Article: Rational Management
By Neil Markee, Editor in Chief-Purchasing Link

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From the Editor: Selling Change Rationally
This month, we take a look at a recent Chronicle of Higher Education interview with the presidents of two small colleges with very different approaches to business-like financial management on their campuses. One has embraced the notion and seems to have earned substantial support within his academic community. The other has taken a more traditional approach, soft-pedaling any link to the commercial world - seemingly convinced that although change was needed, such an approach would be counterproductive. He may well have accurately judged the environment on his campus.

Before joining higher education, both had substantial experience in commerce. Prior to taking their present positions, one had been the president of another institution and the other the dean of two business schools. In common, they seem to agree that higher education needs to adopt a more business-like approach, at least in data collection/analysis and decision-making areas. On one campus, the data collected helped sell business process change but on the other, the collection of data seems to have been seen as something of a threat.

A few years ago, I thought the enterprise survival aspects of the recession would speed the acceptance of a more business-like approach to the decision-making process guiding higher education. I'm not sure of that now as recovery is slowly taking hold. What do you think?

Neil

Commentary: Rational Management
By: Neil Markee
Editor in Chief-Purchasing Link

It is not surprising, given economic conditions, that an ongoing discussion on the public and private funding of just about everything continues - and that includes a spirited debate over the most effective allocation of resources for, and within, education. The whole package, from preschool to the post-doc level, is on the table. Public debate in our world centers on all aspects of the cost-benefit ratio of higher education. How and why should government financially support public and private higher education seems to be the core issue, and performance measurement is a close second. The rough consensus seems to be that higher education costs too much. However, there doesn't seem to be much agreement on what government or governing boards should do to address what is seen as an untenable situation. The good news in this area is that taxpayer support in some states seems to be trending upward.

Financing education can be a hot-button issue. Everybody has an opinion. As hard to believe as it might seem, given the...
magnitude of other problems, which taxpayers should pay for preschool education was a major part of the political exchange in the recent New York City mayoral election. Tax "fairness" - how much higher the taxes on the wealthy should be than on the less fortunate was at the center of the debate. The intramural political debate continues within the Empire State. A similar, if more genteel, exchange has long existed on campus on the other side of the ledger, as we discuss the allocation of resources. We don’t have a universally accepted definition for fairness.

Recently, there was a dust-up in the Chronicle of Higher Education over student-to-student subsidy. Are students who may be paying more than the cost of instructional and other services and benefits subsidizing other students paying less? Do those who pay more provide some of the funding for those who pay less? As financial aid isn’t always need-based, what about fairness? As in New York, the debate goes on. The answer seems obvious - the net income provided by those students paying more helps provide the resources needed. But, counterintuitively, some say no. They note that financial resources spring from a variety of sources, such as endowment income and government aid and it is impossible to know if, or to what extent, any single source of income subsidizes a specific need elsewhere. In any case, we don’t allocate resources that way and the student-to-student aspect is best left alone. Part of the rationale seems to be that along with all students, "donor students" benefit from the enhanced overall value of the educational experience brought by diversity. Once again, fairness is part of the discussion.

Brenau University

One college president has embraced the open subsidy of one program by another as a practical necessity for his institution. He is convinced that it is necessary and possible to understand the business aspects of his institution in much more detail than is usual for a small, private institution in order to effectively manage the allocation of resources on his campus. The institution involved is Georgia’s Brenau University, a small, three-platform college with a profitable evening-and-weekend college and a net income-producing online college supporting a women’s college that has been losing money for some time. Its president is Ed Schrader. A recent article by Scott Carlson in the February 7, 2014 issue of the Chronicle of Higher Education titled "Accounting for Success" reviewed the unusual level of attention devoted to managing the business aspects of what seems to be the rare, thriving, small, women’s liberal arts college.

Part of the national debate is whether or not majors that are inexpensive to offer, or programs that produce net income, should subsidize more costly majors that lose money. At Brenau, the issue is settled; physical therapy and business students subsidize, as noted, at least English majors in the Women's College. In the article, the institution’s senior vice president and chief financial officer, David L. Barnett, is quoted as referring to the Women’s College as a "loss leader." However, as in the world of retail sales, this loss leader enhances profitability in other areas. Apparently, something of a symbiotic relationship exists. The financial data made available to the Chronicle apparently recognizes that women's college students registering for online courses provide substantial net income to that platform and boost its profitability while they are enrolled at another less-profitable platform.

The article quotes president Schrader, a one-time geology professor with commercial mining experience, with saying, "I have to know how many people I need to educate in nursing to pay for those graduates in English." "If I don’t know that, we’re subject to the whims of fate." Obviously, he believes that it is not only possible, but necessary, to understand and manage internal subsidy. "If you’re going to live in a world of subsidies, you should know which things are making money." Perhaps it's reasonable to say that when it comes to fairness, the decision-makers at Brenau are focused on ensuring that: the school’s promised educational value is delivered, financial reports are accurate, allocations are made on a rational basis, and financial decision-making is transparent.

Before earning a degree in higher education administration “Mr. Barnett, like his boss, had substantial commercial experience prior to joining the academic world. He got his practical experience in finance running his father's trucking business, handling the books for a construction company, and working for other industries.” Clearly, Schrader and Barnett see managing the financial affairs of Brenau on a business-like basis as the key to the success of their institution. More than likely, their experience in the commercial, business world has played a role in their comfort with using familiar approaches on campus.

Butler University

While enthusiastically using business management processes common in commerce on campus might not be seen as something distasteful and threatening at Brenau University where the approach has been embraced by the president, that is not the case everywhere. When the article shifted focus to Butler University, we learned that the president there had almost two decades of prior experience as an entrepreneur, running commercial firms, and substantial academic background as the dean of business at Dartmouth and Villanova Universities.

However, he had found it more productive to deemphasize the business-like aspects of university management, although he recognized the need for more detailed and accurate information. “The more precise information you can have about how each unit is contributing to the bottom line, the better.” And he lamented, “That has been the problem with every academic budget that I have seen. I don't have the level of precision.” His challenge seems to be to find ways to collect needed data and realistically discuss the details and options associated with the institution’s financial situation without stirring up the “visceral resistance” that even ruffled feathers can bring.
Clearly, he understands the need to know where the university is economically before options can be effectively developed and considered. His approach has been to emphasize how data analysis and sound management are the most effective ways to protect programs that might otherwise be at risk. President James Danko summed up the attitude on his campus in a single sentence. "Academics have been wary of a more business-oriented approach in higher education, fearing that administrators and trustees would favor shallow, moneymaking programs at the expense of those more academically important - and perhaps less popular." He clearly understands the need for selling the process as he works to inject accountability into the environment.

Rational Management
In contrast, the environment at Brenau might be described as much more, or at least marginally more, receptive to business-process rationalization. Maybe acceptance there is due at least partially to business-process transparency. "Faculty members and department heads express an appreciation, or at least a grudging respect, for the financial calculations at the university - in part because they see all the numbers laid out in big meetings at the beginning of semesters, and in weekly reports." Big data has taught us that it is possible to have a surplus of data and yet lack information. Selecting what data to provide, careful presentation and performance have probably all worked to build confidence in the institution's financial leaders.

In effect, the Brenau University interview leaves the academic-value side of the discussion for another time. Discussion of the university's leadership approach is focused on the financial side of the balance. Data provided suggests that Brenau University is flourishing. On the other hand, James Danko has been part of the academic community for some time and he may be well advised to take another course at Butler University where there does not seem to be much support for a more business-like approach. Tailoring management's approach to local circumstances, while working to make improvements is rational management, too.

Help Wanted
The article concerning Brenau University mentioned recently established budgetary control, lacking in the past, and the college's current success in cash-flow management had allowed it to avoid borrowing. Once upon a time in procurement's "gate-keeper era," ensuring that departments lived within their budgets was a core purchasing responsibility. One of the initial steps in processing a requisition from a department was checking to be sure money was available in their budget. I'm not sure what is intended here but I doubt there will be a return to that approach, although computerization would certainly provide a quicker answer than manually checking an institutional printout. Cash-flow management is a separate issue. Although there may be funding in the department's budget, lacking a substantial reserve, an institution may want/need to monitor and control expenditures at certain times during the budget-cycle year to avoid borrowing.

How is budgetary discipline managed on your campus? I'd welcome a brief explanation of the purchasing department's roll in cash-flow management.

The article in the February, 2014 issue of the Chronicle of Higher Education is well worth your time. If you don't subscribe, almost certainly a copy of the Chronicle is available within the business office or library on your campus.

What's happening on your campus?

From the President: Tools and Information That Are Just a Click Away!

Valerie Rhodes-Sorrelle, M. P. A. , C. P. M.
Grand Valley State University
NAEP President 2013-2014

NAEP has many opportunities for you to stay informed, professionally developed, and connected. Take a look at the information below regarding the many webinars, document libraries, research information, surveys and presentations that are truly just a click away.

Visit the NAEP website and login to the member only section and discover what's available to you!

On Demand Webinars
- Benchmarking Performance Outcomes
- Proactivity Promoting Procurement
- Unleashing Your Organization's Green Potential

Document Libraries
- RFP Library
- Job Description Library
- Forms Library
Research Information that NAEP has available and offering to you:

- **Annual Meeting Presentations** - Our annual meeting presentations are available to members to download and review. We have presentations from our past meeting in 2013 as well as 2012-2008.
- **White Papers** - The 2013 Innovators Forum White Paper is currently available along with many others.
- **Monographs** - Monographs cover a variety of topics. They are available for purchase and are downloadable. Two that are currently available are Calculating Procurement’s Value & a Green Purchasing Policy Roadmap.
- **Survey Results** - NAEP’s survey results are available for purchase and download. See below for some of the surveys that are available to you:
  - 2012 Salary Survey
  - Public College and University Procurement: A survey of the State Regulatory Environment, Institutional Procurement Practices, ND Efforts toward Cost Containment
  - NAEP Green Purchasing Study

What’s new?

- NAEP Contract Library Portal
- Competency Model - When your institution is thinking about hiring your next procurement professional, consider utilizing our Competency Model during the planning process as well as assists for employee professional development. Also, available will be an interview guide. This complete tool has been developed by the professional development committee.

Can’t find what you are looking for? Please contact the national office for help: [www.naepnet.org](http://www.naepnet.org) select about NAEP and you will find a listing of our National staff members or feel free to call 443-543-5540.

Remember, if you have a need, idea, or suggestion, please let us know. We want to be the best, give you the best - so that you are the best!

*Valerie Rhodes-Sorrelle*

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**March 4 is Deadline to Vote in NAEP Board Elections**

Attention Voting Members:

Have you cast your ballot for the 2014-2015 elections of NAEP Officers and District Board Members? You must vote by March 4 at 10:00 a.m. Voting is restricted to those Members of Record in institutions that qualify for the Voting Membership category.

To vote: Log into NAEP’s electronic voting systems at: [https://vod.votenet.com/naep](https://vod.votenet.com/naep)

The slate submitted for Member consideration was prepared by the NAEP Nominating Committee. Votes will be counted at a meeting of NAEP Members to be held on March 4, 2014, at the Association’s executive offices located on 5523 Research Park Drive, Baltimore, Maryland at 10:00 a.m. EST.

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**2014 Annual Meeting Program**

The [NAEP 93rd Annual Meeting and Exposition](http://localhost/plink/March2014/index.htm) will be held May 18-21, 2014 in Louisville at the Kentucky International Convention Center. Our headquarters hotel is the adjacent Louisville Marriott Downtown.

**Early-bird registration pricing** has been extended through March 17, 2014.

Louisville Marriott Downtown
280 West Jefferson
Louisville, KY 40202
Program

There are 45 workshops this year across six session tracks, including a new Technology Track. The Program Committee has lined up three Keynote Speakers, learning sessions in the NAEP Exhibit booth, and the always-popular Member MindXChange.

Click here to view the full Meeting Program.

Out of the Gate: Day 1 of Annual Meeting

We’re off and running early on opening day of the 93rd NAEP Annual Meeting. Here’s what’s offered to you on Day #1, Sunday, May 18:

6:45 am - 3:00pm Gerald Evans Golf Tournament*
9:00 am - 4:30pm Leadership Forum*
4:45 - 6:00 pm New Attendee Orientation
6:00 - 9:00 pm NAEP Host Event in partnership with E&I: Procurement in the Winner’s Circle.

*Registration and additional fees apply. Contact NAEP for details and to sign up.

Gerald Evans Golf Classic

Whether you are a casual golfer or a seasoned pro, the Gerald Evans Golf Classic is a wonderful way to kick off your conference experience. Enjoy a day on the links with colleagues in a very friendly environment. Rent clubs at the course to save the hassle of bringing them with you on the plane. Lunch is provided after the tournament. Your registration fee goes towards the NAEP scholarships. You won’t get a mulligan if you skip this worthwhile event!

The Leadership Forum

The NAEP Leadership Forum will be held on Sunday, May 18 from 9:00 am to 4:30 pm. This Forum provides leadership development for Members who are currently in a leadership role such as regional and district board members, committee chairpersons and national board members. Members who are considering future leadership positions within NAEP or their institution are also encouraged to attend. The program focuses on current issues facing higher education professionals using an interactive presentation style. Attendees can expect to gain new skills, explore best practices in leadership and determine how to address challenges facing their specific role(s) within NAEP.

Attention New Attendees: Orientation Session

Are you a new attendee or just new to NAEP? We highly recommend that you arrive early on Sunday, May 18 to attend the New Attendee Orientation from 4:30 - 6:00 pm. Learn what to expect, how to best manage your time at the meeting, and get familiar with the hotel and Conference Center. This is a good time to build new connections with fellow first-time colleagues. Please contact Shaunte Shelton if you plan to attend the Orientation Session.

Seeking Donations of Goods for Raffle

The NAEP Scholarship Volunteer Committee is on the move! The committee is asking for donations for the raffle at the 2014 Annual Meeting.

The committee would like to secure big-ticket items like ipods/ipads, gift cards, speakers, laptops, printers, etc.

If you plan to donate an item, please contact Lois Sarfo-Mensah at the NAEP National Office. Lois will provide you with details, whether you would like to ship your item to the office ahead of the meeting or if you would like to bring it with you. NAEP will pay for your shipping to our office!

The NAEP Competency Model

By Melanie Freeman
Professional Development Committee

Have you heard about a wonderful resource the Professional Development (Pro-D) Committee developed for NAEP Members? It is the NAEP Competency Model that can be used throughout the work life cycle. New Tracks are 1) Workforce Planning, 2) Recruitment and Selection, 3) Onboarding, 4) Performance Management, 5) Training and Development, 6) Career Planning, and 7) Transition.
The Model is mapped to NAEP’s Procurement Academy and the first output, an Interview Guide for the Buyer position was presented during the Academy’s Tier III: Senior Professional course.

**Background**

In 2008, NAEP’s Pro-D Committee was given the charge to identify necessary skill sets required during the first year of employment as higher education procurement professional and identify necessary skill sets of a 3-5 year veteran. Each year, the committee worked on this major project and expanded the scope to all positions within procurement. The matrix (see front page) and support materials were shared with a number of different NAEP representatives to gain feedback. Representatives included the NAEP National Board, Procurement Academy faculty, Membership Committee leaders and other key NAEP leaders. Each group provided a different insight and offered recommendations.

The result is a very robust final product that we now know as the **NAEP Competency Model**. The model was formally introduced to Members at each regional meeting held in 2013. It is available on the NAEP website. To access the materials, you must login and you will see Competency Model at the bottom of the Member pull-down menu.

**Definition of a Competency Model**

A competency model is a framework for organizing a collection of observable skills, behaviors, and attitudes that lead to high performance. The model describes what procurement professionals need to know and be able to do in order to execute effectively on their responsibilities.

Some institutions already have a competency model. The **NAEP Competency Model** is designed specifically for procurement professionals and can complement/support what the institution already has in place. Institutions use competencies to:

1. Identify critical roles and responsibilities needed currently and for the future
2. recruit and select employees based upon skills and organizational fit
3. establish performance expectations and objectively measure employee contributions
4. develop targeted training and development
5. provide a clear roadmap for career planning
6. support succession planning

**The NAEP Competency Model**

The Pro-D committee selected position titles that are most frequently used by Member institutions but the list doesn’t encompass every title that may be found within a procurement department. Each position on the matrix (see front page) has a column of dots that correspond to the competencies expected for that position. On the left side of the matrix, you see the list of 24 competencies. On numbered page 4 of the **NAEP Competency Model**, you will see the competencies listed in the same order as on the matrix. To the right of the competency, you will see a list of key behaviors that you should be able to observe when an individual demonstrates a competency. A series of webinars are planned for Members to attend and learn more about the Model and supporting materials.

**Competencies Mapped to NAEP’s Procurement Academy**

For the 2014 Procurement Academy recently held in New Orleans, LA, the faculty mapped all 24 competencies to the curriculum. This ensures learning outcomes correspond to the core competencies. A manager/supervisor knows what skills and behaviors his/her staff will work on throughout the Academy. An employee has a clear understanding of what is needed to successfully advance his/her career at each level.

**Recruitment and Selection**

To help reduce the potential for hiring individuals who don’t offer the necessary skills, the Pro-D committee worked with NAEP to develop a customized interview guide that is used during the recruitment and selection process. The first of many interview guides is for the **Buyer position**. The guide includes all the questions needed during the interview process. The questions are behavior-based and link directly to the competencies expected of an entry-level Buyer.

Behavior-based interviewing is becoming more common as a tool to select the best candidate for a position. It is based on the idea that the candidate’s past performance is the best predictor of his/her future performance. In other words, how well the candidate behaved or performed in past activities will help the interviewer decide how well he/she would do in the new position. Behavior-based interviewing is consistent for all candidates, documented and compliance-driven.

Sample questions:

- Give me a specific example of something you did that helped build and sustain customer satisfaction.
- Describe a difficult personality or working relationship you have experienced.
Additional interview guides will be developed and available to Members throughout 2014. A series of webinars are planned for Members to attend and learn more about the Model and the interview guide. The Pro-D committee is hard at work to ensure NAEP offers valuable education, training and resources that advance the field of educational procurement. Every Member benefits from the output of this committee. If you want to make a difference within procurement for yourself and others, join Pro-D today!

The Challenge Is On!

The 2014 RFP Challenge is in full swing. Running through April 4th, this is your opportunity to build on our shared knowledge by adding both new RFPs and job descriptions to the NAEP libraries. Whether you have 50 RFPs or just one to submit, you still have a chance to win a free registration to the 2015 Annual Meeting in Atlanta. With each RFP entry, a ticket will be placed in a drawing for the winner in each specific category: Small Institution (100 - 5,000 FTE), Medium Institution (5,001 - 10,000 FTE) and Large Institution (over 10,000 FTE). To submit, click here.

Calling All Vendors to the Contract Library Portal!

Launching at the Annual Meeting, the NAEP Contract Library portal is a one-stop source for procurement professionals to quickly and efficiently search and compare procurement contracts in one location. Let your favorite vendor know that they need to be in this portal! Have them contact NAEP so that they can place their contract in front of thousands of decision makers in higher education across the country.

Supplier Diversity: We Need Your Help!

The Supplier Diversity Program Committee has prepared a brief survey to solicit your input as they prepare a comprehensive educational program that addresses the needs of a wide variety of procurement professional, ranging from those that have minimal contact with the supplier diversity function at their institution or system and those with significant experience and/or oversee a mature program.

If you have a supplier diversity function at your institution, or are interested in creating a program, we would like to hear from you. Please take this very brief 6-question survey that will take you 5 minutes to complete. Your response will help us shape the program and identify those individuals who may find significant value from the educational sessions.

Calendar of Events 2014

IN-PERSON EVENTS:

- **2014 Annual Meeting, Louisville, KY**
  May 18 - 21, 2014
- **2014 Supplier Diversity Institute, Chicago, IL**
  August 4-5, 2014
- Florida Regional Meeting, Miami
  April 9-11, 2014
- See the full listing of current regional meetings scheduled for 2014

WEBINAR SERIES:

- Legal Aspects of Procurement Webinar Series:
  Special Issues in Contracting
  March 19, 2014
Member News

Linda Fast, APO, CPPO, CPPB, University of Arkansas, has earned lifetime status for both her CPPB and CPPO certifications. Congratulations!

Happy Birthday to:

- Cathy Carr Simonds, University of Missouri System, February 13
- Judy Rees, Embry-Riddle Aeronautical University, February 13

The NAEP Bulletin welcomes items on our Member’s professional achievements, certifications earned, career changes, retirements, campus honors or awards, etc. Please send your items to Shaunte Shelton with subject line “Member News.”

Quote of the Month

“You don’t need endless time and perfect conditions. Do it now. Do it today. Do it for twenty minutes and watch your heart start beating.”

– Barbara Sher, author, lifestyle coach