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can’t believe it’s already fall. I reached a big milestone this summer, shipping my eldest off to begin her college career. It’s the beginning of a new reality for both of us – bittersweet (well, for me at least) but also exciting, invigorating. We both get to experience new realities. My identity as her “mother” still exists, but is it is changing shape. My daughter is stepping up to meet her future with that combination of fierce independence and shaky uncertainty so common with college-bound freshmen. Should she declare her major? What if after a year or so of following that path, she decides it isn’t for her? What are her options? Gee, it would be so much easier if the universe would just provide a roadmap.

It’s the same with our careers. The best way to make sure your future is in your own hands is to connect with the resources that help you to innovate, that make your contributions valuable and visible. Surround yourself with the best minds in the business, and learn from their successes and failures. And that’s exactly what your Membership in NAEP delivers.

We have launched a new Web site designed to make it easy for you to find the latest research, professional development, and services like University Surplus from NAEP. Connect with a colleague that has worked his or her way through a challenge similar to one you may be facing. NAEP can help you discover solutions, focus your energies, or even re-light your professional “mojo” (we all slump a little bit every now and then) with new ideas and a fresh outlook.

NAEP understands that everyone’s roadmap is unique. That’s why we designed our site so that you can leverage the association and its resources your way. It’s what you need, when you need it, all in one place, and available anywhere you have a Web connection.

As we move into what is our Fall Regional meeting season, I hope that all of you can attend your region’s or district’s meeting. The education and networking will put you further down the road on your ever-evolving career. Please log in to www.NAEPnet.org to find out where your meeting is – and register for it today! Whether it’s online or face-to-face, your Membership in NAEP can be your career GPS. 

...I like a state of continual becoming, with a goal in front and not behind.”

George Bernard Shaw

LETTER FROM THE CEO

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Doreen Murner
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I know I am comfortable...
But do I look professional?

by Cory Harms
Iowa State University

I love casual Friday... sitting at my desk in my jeans and university t-shirt, tennis shoes, all comfortable and relaxed... until the VP of Business comes over in his suit and tie, and I feel like crawling in a hole.

Over the last 10 years, business casual has become the norm on many campuses, and casual Friday is casual to the extreme in some cases. I frequently recall the Dilbert™ cartoon in which people are in bathrobes and tuts, and I wonder if we’re very far at all from that.

Some of you may wonder if I’m getting ready to go off of the deep end, crusading against your casual work wear. Far from it. I can’t be the first one to cast a stone as I sit comfortably in my Dockers™ and short-sleeved shirt. But sometimes when I get the urge to dress more formally (or am forced by circumstance), I wonder if people regard me more seriously when I am in a suit and tie. I know I actually feel more professional on those occasions. I wonder if I act more professionally too. In any case, if people perceive me as more professional, it’s not a bad thing.

The trouble with dressing up for specific meetings is that, in Purchasing, we can’t always predict who will come to meet with us on a given day: a professor, a vendor rep, a dean, a chancellor? It is hard to be prepared clothing-wise for these meetings. When we are dressed casually, how do others perceive us? Are we shortchanging ourselves by dressing down? Do we dilute our professionalism by succumbing to the casual work revolution? We dress up for church, funerals, parties, but when we meet with those with whom we are trying to negotiate, help, or influence, we dress down?

I was genuinely worried when I started to examine this topic, as I feared many of you would brand me a radical. But a recent flash poll on the NAEP homepage asking about casual attire (see inset) seemed to relieve my fears. Over 54% of the respondents indicated they believe our professionalism on campus is diminished by casual attire. Might it also be diminished off-campus as well, with our community, vendors, other agencies, and colleagues?

A lot of the talk around NAEP lately has been about raising the standard of the profession, becoming more visible on campus, dealing with the shrinking population of our profession, and retaining membership in our organization. Doesn’t dressing the part help us to be seen as more professional and necessary? Could we be doing ourselves a disservice by dressing down?

If I’ve made you think a bit about this, I hope it’s a good thing. As for me, I wonder what it would cost to update and maintain my wardrobe, knowing that it is far easier to go casual. But then again, perhaps you will see me at the next professional conference in my new suit and wonder, “Who is that professional-looking guy?”

Cory Harms is the associate director of Purchasing at Iowa State University. He is President of the MINK (Missouri, Iowa, Nebraska, and Kansas) Region and serves on the NAEP Editorial Board. He has presented at both regional and national NAEP meetings, and has spoken for the Missouri Association of Public Purchasing (MAPP).

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Ethical Behavior in Purchasing

by Craig Passey, Brigham Young University

In a recent survey conducted by Fast Company, visitors to their Web site were asked: “Have you ever taken office supplies home?” 69% said yes. Would the candid response of our NAEP Membership show greater integrity? Headlines exposing corruption or scandal could never happen to you, right? You maintain professional values and morals which insulate you from such indiscretions. Convinced of your immunity? Can you then answer the following questions?

- Have you ever told an assistant to tell someone else you were in a meeting because you didn’t want to be bothered?
- Have you ever granted perks to yourself that you wouldn’t want revealed publicly?
- Have you ever placed a personal expense on your travel reimbursement or purchasing card, or inflated actual costs?
- Have you ever embellished your professional experience or credentials?

If you haven’t sailed through personal introspection unscathed, into which of the following categories does your behavior fall?

- **Conformity** – “Hey, that’s what the boss does”.
- **Obedience** – “Must not be wrong if my supervisor told me to do it”.
- **Opportunism** – “It’s not wrong if no one ever finds out”.
- **Ego** – “They’re sure no one can outwit their controls – watch this”.
- **Narcissism** – “It’s not wrong if it’s good for my institution”.

**Rationalizations**

Douglas Richins, 23-year veteran of the Utah Division of Purchasing and new head of WSCA, a 15-state purchasing consortium, is a frequent presenter on the topic of “business ethics”. He pointed out to NAEP Members after a scandal had rocked the state of Utah years ago that, “No matter how big or small the dollar amount involved, every person accused of wrongdoing has one thing in common. Every single person has convinced himself that his actions were justified!” The process of rationalization is the trap that ensnares us.

So whether it is helping yourself to office supplies; taking personal time you don’t report; claiming meals with family, friends, or co-workers as business meals; padding expense reports; accepting personal favors from suppliers; or worse – some rationalizations may follow these similar themes:

- “With what this institution/administration wastes, I figure…”
- “For what I could be making on the outside,…”
- “After what I’ve done for the University…”
- “For the amount of e-mails I answer after hours,…”
- “For what this vendor makes off our account,…”

Perhaps the real reason that countless seminars, articles, and books on business ethics have failed to deliver results of changed business behavior is that we still think this matter of “ethics” is about someone else and not us. Sometimes we tend to judge others by their actions and ourselves by our intentions. Yet we continue to look elsewhere for remedies.

People who are appalled by embezzlement and theft do not see their smaller decisions, which gradually dull their sense of right and wrong, as enabling greater infractions.

Every new revelation in the media of a corporate or government breach of responsibility breeds a new wave of “detect and protect” legislation, new policy creation, or increased oversight and audits. A proliferation of rules and regulations will not have the desired effect on behavior and never will. Whether you call it ethics or responsibility or decency or something else, we are still talking about honesty – plain and simple. Open organizational policy will never alter personal decisions behind closed doors.

When faced with an ethical challenge, most leaders rely on laws and regulations rather than making decisions based on truth and integrity.

A recent blogger cleverly wrote: “All these ethics sites are just plain wonderful, but – so what? You can’t legislate it, you can’t indoctrinate it, and you can’t vaccinate it.” You can, however, teach people to emulate it when leaders demonstrate it.

If you currently lead a Purchasing group or have aspirations to do so, take note: Steven R. Covey said, “90% of all leader failures are failures of character, not ability.”
Consider this wisdom:

"... when leaders – persons in power – ignore ethics in not accepting the consequences of their actions, they contribute to the cynicism of people who will judge their actions.

We may not be the Supreme Court, but we are members of the court of public opinion. A boss, board, or organization embarrassed by our actions potentially has greater power over us than a court of law – garnishment has legal limits over our income. Being fired does not!"


You may never face being terminated over your unethical behavior. If you are leading by example and are truly dedicated to being a Purchasing professional, you must foster and nurture the habit of ethical behavior, even in small things. You must have a consistent method of making decisions that goes beyond state and federal law, institutional policies, and is useful in making the right decision – even in those sometime-grey areas.

Mike Zaramba, in his recent blog article entitled “Corporate ethics – a culture, not just a policy,” makes an excellent point when he said:

“Executives must lead by example when it comes to ethical behavior. For me, that is the heart of the issue – public trust and a responsibility to the U.S. taxpayer is a duty above and beyond the fiduciary responsibilities of most corporate officers. In short, our business needs to embrace the spirit of these rules and not approach them as simply a “check the box” compliance issue.

During my 15 years at Stanley, my bosses, Larry Gallagher and Phil Nolan, exemplified that very spirit, long before there was a formal ethics policy. Whenever I encountered an ethical dilemma, their guidance was always – “What’s the right thing to do?” Not the right thing for the shareholders, me, Stanley or the client – simply, what was the RIGHT thing to do. Once you reduce an issue to this core consideration, the answer becomes straightforward.”

A Model for Ethical Decision-Making

Michael Suhaka and Nanette Sorensen of the Purchasing Division of The Church of Jesus Christ of Latter-day Saints graciously gave the author permission to use a decision model that they developed. In the adjacent model, ethicality requires:

• Personal integrity
• Dedication to being a Purchasing professional
• Uncompromised loyalty to your employer

Cut the adjacent model out and refer to it often so that you will be known by your peers and clients as the ethical Procurement professional.

Craig Passey, C.P.M., has enjoyed a 30-year career in Purchasing & Travel for Brigham Young University, Provo, Utah, and for the LDS Church in Salt Lake City. His writing and teaching draw from diverse experience and assignments in both international and domestic procurement. He has a BS in Financial Planning and Counseling, with a minor in International Relations from BYU.

e-Mail: craig_passey@byu.edu
How to Access Consortium Purchasing Agreements Under Your State’s Small-Purchase Exemptions

by Eric Denby, C.P.M.
University of Virginia, Director of Procurement Services

All public institution members can access cooperative purchasing agreements by relying on small-purchase exemptions. And the truth is, it’s easier than you think.

Here’s how it works. Each state’s procurement regulations provide some measure of latitude for purchases made under various dollar thresholds. Known as small-purchase exemptions, these thresholds can be as low as $500 or as high as $50,000. Oftentimes, these threshold amounts are subject to adjustment on an annual basis to account for inflation or to provide increased discretion for public agencies.

Members who know their institution’s small-purchase exemptions can take advantage of the flexibility provided under their state regulations to utilize cooperative agreements, even if they are otherwise precluded from doing so for larger purchases. This provides a significant benefit in the form of cost savings available through consortium purchasing, which could not otherwise be realized because of the small-dollar volume of the purchase.

Small-purchase exemptions also alleviate the burden and prohibitive costs of conducting formal bids or solicitations for relatively low purchase amounts. With that said, it is important to keep in mind that each institution, depending upon size, may have varying thresholds under which they can purchase.

At the University of Virginia, for example, the small-dollar threshold is $5,000. Up to this dollar level, departments may make purchases without competition. This accounts for more than 85,000 transactions and about $40,000,000 worth of purchases per year. Based on these statistics, the small-dollar purchases account for approximately 97% of all transactions at the University. This type of purchase opportunity provides the flexibility to purchase from established University contracts or from those cooperative contracts of the end-user’s choice.

To take advantage of small-purchase exemptions, public institutions should:
1. Refer to their respective Codes of Procurement to determine the dollar thresholds applicable to them.
2. Determine if these amounts are indexed to inflation or some additional metric by consulting state bulletins or speaking with officials from the state department of purchasing/administration to see what these new thresholds are.
3. Research consortium purchasing agreements available for specific commodities and/or services.
4. Ensure that their aggregate purchases from any given consortium contract are not in excess of the dollar thresholds that would necessitate bidding or competitive solicitation. Remember that states prohibit the splitting of purchases for the purpose of meeting the small-purchase thresholds.

By following these simple steps, any member institution can begin to take advantage of consortium purchasing under the small-purchase exemptions found in each state. To learn more about small-purchase exemptions, please contact compliance@eau.v.org.

Eric Denby, C.P.M., is the director of Procurement Services at the University of Virginia and has been in the Procurement profession for 30 years.
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Is There a **Time Bomb** in Your Lab?

by Cory Harms and Bill Diesslin

*Iowa State University*

When the explosion rocked one of our campus labs late on a Saturday night in September 2001, it was a miracle nobody was in it. Every ceiling panel was lifted from its frame, the windows in the lab were pushed out almost an inch, and the door of the just-exploded freezer destroyed part of the cinder block wall on the other side of the room. The concussive force was enough to injure or kill. A fire followed the explosion, triggering the sprinkler system, which flooded lab and office space below. The damage closed the lab and offices for two months. Repair and rebuild costs were substantial, but not nearly as costly as the wounded reputations of the lab, its workers, and the researcher.

What does this have to do with Purchasing? On most campuses, Purchasing has the power to delegate that buying authority in different ways (e.g., procurement card, small-dollar purchases, etc.). Purchasing also houses the data concerning what and how things are purchased. In the case above, the freezer (a non-lab consumer model) was bought through Purchasing, and the lab was inspected by our environmental health and safety department. The lab manager instructed the workers not to put volatile chemicals in this grade of freezer. This accident should never have happened, yet none of us truly perceived the risk. Luckily no one was hurt, but the stigma surrounding the lab and the researcher persists. Indeed, the researcher lamented that this type of incident "embarrasses you enough that you want to end your career."

In this case, a household freezer was involved… not uncommon in many labs since consumer models are inexpensive by comparison. The problem here was that someone used it to store tetrahydrofuran (THF), a volatile chemical. Two conditions then combined to cause the explosion. First, as a domestic appliance, the freezer was sealed, which resulted in the concentrating of the THF’s off-gassing. Second, and more critical, was that the thermostat and light switch in this grade of unit often produce sparks. In this case, the thermostat was the likely culprit.

Many labs buy consumer model refrigerators and freezers for fairly mundane needs such as keeping lunches and beverages cold. The problem, of course, comes over time as the usage migrates to chemical storage. It has even been witnessed where laboratories and chemicals sit side by side. Removing the light switch may seem like a solution, but it only serves to provide a false sense of security. Doing so could void the Underwriters Laboratory® (UL) label along with any related insurance coverage.³

So, when a new need for a lab unit arose recently, you can bet we (Purchasing) got involved, working closely with our environmental health and safety department.

There are two types of refrigerators for chemical storage. One is the volatile-storage lab refrigerator, and the other is the explosion-proof type. In most cases, the volatile-storage unit is what is needed because it eliminates the source of spark and is specifically designed for chemicals. Although more expensive than a consumer model, it is well worth the avoidance of the cost associated with a serious accident. Without a doubt, the researcher in the case above now says that no new labs on campus should be allowed to house consumer appliances.

Clearly, Purchasing should be a leader in this area, working hand-in-hand with environmental safety folks, researchers, lab managers, and students. This can include educational programs, labeling and signage, the mandating of lab-grade equipment, or perhaps even lobbying for legislation. This and similar areas are where Purchasing can add significant value, aligning its mission with that of other areas.

³Some universities are beginning to mandate that lab appliances are used or that all new labs must purchase lab refrigerators and freezers. Some states have also enacted laws to have only lab-grade units on campuses.

**Cory Harms** is the associate director of Purchasing at Iowa State University. He is President of the MINK (Missouri, Iowa, Nebraska, and Kansas) Region and serves on the NAEP Editorial Board. He has presented at both regional and national NAEP meetings, and has spoken for the Missouri Association of Public Purchasing (MAPP). E-Mail: clharms@iastate.edu

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Let's Talk About the Time Value of Money—

by Burr Millsap, CPA, M.B.A.
University of Oklahoma
(This is the first of a series of articles on the Time Value of Money and its importance to the Purchasing profession.)

How many of us have actually used TVM in our professional careers? I hope many, but I expect perhaps few. TVM techniques can be extremely beneficial to us, and although they are somewhat of a challenge to understand and use, they're NOT inscrutable. If you've been scared away from them so far, you just haven't had the right teacher. I mean to take care of that in this and following articles.

Why does money have a “time value”? Not because of inflation! Forget that. The time value arises from the fact that money, like other things, can be rented. When you put money in a savings account, you rent it out (to the bank). As long as you leave it there, you get paid interest (the rent). When you borrow money, someone else is renting it out to you. As long as an amount is outstanding, you have to pay interest (the rent) on it. This, and not inflation, is why money has time value.

TVM situations (problems) mainly seek improvement. If we find ourselves in Situation A, is there a better Situation B that we could achieve? For example, let’s say we are currently obligated under a lease agreement to pay $500 per month for the next 24 months (Situation A). Is there a different arrangement I could develop (Situation B) – such as settling the entire amount now – so that I would be better off (in this case, wringing out better value for my institution)? Developing the information to help answer this kind of question is what TVM is all about.

So, TVM techniques help us evaluate alternatives. They help us attain the confidence we'd like to have in making decisions that turn out like we plan.

TVM techniques do their job by correctly making us take into account opportunity costs. If I withdraw $1,000 from a savings account to purchase a piece of equipment, I'm not only facing the cost of the equipment but also the cost of the interest I'm not earning any longer. The lost interest represents the decision's opportunity cost. Therefore, TVM's job is to make sure we correctly count those costs as we weigh the pros and cons. In our example, let’s say that our justification for purchasing the equipment is that it will make us money. Well, if that's the case, not only should it make enough to pay back the $1,000, but it should also cover the interest we’re not making since the $1,000 was withdrawn. As long as the equipment can earn us both, then we’re no worse off – at the very least, and hopefully much better off – than if we'd left the money in our account. (It is this feature of TVM, this taking into account the opportunity cost, that is often referred to as “stressing the problem,” because it forces the choice to face an extra and essential hurdle.)

The basic structure of any TVM problem is that it comprises four pieces of information. If we know any three of the pieces, we can always solve for the fourth. Sometimes, though, we may not know, but have to estimate, one or more of the three pieces, which is OK as long as our assumptions are reasonable and have good support. The important point here is that TVM problems are structurally easy.

What are the pieces then? Here is the list.
• Present Value
• Future Value
• Payment
• Rate
• Periods

But wait! There are five pieces here, not four! True, but any given TVM problem will only deal with four. To help a little further, the table below shows the different possibilities.

<table>
<thead>
<tr>
<th>Present Value of Annuity Problems</th>
<th>Know, Assume, or Estimate</th>
<th>Know, Assume, or Estimate</th>
<th>Know, Assume, or Estimate</th>
<th>Solve</th>
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<td></td>
<td>Payment</td>
<td>Rate</td>
<td>Periods</td>
<td>Present Value</td>
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<td></td>
<td>Rate</td>
<td>Present Value</td>
<td>Payment</td>
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<td>Present Value</td>
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<td>Periods</td>
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<thead>
<tr>
<th>Future Value of Annuity Problems</th>
<th>Know, Assume, or Estimate</th>
<th>Know, Assume, or Estimate</th>
<th>Know, Assume, or Estimate</th>
<th>Solve</th>
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<td>Payment</td>
<td>Rate</td>
<td>Periods</td>
<td>Future Value</td>
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<tr>
<th>Present or Future Value of A Single Deposit Problems</th>
<th>Know, Assume, or Estimate</th>
<th>Know, Assume, or Estimate</th>
<th>Know, Assume, or Estimate</th>
<th>Solve</th>
</tr>
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<td></td>
<td>Present Value</td>
<td>Rate</td>
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<td></td>
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<td>Future Value</td>
<td>Present Value</td>
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<td></td>
<td>Periods</td>
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<td>Periods</td>
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</tbody>
</table>

Table 1.
Of the three categories of problems listed in Table 1 (Present Value of Annuity, Future Value of Annuity, Present or Future Value of a Single Deposit), the Present Value of Annuity problems give newcomers the most trouble. So that's the one we'll start with, because as Mom says, "Eat your vegetables first, so you can look forward to the rest."

First, for the time being, let's set aside the label "Present Value." Why? Because it is often possible to have a TVM problem in which the "present" value you're solving for is actually in the future. For example, if you want to know how much money you'll need to have saved on the date you retire, the TVM problem you'd need to do today would be in the category of "Present Value of Annuity Problems." In the arcane lingo of TVM problems, that amount is called "Present Value" even though it is an amount to be achieved well off into the future. So instead of using that lingo, let's re-label it as the "Starting-Out Amount."

Next, let's deal with the word "Annuity." This is another victim of TVM's mysterious vernacular. An annuity is simply a periodic payment. That's it. So, by that definition, your house payment is an annuity, your car payment is an annuity, your utility bill payments are annuities, and on and on. Gosh, even your paycheck is an annuity (since the word doesn't care whether we're talking about money coming in or going out). Instead of giving you a different label to play with, let's just leave it at "Annuity." You get the idea. For most TVM problems, you'll find (or assume) that the annuity is a fixed amount. One hundred dollars per month, for example. But it doesn't necessarily have to be fixed, and it doesn't necessarily have to be monthly. It could be daily, quarterly, semiannually, annually, or any "shade" in between or beyond.

Graphically, a Starting-Out Amount of an Annuity Problem looks like Figure 1.

So if we imagine a savings account, for example, the Starting-out Amount is the number of dollars we would need -- starting out -- to fund a series of five payments, with each payment being made on the period's last day. The diagonal lines, slanting upward to the right, represent the interest earned each period. The vertical lines represent the payments (withdrawals). The pattern could be described, perhaps, as "one step up and three steps down", if you catch my drift.

To conclude this portion of the discussion, the trickiness of calculating the Starting-Out Amount is obviously wrapped up in the fact that the interest earned in each subsequent period is less and less as the balance of the account declines. The actual math formula has been developed and is knowable... for you strong-hearted souls. For the rest of us, there are financial calculators (such as the Texas Instruments BA II Plus) and Excel spreadsheets that greatly simplify the effort. Using these tools, in the case of the example above, we'd need to know or assume: (1) the interest rate, (2) the amount of the annuity (the periodic payment), and (3) the number of periods. By "plugging" these three values into our tool, it will compute for us the 4th value -- the Starting-Out Amount -- or in the lingo, the Present Value of Annuity.

In the next article, we'll learn how to use these tools to help us solve Present Value of Annuity problems.

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Some Words of CAUTION

by Brian Yeoman
NAEP

I have a recurrent conversation with a very old and dear friend. I tell him the progress we are making on greening the campus, and he throws cold water on me by the buckets. The American College and University Presidents Campus Climate Commitment (ACUPCCC) now has more than 500 signatories, I tell him. But he is convinced that the only thing happening is a bunch of “greenwashing.”

This got me thinking. One prevalent thing I encounter routinely is the confusion of terms. These for example:

• Green versus Sustainable
• Price versus Cost
• Efficiency versus Effectiveness

Green versus Sustainable

Those using the term “sustainable” to describe their program, product, service, or organization are creating confusion. Think about it. How can anyone claim sustainability when nonrenewable fossil fuels underpin a product or service throughout its lifetime? This is true with travel, heating, air conditioning, and many other things. How can these be called “sustainable”?

Many claim their products to be LEED™-certified. There are more who claim their products will get you LEED™ points (Note: they are credits not points). Let’s dispose of this quickly. The United States Green Building Council (USGBC) does not certify products, and no single product will make or break your project.

For those wanting to create a sustainable future, the best label we have currently is “green” (from light green to dark green). Calling such efforts “sustainable” is not legitimate.

So how can you tell what’s truly green? Or what shade it really is? You can do your own homework or you can turn to third parties such as the Forest Stewardship Council (FSC), GreenGuard®, Green Seal®, and/or BuildingGreen. The Environmental Protection Agency (EPA) and the Department of Energy (DOE) jointly operate the ENERGY STAR® program, which can also help. Their websites are fabulous and appropriately detailed. There are also many green professionals licensed as architects, designers, or engineers who typically have devoted their careers to educating the public about...
these issues. Contact the local office of the American Institute of Architects (AIA) and ask for information about the Committee on the Environment (COTE).

**Price versus Cost**

It remains intriguing how often the confusion between price and cost arises. Examining the entirety of a product's or service's financial impact on the campus was viewed as voodoo economics. Procurement has historically concerned itself with the financial implications of the price on the face of the requisition: freight, payment terms, cash discounts, insurance, etc. Myriad additional price-related considerations rarely came into focus. In the area of scientific instrumentation, for example, power consumption was rarely a consideration. That a device required liquid nitrogen was not a factor. That the item had to be shipped 11,000 miles via truck, ship, rail, and truck again was of little concern. If the device was assembled using the labor of 16-year-olds working for $2 a day in Shanghai, it didn't matter. So it is with great joy that we now openly embrace the notion of best value and comprehensive lifecycle analysis.

**Efficiency versus Effectiveness**

Ever notice how in vogue "efficiency" is and how you rarely hear about "effectiveness"? I want to explore this confusion of terms but guess what? I can't. Why? Efficiency! This column is limited to 550 words. That is efficiency at work. Ever try to have an efficient conversation with your spouse or children? Ever think about how many eggs a female salmon laid for you to get that choice fillet? Oh well, enough for now. I will visit this again. Remember that you, too, can do great things, and I'll bet the best you've ever done was not efficient but certainly effective.
Higher Education sees the Sustainable Side of Cooperative Purchasing

by Connie Kuranko
Director, U.S. Communities
Going Green Program

If the walls of our nation's great institutions could talk, they would have to agree that something has changed over the past few years. Universities and colleges have been involved in large-scale purchasing contracts for decades. The purchasing professionals at these institutions are noticing that the way they buy is changing. What is causing this change? Sustainability.

The Tides are Changing

Cooperative purchasing has been around for a long time and is not necessarily a new idea. What is new in the past 10 years is the growth of numerous cooperative purchasing opportunities on the Internet, according to Bob Wood, Director of Procurement at North Carolina State University. Wood has spent the past 20 years in educational purchasing for North Carolina State University and he works to get the best deal for the taxpayer's dollar.

"The internet made cooperative purchasing blossom," says Wood. "Institutions are now able to shop for the best coop deals, letting their stakeholders know where they need to buy to get the best price."

With the rise of online technology came the ability to collapse old models and reach beyond the region. Wood has also noticed that along with accessibility, the biggest change has been the rise of awareness around the need to buy green. In an effort to meet these new policies, agencies such as U.S. Communities have created online search functions to assist purchasers in isolating environmental product information. U.S. Communities is further maximizing the web in a partnership with SciQuest, Inc., to integrate all of a participating agency's contracts onto one system.

Why be Cooperative?

Universities and colleges are well aware of the need to incorporate sustainability into their practices. Emory University in Atlanta, Georgia, and North Carolina State University in Raleigh have even gone so far as to hire a Sustainability

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Rex Hardaway is Director of Contracts at Emory University, where he has devoted the last 20 years, and has more than 35 years of experience in higher education procurement. He notes how the environment is heavily influencing purchasing decisions.

"Every single print contractor I meet with has to have an environmental certification. This wasn't the case one year ago," says Hardaway. "Certification is driving spending. Today, 99 per cent of presentations are environmentally-focused. Nobody a few years ago was asking about Volatile Organic Compounds (VOCs)."

Emory University
Director to create plans and strategies to successfully navigate this new environment.

Hardaway believes that cooperative purchasing has helped to drive the cost out of green purchasing. With limited budgets, time constraints, lack of professional expertise and staff limitations, cooperative purchasing makes it easier to meet policy requirements.

“The most compelling reason to purchase cooperatively is the ability to leverage spending,” says Hardaway.

Wood agrees that the most important benefit cooperative purchasing offers purchasers is the ability to receive the best overall value for their dollar. Cooperative purchasing also allows agencies to acquire goods and services at pre-established prices, they have access to online catalogs, administrative time is reduced and partnerships are promoted. The benefits are clear, but do the homework. Some cooperatives charge fees for their services.

A Green Purchasing Program
In an effort to adapt to this changing environment, cooperative purchasers are ramping up their offerings to include green contracts. At U.S. Communities, the Green Purchasing Program gives public agencies access to a broad line of environmentally certified products and services. From Energy Star to EcoLogo to Green Seal, the Green Purchasing Program identifies items in its contracts that meet third-party environmental certification standards to help public agencies meet their responsible procurement needs. U.S. Communities also provides access to volume pricing, no matter what size the agency is, and delivers the product to their desk.

From office supplies to school furniture, and technology products/solutions to lab supplies, the availability of green contracts is growing. Cooperative purchasing agencies are looking at new contracts with a green lens. Whether it is renewable energy, hybrid fleets (buses, cars, etc.), biofuels, renewable energy credits, reduced means of garbage collection, water use management, or energy efficiency evaluations, many categories will be available to universities and colleges in the near future.

Sustainability is here to stay
As Wood and Hardaway make evident, sustainability is not a fad and will only be increasing over time. The Association for Advancement of Sustainability in Higher Education, Rex points out, has developed the Sustainability Tracking, Assessment, and Rating System (STARS), which allows institutions to measure their campus’ sustainability and qualify for different levels of recognition. This is a way for institutions to make distinctions for themselves. For example, North Carolina State University is set to be one of the first universities to have LED lighting placed in a parking deck. This is just another example of green buying.

Universities and colleges are urged to review their contracts, investigate their institution’s policies, work with their stakeholders and contact vendors to find which one will work for them. As Hardaway points out, institutions that do their homework and align their purchasing with sustainable programs such as AASHE will better position themselves in this changing environment. The bottom line is, cooperative purchasing is keeping institutions in the green and working toward a more sustainable future.

Connie Kuranko, Director of the U.S. Communities Going Green Program, holds an MBA from St. Mary’s College and has led U.S. Communities’ Green Initiative since its inception in 2006. She can be reached at ckuranko@uscommunities.org.
This One Needs to Be Rushed, Please!

by Craig W. Passey
Brigham Young University

One of the first books recommended to me shortly after beginning a career in Purchasing was The Ropes to Ship and the Ropes to Know, by R. Richard Ritti and Steven Levy. "Googling" it for the author reference, I was shocked to learn it is now in its 7th edition — probably in multiple languages. I read it in the original hieroglyphics on papyri. (See title page below.) Even after all these years, I still recall a principle taught by the wise old professor. The sage was boasting that he could write consulting reports without ever setting foot inside the company because "all companies have the same two problems: lack of leadership and lack of communication." The latter problem has hampered efficiency in every organization I know. It probably plays havoc with yours as well.

Here is a simple example from my past. Every requester has an expectation regarding the delivery date of the item requested. Even the editor who assigned me this article probably had a submission date in mind. So, requesters tell buyers when they want things. Simple, right?

In Procurement offices other than your precision process, a requester states the item must be received no later than 10 a.m. tomorrow. We interpret that to mean sometime in the next two months, since Mr. P.I. left it sitting on the dock for six weeks the last time we brought one in overnight. Furthermore, we can deduce that had he really wanted it tomorrow morning, he wouldn't be requesting it for two more days!

You're probably thinking that I am stretching the truth to make a point, but allow me to share a true-life incident.

I was stressed! Doyle Pyne from the Press made an uncharacteristic personal visit to my office signaling this was a mission of great import.

"Hey, Craig, I've got a rush order." My eyes glazed over as the air left my lungs. "Oh," I replied nonchalantly. "I'll put it on the rush pile."

"No," he protested. "This is urgent."

"Well, why didn't you say so? I'll put it on the urgent pile."

He waits for eye contact and speaks in a slower cadence. After ten years of bantering with him, I know I had just crossed a line.

"Look, Passey. I don't want you putting this on any pile. In fact, I don't care where you put it as long as it is the next thing you do."

I'd never seen him so serious, so naturally I had to push it a little farther like an Olympic champion in verbal gymnastics.

"Let me explain how this works. Everyone wants their order 'rushed,' so that's the lowest priority. Before we do those, we do the 'urgent ones.' But before we can work on the 'urgent ones', we do 'life or death.' Right now, though, I'm working on the 'keep job/lose job' category. Then — I'll do the 'life or death' ones."

We both laughed, and I promised to get it placed right away for my dear friend — and I did. With the crisis solved, I called and teased him about the ASAP instruction he loved to write on his purchase requests. I suggested he change to a scale from 1 to 10. "1" meant keep job/lose job. "2" was life or death. "3" was urgent, "4" rush, and so on to number "10", which meant in 6 months.

He actually started using the system. In five years, he only put a "1" twice, and I knew his job was really on the line and "hopped right on that puppy." Even in jest, it was so much clearer than "as soon as possible!" Moral of the story? Do people ignore your requests? Or do you just need to be a little more precise? I mean, concise! Uh, clearer?

Craig Passey, C.P.M., has enjoyed a 30-year career in Purchasing & Travel for Brigham Young University, Provo, Utah, and for the LDS Church in Salt Lake City. His writing and teaching draw from diverse experience and assignments in both international and domestic procurement. He has a BS in Financial Planning and Counseling, with a minor in International Relations from BYU.

E-mail: craig_passey@byu.edu
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