of Olathe, Kan.
 - > **LaWana Robinson-Lee, CPPO, CPPB**
Director of Purchasing
Rock Hill School District, S.C.
 - > **Camber Schlag, CPPB**
Contracts and Procurement Manager
Marion County Finance Dept, Ore.
 - > **Kelly Stockman, CPCP**
Deputy Chief Purchasing Officer
County of Allegheny, Penn.
 - > **Denise Tschirhart, CPPB**
Senior Procurement Officer
City of Lee's Summit, Mo.
 - > **Magan Waltari, CPSM, CPPB**
Procurement & Grants Coordinator
Whatcom Transportation Authority, Wahs.
 - > **Tricia Wise, CPPO, CPPB**
Purchasing Director
Chemung County, N.Y.
 - > **Hind Zegoud**
Procurement Supervisor
Loudoun County Public Schools, Va.
- NIGP has made modifications to the Leaders Edge Program which will now be a six-month, virtual learning experience. The program continues to reinforce NIGP's Leadership Competency Model based on skill-building across the core competencies that make up the Public Procurement Competency Framework:

 - > Communication
 - > Leading Change
 - > Influence and Persuasion
 - > Coaching and Mentoring
 - > Leading Teams
 - > Conflict Management
 - > Strategic Thinking

Best of luck to the Leaders Edge graduates and the incoming class. For more information on this leadership development program, visit www.nigp.org/leadersedge.

The Ins and Outs

> **A** ccording to NIGP, outsourcing occurs when an organization makes an informed decision to contract for a service that was previously done by internal resources. When an agency chooses to perform the service themselves, it is keeping it “in house.” So, shouldn’t an effort to contract for a service externally be called an “outhouse”? Just a thought.

I have been involved with many different outsource contracts over the years. Some of them went pretty well and resulted in the level of expected quality, and others not so much. In fact, when my Portland area agency contracted out custodial services, the decision ultimately got overturned by the Oregon Supreme Court. But that’s a long story for another time.

Very often a public agency will embark on an outsourcing effort to achieve cost savings. In fact, reducing and controlling operating costs is considered the number one reason to outsource.

Since labor costs are often the largest expenditure for a program or service, this is logically the area where money can be saved. More simply put, a private contractor will pay their employees less in wages and benefits than a government agency would.

Not too many years ago, my university contracted out building maintenance services.

A local labor group felt the selected contractor was not doing a good job paying their employees, so decided to canvas our campus with a flyer that was quite critical of our contract. Since my name and contact information were noted on the flyer, I received a lot of voice mails and emails that week!

Like any issue in procurement, there are advantages and disadvantages to each approach. Many say that familiarity and commitment to an agency are good reasons to keep a service in house. As employees, they are dedicated to the mission of the organization and truly care about the community they serve. I definitely found this to be the case with the custodial contract. At each location and school, the custodians knew the staff and students and looked after each other like family. That is hard to calculate into a spreadsheet or a cost analysis.

Looking back over my career, there are certainly some things I would do differently, including some outsourcing projects. While I believe that my procurement teams did a great job on the RFP and resulting service agreements (these types of efforts certainly need procurement professionals), perhaps more time and consideration could have gone into the decision.

Should a service or program be outsourced for your entity? Each of you is a better person to answer that than I am. But as long as procurement is at the table, I believe the best decision can be made. Are you in or out?

While there are benefits to outsourcing procurement functions, keeping services in house does have significant benefits



DARIN MATTHEWS, FNIGP, CPPO, CPSM, is the director of west coast operations for Negometrix, an international leader in digital procurement. He has extensive management experience, speaks throughout the world on procurement issues, and has published several articles and books on procurement and supply chain management. Contact Matthews at darin.matthews@negometrix.com.

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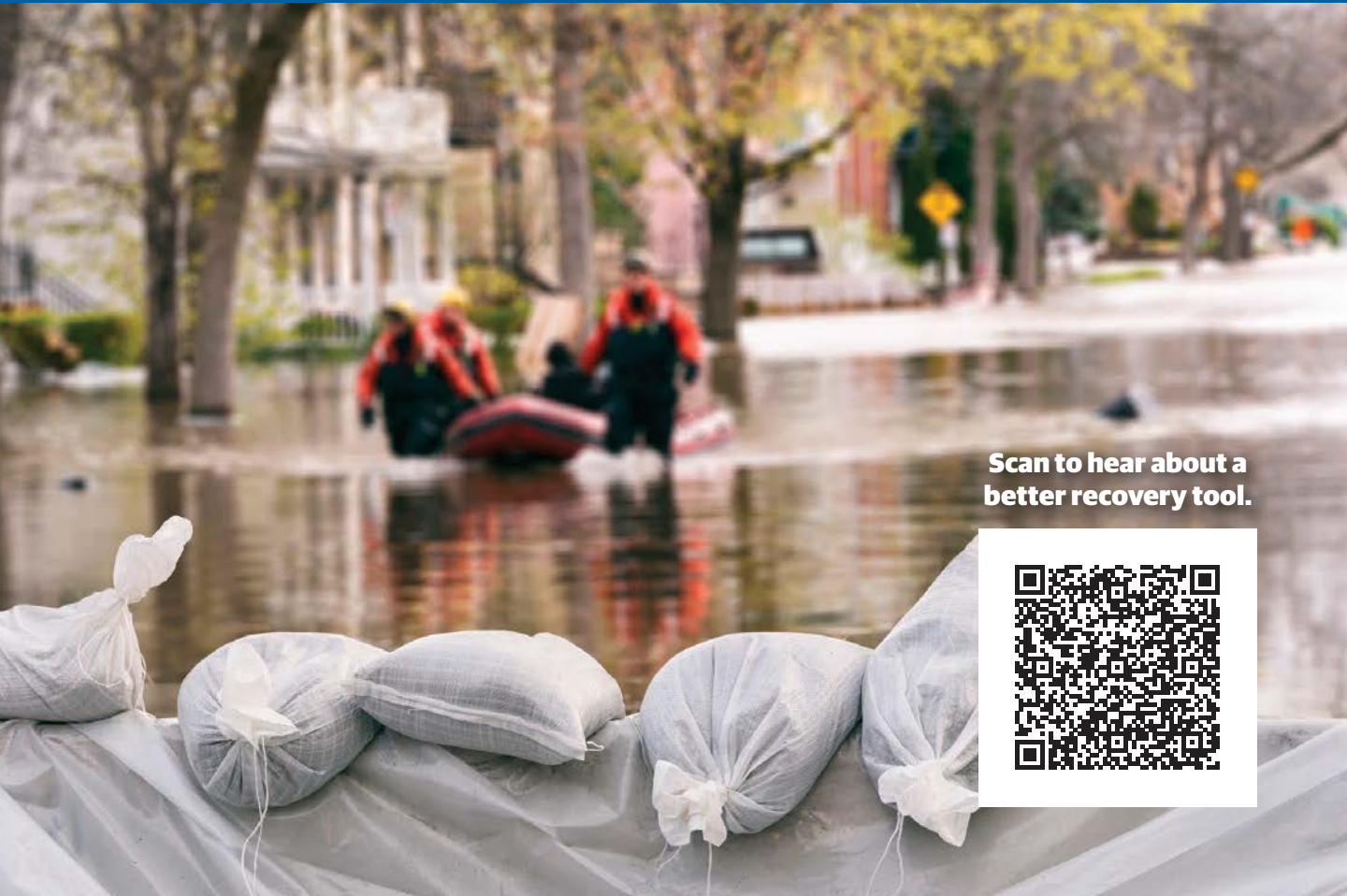
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