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Kualiconomics

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Anaheim, California
For more information about this meeting go to www.naepnet.org/am2012

Watch for information on the following face-to-face professional development opportunities that will also be offered in 2012:

**Facilities Institute**
Date TBD
Hotel Alden, Houston, Texas

**Supplier Diversity Institute**
Date TBD
Hotel Alden, Houston, Texas

**Co-Located Procurement Academies**
(Tier I: Foundation, Tier II: Professional and Tier III: Senior Professional)
Date TBD
Indianapolis, Indiana

**Fall Regional Meetings**

**District II (DC/MD/VA, DE/PA/WV, Metro NY/NJ)**
*Navigating the Waves of Change*
September 24–26
Wyndham Virginia Beach Ocean Front Hotel
Virginia Beach, VA
Questions? Contact Jim Russel at jrussel@gmu.edu

**District VI (NW, Pacific, Rocky Mountain)**
October 7–10
Tucson, AZ
Questions? Contact Ted Nasser at 520.621.5449

**Great Lakes**
October 17–19
Westin Cincinnati • Cincinnati, OH
Questions? Contact Chad Anton at 513.556.2388

**MINK and MN/DK**
October 7–10
Mid-America Center • Council Bluffs, IA
Questions? Contact Diane Osbahr at 712.325.3235

**TOAL**
*Generating Purchasing Power*
September 23–26
Embassy Suites Hotel & Exposition • Norman, OK
Questions? Contact Linda Fast at 479.575.6513

**Upstate New York**
October 1–4
Crowne Plaza • Syracuse, NY
Questions? Attendee/Hotel: Sue Wilcox at smh12@cornell.edu or 607.255.4630. Exhibitor: Beth Martin at martinb@canton.edu or (315) 386-7555.

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The Professional’s Source™
The Importance of Being Recognized

Doreen Murner
CEO, NAEP

A few weeks ago, our Board President Carol Barnhill was honored for her contributions to Higher Education Procurement at a reception in the Arkansas State Governor’s Mansion. This is a milestone moment in anyone’s career and no one is more deserving of this recognition than Carol.

The National Association of Educational Procurement has been in existence since 1921, and its ability to evolve and flourish over the years is in large part due to individuals like Carol Barnhill, who volunteers her time, her creativity, and her leadership to advance both the Association and the profession for the good of institutions all over the United States. Carol has dedicated herself tirelessly to both the National and Regional goals of NAEP and the procurement profession, and her volunteerism has benefitted so many.

When Carol served on the National Board as a District Representative in 2005, it was clear that Carol was a focused, intelligent and caring professional who can see the big picture and can foster change and growth within the Association, riding the waves of uncertainty and change with the same grace as she rides in her beloved Corvette—another cause to which she passionately contributes her time (and gasoline).

I am very proud of this honor for Carol, both personally and on behalf of NAEP, as it illuminates the contributions of a well-rounded community-minded woman who has worked very hard to live a quality life both personally and professionally. There are many folks that can accomplish one or the other, but Carol is one of the few who makes selfless contributions to all areas of her life, defining role model for a successful woman in large part due to individuals like Carol Barnhill, who has worked very hard to live a quality life both personally and professionally.

Carol’s selfless contributions, both to the profession and to her community, have made significant contributions. This recognition is not only personally and professionally gratifying to those who receive it, it is also a springboard to advance your career. If you are not familiar with our Awards Program, please visit our website at www.NAEPnet.org/awards. You can nominate yourself or a colleague and get recognized with a press release announcing your accomplishment to your institutional management and community press, real-time recognition by your colleagues onsite at the Annual Meeting, and an important addition for your credentials—validation of a job well done.

At this year’s Annual Meeting, NAEP will recognize and honor those in the profession who have made significant contributions. This recognition is not only personally and professionally gratifying to those who receive it, it is also a springboard to advance your career. If you are not familiar with our Awards Program, please visit our website at www.NAEPnet.org/awards. You can nominate yourself or a colleague and get recognized with a press release announcing your accomplishment to your institutional management and community press, real-time recognition by your colleagues onsite at the Annual Meeting, and an important addition for your credentials—validation of a job well done. Submission for the 2012 Awards Program has closed, but there is no time like the present to use the above link to notify NAEP for recognition next year. It’s never too early to begin!

Hope to see you all in Anaheim in April.

(Doreen Murner, CEO, NAEP)
I began writing this column after the holidays; my soul was filled with the spirit of giving. I tried to think of ways I could give back to NAEP, of how we all could give back to NAEP. Simply put, our organization is only as good as the Members make it—not just a few Members, but all of us—and we all reap the benefits.

You don’t all have to be on the Board of Directors, head a committee, or create a presentation to be involved, although those opportunities are out there. The small things that people do create value for the organization as well. It is not unlike a play, sporting event, or musical production. You have main performers, secondary performers, background people, an audience, and others—all of whom create an event and make it better by their participation.

This does not have to be a major undertaking. If every Member gave one small effort to the whole, imagine the outcome. Here are three easy ways to give back.

**NAEP RFP Library**

NAEP’s online RFP Library is a fantastic resource, but it is woefully short of samples. I see an NAEP Listserv email almost daily from someone requesting an RFP sample. How many of those ever make it to the RFP Library? I think many of us are hesitant to share our RFPs. Maybe we are worried that it is not our best work or that a mistake will be found. NAEP Members are forgiving and know that not every RFP is perfect. We all do our best to make them as good as possible, but we all cannot be experts in everything that comes across our desks. The assistance that an example gives us—even if it is only one paragraph, an idea for structure, or questions or information to ask the vendor—will help make our RFP Library more successful. I encourage anyone who has ever requested an RFP on the Listserv to add his/her final product to the RFP Library. Can you imagine the result if each Member gave just one document to the library? We would have thousands to choose from. What a fantastic enhancement! (I pledge to add five of my own to cover the folks who skipped this column.)

**Join a Committee**

NAEP has many committees that help to create publications, offer professional development, attract new Members, and carry out other vital activities. Many of these committees need new Members and would gladly welcome your addition. Some committees just need input. An example is the Editorial Board. That committee is always looking for new authors. If you can write 800-1,200 words on a purchasing subject, you could be published in NAEP’s *Journal of Educational Procurement*. What a great addition to your resume, while giving something back to the Membership. You can join or contribute to the Membership, Professional Development, Sustainability, or other committees. Check out the Volunteers section of the NAEP website to find out more and see what each committee does. You can also communicate your interest to volunteer there. I challenge you to do so.

**Speak, Moderate, Assist**

If RFPs or committees don’t excite you, involve yourself at a national or regional meeting. You can create a presentation, introduce a speaker, assist at the registration desk, help with the host event, assist with the Annual Meeting Fun Run (personal plug since I am in charge of it), or participate in other crucial activities. Any meeting takes a great deal of work. Find the person in charge of your regional meeting and “step up.” For the national Annual Meeting, contact Jackie Harget at NAEP and ask how you can help.

I want everyone who reads this column to consider a way to add back to the whole, to give something of yourself to make NAEP better. Send me an email and let me know that you have opted in, or you can visit the NAEP page, or comment via the Facebook link: www.facebook.com/events/30752362591616/

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**Call to Action:**

**The Year of the Volunteer**

*by Cory Harms, M.S.*

*Iowa State University*

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**Cory Harms, M.S.,** is Associate Director of Purchasing at Iowa State University. He serves on the NAEP Board of Directors as Second Vice President. He is a Past 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). Email: charms@iastate.edu.
Recently, a colleague and I were discussing how things had changed in the last 10 years in procurement. Of course, we both had our own theories and ideas about what changes had taken place in the past 10 years; however, we offered a limited perspective. So the question is: "Has the landscape of higher education procurement changed?"

To gain additional insight into what other procurement professionals thought, I developed and circulated a simple and brief survey (12 questions), which I sent to 60 individuals. Of this group, 26 (43%) completed the survey, which I considered an acceptable response. Most respondents (92%) were from four-year institutions, with more than 50% of this group representing research institutions. The institutions’ sizes ranged from 6,500 to more than 75,000 full-time equivalent students (FTEs), with the majority in the range of 20,000-30,000 FTEs.

The respondents were asked to identify the areas within their responsibility that had changed the most over the past five to 10 years. I have to say the results were not surprising. In no particular order, the top three themes were: consolidation; eProcurement; and spend growth driven by student FTE growth. Two other notable findings: 20% of the respondents now had greater autonomy, and 15% had not seen any change in the last decade.

Procurement—Administration, Academia, and Function

One set of questions related to how change, if any, had affected the relationship with administration, faculty, and functionality. I was trying to learn more about how we think we’re seen by the communities we serve and what functions we use to provide these services.

The responses indicated that we substantially think we’re doing a fairly good job. We feel that, from an administrative perspective, we are more visible than before, that our value as a function has increased, and that we are being viewed as more strategic. Regarding the academic side, we believe we are more collaborative and that technology (eProcurement) has provided us a new touch-point with younger faculty. A surprising finding was that more than 23% of the respondents felt there was no change in their relationships with administration or faculty.

When asked to rank the top three most impor-
tant functions provided to our communities, the group replied back: eProcurement (84%); customer service (38%); and savings (30%). There were a number of other functions mentioned; however, these three were the ones that had the strongest traction across the responding group.

Over the last decade eProcurement—hands down—has been the most significant trend and will likely continue to be into the next decade.

Change/Trends/Future
When creating the survey, I couldn’t pass up the opportunity to ask respondents about what they would like to change, what they thought were the current trends, and what do they think the future holds.

Regarding change, the item that got the most attention was less state governmental control and fewer mandates, closely followed by: increased visibility and value; support from administration and faculty; more funding; and more emphasis on customer service.

Current trends were closely aligned with two items that stood out. More than 50% of the respondents felt that eProcurement was the number one trend today, followed closely by strategic sourcing (38%); contract management came in third at 19%. Other trends mentioned were shared services, lack of resources, and cooperative agreements.

What about the future? In general, the respondents felt that the procurement profession had accepted and aspired to deliver a more professional approach, that it was seeking wider recognition from campus constituents, and that budgets would continue to be stressed for some time to come.

Based on the survey’s results, one could conclude that, yes, the higher education procurement landscape is changing, although perhaps not as much or as quickly as some would like—but it is changing. One might still be surprised by the number of procurement functions that still “wear a number of hats,” especially at some of the larger institutions. Over the last decade eProcurement—hands down—has been the most significant trend and will likely continue to be into the next decade. Not to anyone’s surprise, the most notable change in the last five years has been strategic sourcing and data analytics. (If by nothing else, it is evident by the number of commercial sources now providing this service.)

In closing, I would like to suggest that as our landscape continues to change and evolve, we continue to be engaged at the local, regional, and national levels of higher education procurement. The National Association of Educational Procurement (NAEP) serves as a great source of knowledge and information, so stay in touch and get involved. I encourage you to be today’s change agent and help create a landscape that will benefit higher education procurement professionals for years to come.

William R. Hardiman, C.P.M., George Mason University, started his career in higher education at Western Kentucky University in 1983 as Commodity Buyer. In 1991, he joined Johnson County Community College as Director of Purchasing and in 2001 moved on to George Mason University as Director of Purchasing and Accounts Payable. As an NAEP Member, Bill is active on the local and national levels and served as President (2007-08). He is a member of the National Institute of Governmental Purchasing (NIGP) and is active in public cooperative purchasing, serving in various capacities on the local and national levels of cooperative organizations. In 2009, Bill received the Bert C. Ahrens Achievement Award, NAEP’s highest form of recognition. He was NAEP’s representative to the National Council for Public Procurement and Contracting (NCPPC) from 2006-2011. Collectively, the Council represents more than 37,000 members who are responsible for in excess of $2 trillion of spend annually. Email: whardima@gmu.edu.
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Kualiconomics comprises the economic forces behind the community-source information systems created by higher education, for higher education.

Introduction
As procurement professionals, we are comfortable with the concepts of capitalism and free-market economics. Indeed, these are among the cornerstones of our business, and much of our value is derived from our ability to influence their forces in the interest of our institutions. As such, many may harbor some skepticism about the viability of open- and community-source software initiatives, like Kuali, which seem to run contrary to free-market principles. With recent implementations of the Kuali Financial System (KFS) at Michigan State University, University of Arizona, Cornell University, and others, it is now clear that the model works. This article explains why.

First, it is useful to explore the market forces at work in enterprise administrative systems. Borrowing from Michael Porter’s “Five Forces Analysis,” this market is characterized by high barriers to entry, large switching costs, and a small number of suppliers with a large number of customers (Porter, 1998). Clearly, these factors result in a large degree of supplier leverage. Most higher education institutions, including Indiana University (IU), followed the conventional wisdom of the late 1990s and early 2000s by purchasing Enterprise Resource Planning (ERP) systems. Following free-market doctrine, as they must, the ERP vendors charged what the market would bear. Having no viable alternatives at the time, institutions of higher education bore the costs, but none were grinning! Renowned economist John Kenneth Galbraith said, “The enemy of conventional wisdom is not ideas, but the march of events.” For IU and other like-minded institutions, these events were the consolidation of the ERP market and the burgeoning acceptance of open-source software (Linux, Apache, etc.) in enterprise data centers. These factors led to the start of the Kuali Financial System (KFS), with IU’s Financial Information System (FIS) and Electronic Procurement and Invoicing Center (EPIC), serving as its foundation.

Economies of Scale
Procurement professionals understand economies of scale. Those working for large institutions wield it to secure more favorable pricing from suppliers. However, thinking of IT investments in terms of economies of scale may be new to many. Typically in ERP implementations, the costs rise as the size of the implementation increases. However, community-source projects invert the cost curve. As the size of the community grows, the costs are distributed among the partners and the cost to each individual partner declines. Aside from these obvious financial advantages, shared personnel resources provide a broader pool of expertise and availability, improving the product’s overall quality and facilitating easier project scheduling.

For example, subject matter experts (SMEs) from each partner institution share the responsibility for quality assurance. Therefore, the larger the community, the more SMEs there are available to assist with testing. In addition to reducing the time each SME must spend testing, division of labor allows individuals to focus on areas where they are most proficient.

Economies of Scope
Economies of scope, though perhaps less familiar than economies of scale, are also a powerful driver of community-source economics. While economies of scale are achieved by increasing production of a single product, economies of scope are achieved by increasing the number of different products produced.

The Kuali Rice Project is a perfect example. A remarkable piece of software in its own right, Kuali Rice is the technology “stack” that...
underpins all of the Kuali applications. Like the automaker that shares an engine between its SUV and mid-sized sedan lines, Rice allows each new application to significantly reduce its start-up costs and time to market.

Discussions have recently been underway at IU surrounding how best to expand the document management capabilities of Rice. These capabilities could be extended to serve as the basis for a contract management module, which is of particular interest to procurement organizations. Rice’s economies of scope would significantly reduce the development cost of this module versus starting from a blank slate.

Externalities

Externalities are the costs imposed on firms or individuals by external factors. Those who own a home in an area of the country where home values are depressed understand externalities all too well. A cost, in the form of reduced property values, has been imposed by the actions of others—banks, over-extended buyers, strategic defaulters, and all too many others.

For public higher education institutions, the external factor is typically a new government policy. Historically, the cost of a new policy was borne by each institution individually. If the policy change required changes to administrative information systems, these costs could be considerable. Community-source software allows these costs to be distributed among the partners.

Recently, we saw a potential demonstration of this in the proposed three percent withholding requirement on vendor payments. Had the policy not been repealed, the cost of accommodating the requirement in the software would have been shared among the partners. Furthermore, this single change could have been isolated from the rest of the application and implemented independently, minimizing the impact on the partner institutions.

With ERP systems, these changes are often rolled into much larger upgrades. Such upgrades can be extremely costly in terms of personnel time to apply the upgrade, disruption to administrative operations, and the opportunity costs associated with diverting attention from value-added activities.

The Cornucopia of the Commons

Often associated with communal resources like fisheries, the “Tragedy of the Commons” occurs when individuals deplete the value of a shared resource over time. In the case of fisheries, individual fisherman, acting in their own best interest, will catch as many fish as they can without regard for the long-term health of the stock. One way to avoid this condition is to build institutions to manage the shared resource. For Kuali software, that institution is the Kuali Foundation.

The Kuali Foundation plays a vital role in setting the rules of the road and guarding against free-riders. It must be noted, however, that software is fundamentally different from fisheries. Software is not depleted with use, nor is its value diminished as access rises. To the contrary, as demonstrated by Wikipedia and Facebook, its value clearly increases with adoption. This has been referred to as the “Cornucopia of the Commons” (Bricklin, 2009). As the Kuali community grows, the feature-set, quality, and flexibility of the software will grow proportionally, resulting in a cornucopia of benefits for every partner institution.
Social Capital

Many have jumped on the social networking bandwagon in their personal and professional lives through tools like Facebook, Twitter, or LinkedIn. Many institutions have embraced these tools to reach new markets, and some in the procurement space may use them to communicate with suppliers. Yet, despite this deluge of social networking, few have taken stock of their true social capital—the value derived from all social networks, online and off (Putnam, 2003).

With Kuali, institutions build social capital through the value of their contributions to the community. IU’s knowledge of FIS and EPIC, as well as its intellectual and spiritual leadership, has garnered considerable social capital. As the community has matured, other institutions have “invested” in this capital, which benefits the community, the institution, and the individuals doing this important work. Maintaining the motivation and commitment of the best and brightest is an ongoing challenge for universities, who cannot typically offer financial reward for individual performance. But social capital, gained through individuals’ contributions to the community, can be an even more valuable reward to the right individuals. The close, collaborative working relationships between our peers at the partner institutions provide a unique opportunity to build this capital, fostering a highly rewarding experience for our contributors.

Comparative Advantage

One of the core principles of international trade is the concept of comparative advantage. Put simply, trading partners achieve greater overall production if each specializes in the goods for which they are the most relatively efficient (where they have a comparative advantage), even if another partner can produce more in absolute terms.

What does this have to do with community-source software development? The same principle applies to the partner institutions as to nations. IU, given its knowledge of the tool-set and the KFS legacy systems, could specialize in software engineering. Institutions with greater efficiencies (knowledge) in project management, quality assurance, business analysis, etc. could specialize in those areas. This would lead to greater overall productivity than if each institution devoted resources to every area.

Looking forward, the community can nurture these specializations by focusing on areas where its institutions’ academic programs are strongest. It can achieve synergies with the academic mission in these areas by using the classroom as an incubator for new ideas and a training ground for the software’s future caretakers. A student contest, similar to the Google Summer of Code, could further enhance these synergies between administration and academics.

There’s No Such Thing as a Free Lunch

There is no more central concept to economics than “There’s no such thing as a free lunch.” Everything has trade-offs (opportunity costs), even open- and community-source software. An institution that wants to use the software, while not acting as an investing partner in the Kuali Foundation, has that right. However, that institution would not get a seat at the table for determining the future direction of the software. Nor would it benefit from the knowledge and experience of other community members. And even investing partners must bear the costs of their local implementation, which will undoubtedly exceed their investment in the Foundation.

Indeed, despite Kuali’s many benefits, it may not be the best choice for everybody. Institutions that are highly resistant to change, that prefer to go it alone, and that lack entrepreneurial spirit may find the model challenging. However, institutions with cultures that embrace change, believe in the wisdom of crowds,
and love the thought of breaking new ground will reap the rewards.

Acknowledgements
Much has been previously published about Kuali and its economic benefits for higher education. Many of the ideas presented here were inspired and influenced by these works. The list of individuals who contributed to these works is too long to list here. Therefore, for the sake of brevity and in keeping with the communal theme, we want to acknowledge the entire Kuali community and the individuals who tirelessly work to make it successful.

References
Indianapolis, IN: Wiley.

Jill Schunk, C.P.M., Associate Vice President (AVP) of Procurement Services at Indiana University (IU) is a graduate of Indiana University and has earned a Lifetime C.P.M. Jill applies her love of technology and works diligently to ensure purchasing success in an era of system and organizational change, including the recent purchasing consolidation at IU, the adoption and implementation of B2B, and the upcoming transition from EPIC to Kuali. She is also responsible for IU Travel Management Services, Business Diversity and Licensing and Trademarks. Email: jschunk@indiana.edu.

Jay Gottdenker, MBA, is Director of Procurement Systems with Indiana University’s Office of Procurement Services. He currently serves as the lead Subject Matter Expert (SME) for the Kuali Financial System’s Purchasing module and vice-lead SME for the Travel & Entertainment (TEM) module. Email: jgottden@indiana.edu.
Interesting Times and an Ounce of Prevention

by Kevin Carr, C.P.M.
University of Maine System

The phrase “May you live in interesting times,” often credited as a Chinese proverb, has been interpreted as both a blessing and a curse. Reflecting on the past three years in the procurement profession, I conclude that truer words were never spoken. The economic downturn that began in late 2008 has created an environment that offers both opportunity and peril for higher education procurement. The opportunity lies in a highly competitive environment where aggressive offers of pricing and terms abound. The peril is that the same environment is full of suppliers fighting with vigor for each precious award. Often that aggressive nature plays out in post-award questions and even formal protests. I recall sitting with our procurement team here at the University of Maine System in early 2009 and suggesting that the economic crunch would likely lead to increased scrutiny and protests from our suppliers. It was shortly thereafter that I had to entertain the first of those formal protests.

Our response to this new and challenging supplier environment was best described in another oft-used phrase, “An ounce of prevention is worth a pound of cure,” attributed to the eminently quotable Benjamin Franklin. We renewed our efforts to ensure that our solicitations and related processes were as well-crafted and bullet-proof as possible. In order to do so, we needed to focus on several areas. First, it was crucial that the solicitation clearly specified what it was that we were seeking. Second, the criteria upon which we planned to make our decision needed to be clear and consistently applied across the entire procurement process. Lastly, we needed to be prepared to answer questions about the process and to respond to any formal protests that may ensue.

Being clear about what it is that you seek in a solicitation requires answering some key questions. Are we using language that makes it clear what we want and what we don’t want? For requests for bids with clearly defined objective specifications (e.g., 300 horsepower, 5 GHz processor, 100 scans per minute, etc.), care should be taken to clearly articulate what we need, while not so tightly defined as to preclude competition. For instance, if the only product with a given set of specifications is provided by one supplier, then we, as procurement professionals, should challenge that set of specifications. In many cases, the source of that information (e.g., staff within the department making the purchase) may innocently pick a product that meets their needs and simply copy the specifications from that product. But, what if a competitor’s product will provide the same results, but has a few specifications that differ slightly? You can be assured that competitors to the specified product will know the difference.

One great way to keep unduly tight specifications from derailing an entire procurement process is to do a little homework and look at various products that accomplish the same objective. If things appear to favor one product over all others, then challenging those specifications internally before releasing the solicitation will save headaches and embarrassment later.

Likewise, building a specification protest process into your solicitation will also allow you to react to claims of overly restrictive specifications before a final decision has been made. Be sure to limit the timeframe for raising a specification protest, to allow the entire process to play out timely and efficiently. Also, be sure to state that the institution is the final arbiter. For our solicitations, specification protests cannot be brought after the stated deadline (this includes the prohibition of filing a formal post-award protest based on unduly restrictive specifications).

For other types of solicitations where clear and objective specifications cannot be constructed, is it still clear what we want and don’t want? Would an average person with limited knowledge of the industry in question still be able to understand what we seek? Will we feel prepared to defend our solicitation on the front page of the local newspaper? Careful preparation before releasing a solicitation will not only help to ensure that the institution receives what it needs at the best possible value, but also sets the stage for the next critical task—evaluating the offers.

While preparing solicitations for release, careful consideration should be given to the evaluation criteria that will be used to measure the value of the offers. Almost always, requests for bids or quotations will go to the lowest qualified bidder, often with public bid openings. Other more complex solicitations (e.g., RFPs) will require other evaluation criteria. In order to preserve the integrity of the process and protect the institution from post-award protests, evaluation teams need to be well prepared.

The same level of careful preparation that was used to develop the solicitation needs to be followed with evaluation teams. Teams need to be instructed on how they must conduct themselves through the evaluation process. In order to maintain fairness and ensure that the evaluation process is as transparent as possible, evaluation teams need to understand that the evaluation phase of the procurement cycle requires great care and consideration. The offers from bidders must be treated as confidential, to ensure that all bidders are treated fairly and that the integrity of the offers is maintained. To protect the evaluation team from claims of favoring one bidder over another, all communication with bidders should be limited to the procurement officer conducting the procurement process. This accomplishes two critical aims: (1) that no member of the evaluation team is sharing information with any of the bidders at the expense of others, and (2) that the evaluation team members are protected from being influenced by any bidder. Likewise, any clarification shared with one bidder should be shared with all. Evaluation team members should be coached on applicable open-records laws that may apply. Although the evaluation process should maintain confidentiality, once an award has been made, these open-access laws generally will apply. Evaluation team members should be educated about what information is subject to these laws. Also, well in advance of...
beginning deliberations, evaluation teams need to be well educated on the evaluation criteria and how they are to be applied (e.g., numbering and weighting).

Once the award has been made, the next and final phase of the solicitation begins. After notification of the award, it is likely that the bidders who came up short will have questions. It is important to understand, especially if open-access laws apply, that there is nothing gained by withholding information from the bidders. However, it also is important to keep the conversation positive. Often we hear from bidders who were not awarded, expressing a desire to understand why they fell short and what they can do better next time. In most cases, dealing with these requests honestly and respectfully resolves the situation, and the bidders move on. Occasionally, we do see cases where bidders invoke our formal protest-process. In this case, we are bound by strict guidelines for response and determination. Likewise, the bidders are bound by strict guidelines on when they can protest and on what grounds. We always take protests seriously. What is amazing proof to the value of good preparation and well-run procurement processes is that we rarely have to entertain formal protests. In 2009, we received two protests. After we doubled our preparation efforts, the protests abated.

We frequently receive requests via our open-access laws for records of the process. Here it is critical to have a tight grasp on these laws, including what can and cannot be released. Generally speaking, the hurdles for redaction of information are high, and it is very important that the purchasing organization is well read on its obligations here. We find that it is best to be transparent with bidders about what can be excluded from open access requests. Bidders will typically want to redact everything but, generally, these open-access laws require that anything redacted must be something that would cause material damage to the bidder if released. The reality is that few of the solicitations we receive include anything that could clear that hurdle. Bidders might balk at the notion of their information being released, but it is part of the cost of doing business with public institutions. The best approach is to be clear with the bidders about this. As a courtesy and good practice, we also provide them notice when an open-access request has been filed, which could require release of information about their offer and/or contract.

These truly are interesting times. The current economic environment presents both challenges and opportunities. Through careful preparation, excellent communication, honesty, and transparency, procurement organizations can take advantage of the positives of current markets while preserving the integrity and relationships that will help ensure a healthy supplier environment. An ounce of prevention really is worth a pound of cure.

Interesting Times, Continued from page 17

Kevin Carr, C.P.M. is Director of Strategic Procurement at the University of Maine System. He has been with the University for just over 18 years. He earned his MBA from the University of Maine in 2010. He is active in his community and serves on the Professional Development Committee of NAEP. Email: kevin.carr@maine.edu.
Do You Believe in God?
And Santa Claus?

by Bob Ashby, C.P.M., CPCM

University of Nevada, Las Vegas (retired)

In 2009 the Institute of Supply Management (ISM) stopped issuing any new Certified Purchasing Manager (C.P.M.) professional certifications. Instead, it announced that it was updating that certification and henceforth would issue only its replacement certification—the new Certified Professional in Supply Management (CPSM). Some protested that move, but I was not one of them because, as we know, the times are changing, and I believed that the C.P.M. did need to be upgraded. But where ISM lost me and other supporters of change was when it decreed that only persons with college degrees would be allowed to take the tests and obtain their CPSM.

What does this have to do with God and Santa Claus?

The believers prayed that ISM would come to its senses and reinstitute the C.P.M. so that non-degreed professionals would be able to further their careers by obtaining a professional certification. The nonbelievers joined in by starting letter-writing campaigns and deluging ISM with petitions decrying its actions as totally unfair, since this move prevented all non-degreed persons from ever obtaining a professional certification. ISM did not relent. Until now!

I don’t know if it was the actions of the believers or the nonbelievers that made the difference, but ISM recently announced that it developed yet another new certification—the Certified in Supply Management (CSM). It is not exactly a return of the C.P.M., but it does allow non-degreed persons to take exams and obtain their professional certification. And since, in this day and age, a professional certification is almost mandatory for those wanting to progress in their careers, I have to cheer ISM for doing the right thing.

But what does that have to do with Santa Claus?

Santa, er, I mean ISM, gave us a Christmas present just prior to NAEP’s upcoming Annual Conference in Anaheim, California (April 1-4). It determined that its Study Materials for the CPSM exams are exactly the same as for the CSM exams. So, only one set of Study Guides and one set of matching textbooks will have to be purchased by you or your entity, regardless of which exam(s) you or your colleagues want to study for. And, yes, that means that all Study Groups, whether at the NAEP Annual Conference or at home within your local ISM Affiliate, will be able to study together and assist each other in preparing for these tests.

Wait, there is more! NAEP recently sent out an e-blast asking if our Membership is interested in having a workshop titled How to Prepare to Take the CPSM Professional Certification Exam when we meet at the Annual Conference. But did you catch the last sentence of the previous paragraph? By Santa-ISM now allowing non-degreed folks to take the exams and obtain a professional certification, and Santa-ISM now letting both CPSM and CSM test candidates use the same study materials, the other Santa—Santa-NAEP—could expand its proposed aforementioned workshop to have CPSM and CSM test candidates attend a joint workshop when we meet in Anaheim. This means that you, the potential CPSM test candidates, and you, the potential CSM test candidates, can both respond to the NAEP e-blast with a resounding “yes,” so that Santa-NAEP can let you join forces and attend the workshop together. (Editor’s Note: Unfortunately, due to lack of response, the CPSM review will not be held at this year’s Annual Meeting.)

Ah, you bah-humbuggers, how can you not believe in Santa now?

Those wanting to obtain more detailed information about either the CPSM or the new CSM can go to ISM’s website, www.ism.ws, and read the FAQs in its Professional Credentials link. Still have questions? Call ISM at 1-800-888-6276. Still have questions? Email to me at ashbybob@embarqmail.com and together we will find the right certification for you and the best way to prepare for taking the tests.

But first, respond to Santa-NAEP’s e-blast and tell them, yes, you recognize the need for a professional certification in today’s competitive job market and, yes, you want to take advantage of the opportunity they have presented and that, yes, you do believe in Santa Claus.
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Help to Create a Safer Downstream World

by Brian K. Yeoman

NAEP

Many of you have been a part of the ongoing dialogue we have had regarding the more than six million man-made chemicals and pharmaceuticals created since the end of World War II. Part of that conversation has centered on the degree of damage and the degree of action we might be able to take to counter the cumulative effects.

Perhaps a brief refresher is in order. How did we get to this place? And why is it a problem?

We got here because of two key factors: (1) poor water treatment systems design; and (2) our unbridled faith in better living through modern chemistry.

Generally, our water treatment and supply plants are not designed to screen for drugs and most chemicals—and, therefore, don’t typically treat water for them. The problem arises because our marvelous human bodies, although wonderful filters, pass along by excretion millions of pounds of drugs each year into the poor structural water treatment and supply systems. The problem is exacerbated by improper drug disposal from individuals, medical facilities, agricultural practices, and landfill leaching.

One of the big ironies is: “Why do we continue to toss drugs in the toilet when those drugs oft times simply return to us through the tap?” They also return through the bottle, as many brands of bottled water are simply tap water in plastic packaging.

We humans aren’t the only species affected. Many plants and animals get a daily dose of drugs at their local watering hole. Worse, many fish and other aquatic animals live in a pharmaceutical soup.

We all intuitively know better, yet we persist as we continue to flush away. We got the first bad news about widespread contamination of streams by pharmaceuticals according to a 1999-2000 study by the U.S. Geological Survey. Next, we learned from a 2008 investigation by the Associated Press that there were drugs in the drinking water supplies of at least 41 million Americans.

The levels of drugs in the water tend to be low, but exposure is long-term and involves varied and random combinations of medications. Not much is known about the effects on people or natural systems. However, there is growing concern among experts about the risks, because the nature of drugs is to act on biological systems.

John Sumpter, a zoologist at Brunel University in London who studies the effects of drugs on fish, contends, “These are chemicals that are designed to have very specific effects at very low concentrations. That’s what pharmaceuticals do. So when they get out to the environment, it should not be a shock to people that they have effects.”

Meanwhile, the big picture view isn’t encouraging. The use of medications per capita is on the rise, and, therefore, so is the amount of leftover drugs to be discarded. The challenge is how to educate the public to dispose of them safely.

Pouring them down the drain is the same as flushing them away. No good! But dumping them in the trash without special measures isn’t good either. Children or pets might get to them accidentally. People with an addiction for prescription drugs might get to them. Even if the drugs made it safely to the landfill, they might leach out into the soil and contaminate groundwater. Responsible people shouldn’t leave drugs on bathroom shelves indefinitely either. There, they might tempt even the best teens or their friends—not to mention thieves.

At the individual level, here is the safest method for disposing of unused medication yourself: Pour the pills and liquids in a can or heavy-duty plastic bag (but not something that is or looks like a food container). Mix in kitty litter, sawdust or, coffee grounds to make the result completely unpalatable. Close the container and seal it tightly with tape. Then put it in the trash as close as possible to pick-up time. (Before discarding or recycling the empty medicine bottles, tear off or cross out the labels to remove and protect personal information.)

My readers typically want information that encourages personal responsibility and accountability, and I commend those who act accordingly. Starting at home will be helpful, but the problem is larger.

Here is an idea that would be a great college-wide or college-and-community partnership exercise. An excellent solution for wide-scale education and removal is to dispose of old and expired drugs through a take-back program, such as the National Take Back Initiative, operated by the Drug Enforcement Administration’s Office of Diversion Control. Now, I am sure that the notion of working with the DEA strikes fear in some of your hearts, but they have a good record of successfully holding these nationwide events. They usually organize them once or twice a year. The next National Take Back Day is April 28, 2012. There will be thousands of collection sites across America. During the October 2011 event, 188.5 tons of unwanted or expired medications were turned in at 5,327 sites.

Don’t you think this is an opportunity for your college or university to help start cleaning up our water by becoming a partner with the DEA? We all live downstream from some city, so we have a vested interest. Remember that you, too, can do great things.

Flushing can’t be the answer anymore.

For more information on the DEA program, go to www.deadiversion.usdoj.gov/drug_disposal/takeback/

Brian K. Yeoman is Director of Sustainable Leadership at NAEP and is the retired Associate Vice President for Facilities Planning and Campus Development at the University of Texas Health Science Center at Houston. Email: byeoman@clintonfoundation.org.
Handling a Crisis

by Craig Passey, C.P.M.
Brigham Young University

Not every day in purchasing takes our breath away. But when it happens, sometimes it’s more like gasping for air from pneumonia. Years of experience help us react to, but not necessarily anticipate, unlikely events. A thoughtful plan moves down tracks that unexpectedly become twisted as the project derailed—or perhaps it never leaves the station.

A few random examples from my own experience:

• White mice—453 of them—were shipped by air and were received on time, all healthy. Unfortunately, they were the wrong gender.

• A dam break and canyon mudslide buried a road under 20 feet of mud, blocking our multiple daily shipments of coal.

• Our furniture supplier alerts us that its own supplier was unable to meet a deadline, delaying a huge shipment. The new dormitory will be without furniture for two weeks after school begins.

• Gophers chewed through our redundant fiberoptic transmission line. The primary line died two weeks ago, but no one noticed the alarm light.

• A huge number of transformers (108 out of more than 400) test positive for PCB-contaminated oil. The university is facing a $100,000 fine from the EPA for the most toxic unit of the lot—which we purchased as government surplus.

• The heavy, large piece of scientific equipment shipped overnight and sitting on the dock at receiving obviously has a radioactive source, which the PI did not disclose hoping no one would notice.

• High-purity gas cylinders en route to us from another state have developed a leak. TV news reports that three people at a truck stop have been sent to the hospital for treatment.

• After all the custom wool upholstery for our 22,000 theatre seats have been received, the fabric coater in Philadelphia informs us that an additional over-shipment, worth $100,000, has been received.

• After confirming and reconfirming that all of the football equipment can fit on the football team charter flight to Hawaii, we are told that the two largest containers are too big to fit through the cargo doors.

• A large piece of bindery equipment for the press shows up three weeks earlier than scheduled. We now have two days to dismantle and remove the old equipment. Massive and heavy, it requires special rigging and movers.

• Due to a mistake on FOB terms, a train carload of newsprint is rapidly accruing demurrage charges, and the 8,000-pound rolls must be unloaded and moved to campus from downtown.

Each of these situations was resolved using two principles:

Principle One
Exercises work. They may not exactly simulate an actual crisis, but the thinking and problem-solving that is generated and the lessons that are learned are always useful.

Former New York City Mayor Rudolph Giuliani spoke to us at a national conference after 9/11. He told us that, as bodies were falling out of the windows of the Twin Trade Towers, he turned to the Chief of Police and said, “This is totally out of control. We are totally unprepared for this!” He added, however, that because they had role-played every possible scenario four times, they were able intuitively to focus on the things they hadn’t planned for and figure out what to do. Every time things seem to be out of control, I am glad for that wise counsel.

Principle Two
We counsel with those we know and trust to help us find solutions.

When my critical, 19-carton, 873-pound shipment to Perth, Australia, got stuck in customs at the end of December 2011, I had correctly identified 10 things that could go wrong and planned for them. I didn’t anticipate that the wooden handles of a few foam paintbrushes would send the entire shipment into quarantine. With the help of friends and experts, we focused on the situation and received permission for an expedited process and got the materials to their destination on time.

I’m still here and still waiting for my first boring day in purchasing.

Join the community. Don’t be left out.
Contact tvalenti@naepnet.org or jharget@naepnet.org.

Craig Passey, C.P.M., has enjoyed a 30-year career in purchasing and travel for Brigham Young University, Provo, Utah, and for the LDS Church in Salt Lake City. His writing and teaching include assignments in both international and domestic procurement. He has a BS in financial planning and counseling, with a minor in international relations from BYU. He is the recipient of NAEP’s 2010 Neil D. Markee Communicator of the Year Award. Email: craig_passey@byu.edu.
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