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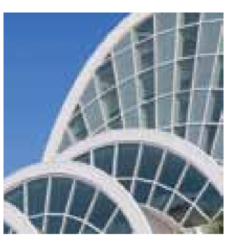

Cover: Orange County Convention Center in Orlando, Florida showing the unique arch domes of the building.

Watch www.naepnet.org for more information on exciting programs that are coming soon!

2013 Town Hall Meetings

Watch your email for details on the new series of webinars!

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NAEP's 93rd Annual Meeting & Exposition

May 18-21, 2014
Louisville, Kentucky

Fall Regional/District Meetings

TOAL – September 15-18
Theme: Let's Wrangle Up Some Savings
Embassy Suites Hotel & Convention Center | Frisco, TX

TAGM – September 22-25
Nashville, TN

Great Plains – October 6-9
Ramada Mall of America | Minneapolis, MN

District II: (includes Metro NY/NJ, DC/MD/VA & DE/PA/WV) – October 7-9
Theme: Race for the Future
Dover Downs Hotel & Casino | Dover, DE

Upstate NY – October 8-11
Niagara Falls, NY

Great Lakes – October 9-11
South Bend, IN

District VI (Includes Northwest, Pacific & Rocky Mountain) – October 13-16
Sunriver Resort | Sunriver, OR

Carolinas – November 16-20
The Grove Park Inn | Ashville, NC

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Doreen Murner
CEO, NAEP

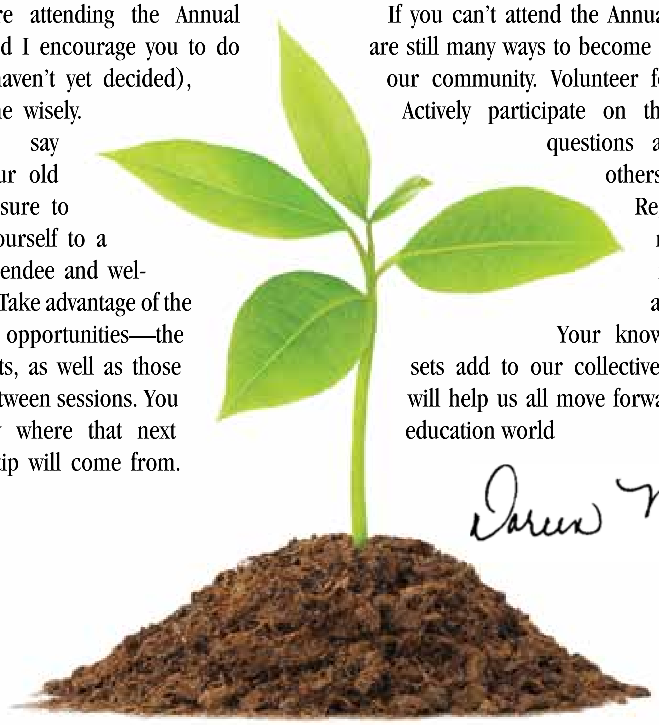
Spring: A Time of Rebirth and the NAEP Annual Meeting

Spring. It's a time of rebirth and growth. Of looking at the bigger picture, branching out and moving forward.

The NAEP Annual Meeting is fittingly held each spring. As we shake off the snowshoes and put away the shovels, sunny and warm Orlando awaits. This is our opportunity to connect with our community and collaborate. Every year, the Annual Meeting is full of outstanding educational sessions bringing best-practice ideas and strategic thought to our work. While there are plenty of fantastic networking opportunities lined up, like Speed Dating, the Gerald F. Evans Golf Classic, and the Texas Hold'em Tournament, much of my best networking happens in the hallways between and after sessions.

These hallway conversations are what make NAEP such a special community. We care about our schools and our colleagues; we share our best practices with each other in the hopes that we all succeed and collectively move higher education forward.

If you are attending the Annual Meeting (and I encourage you to do so, if you haven't yet decided), use that time wisely. After you say hello to your old friends, be sure to introduce yourself to a first-time attendee and welcome them. Take advantage of the networking opportunities—the official events, as well as those moments between sessions. You never know where that next cost-saving tip will come from.



Chat with the vendors who support our industry. Connect colleagues with each other so they can solve their shared challenges. When we work as a community to move procurement forward, we all win.

And as we all become more strategic in our procurement thinking, our community becomes even more valuable and uniquely positioned in the higher education world. NAEP is positioned to help you build strategic platforms at your institution even as we face tightening budgets. Our recently held Strategic Procurement Institute showcased leading thinkers inside and outside of higher education and their view of strategic procurement including strategic sourcing, as well as creating best-practice methodologies and processes.

The Strategic Procurement Institute, the quality sessions and collaborations at the Annual Meeting, and so much more make your NAEP membership an essential and vital tool in your future success.

If you can't attend the Annual Meeting, there are still many ways to become more involved in our community. Volunteer for a committee. Actively participate on the listservs; ask questions and respond to others. Attend your Regional or District meeting. Sign up for a webinar on a relevant topic. Your knowledge and skill sets add to our collective knowledge and will help us all move forward in the higher education world

Doreen Murner

“Insuring” Your Success

by Cory Harms, M.S.
Iowa State University

Purchasing departments in universities and colleges have seen a lot of change in recent years. In the past, people may have thought of them as the “purchasing police” or as merely a “rubber-stamp approver” of paperwork that allowed them to buy things.

Those perceptions, right or wrong, have been fairly pervasively associated with us, but they are not, of course, what we’re all about. We have become, more and more, strategic contracting units that encompass the entire transaction process from sourcing to payment. This is why the title change to Procurement at many institutions is appropriate. This change—from merely buying to a more total transaction perspective—means we have to be aware of more than the rules and processes needed for bids and purchase orders. We also deal with risk assessment, payables management, eProcurement, federal subcontracting plans, and a host of other duties that create value.

One area that is becoming more prevalent in our procurement world is risk assessment. While we may have always been aware of the need for insurance and have dutifully requested and protected insurance certificates, changes in the insurance industry and their impact on the language on certificates have triggered changes in how we should manage from a contracting perspective.

The critical step in protecting our institutions in transactions that involves risk and where insurance may be required is to ensure the contract incorporates appropriate indemnification clauses, insurance coverage requirements, policy endorsements and similar elements. This is important whether we are compiling a contract or simply issuing them a purchase order. In either case, language is required which binds our supplier to the insurance requirements. An insurance certificate, while helpful, will not be enough.

A next step is to request a certificate and to validate that the coverage and other items match what is specified in the contract. This includes checking limits, additional insured language and endorsements, waivers of subrogation[1], and related terms and conditions. We should contact vendors for any missing or deficient items or coverage. In regard to vendors who do ongoing work on our campuses, we may want to contact them as their certificates near expiration.

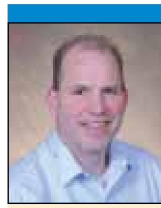
Two items mentioned above—endorsements and waiver of subrogation—are important but are often missed. Endorsements should be obtained and should name the institution as an “additional insured.” We may need an endorsement for ongoing work and one for completed operations in cases such as construction, repairs or other items that may have lasting risk. The waiver of subrogation1 language is intended to protect the institution in the event of injury to contractors on our site. The waiver should protect our institution from our contractor’s insurance carrier should that carrier have to pay a claim by one of the contractor’s employees who may have been injured on campus while performing work.

The key to protecting our institutions is to have a robust and efficient program to identify and validate insurance needs. Here are some key steps to ensure success:

- Create template language for different insurance needs to include in bid and contract documents. Make sure this language contains the coverage, endorsements, and waivers required. Consider including sample forms showing potential bidders what is required.
- Add language to standard PO terms and conditions related to insurance requirements. This can be a paragraph that is only valid if specifically noted on the face of the PO.
- Validate coverage and additional items when certificates are received.
- Contact vendors when their certificates are not correct, or are expiring.
- Scan certificates and maintain a history of certificates that is easily searchable.
- Only keep certificates for vendors most likely needed on a continuing basis. Some vendors may submit them even though they haven’t done work for the institution in years.

While this may seem a daunting task at times, there are software packages available that make organizing and validating certificates a much simpler process. These programs can automate the validation process, and utilize emails to automatically notify vendors for compliance or expiration.

Remember, the most important thing is to bind the vendor to the insurance requirements in your contract—the rest is just good validation. Standardizing your practices will also make tracking and compliance easier in the long run.



Cory Harms, M.S., is Associate Director of Purchasing at Iowa State University. He serves on the NAEP Board of Directors as First 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: clharms@iastate.edu.

[1] Subrogation means “stand in the shoes.” It allows an insurance company to stand in the shoes of the party it paid in order to seek reimbursement from (read that: sue) other parties who may have been involved in the damage, injury, or loss. Getting a vendor to waive subrogation prevents the vendor’s insurance company from going against the institution if the insurer pays a claim connected with work under the contract.

Collaborative Work-Learning Environments

by Karin B. Coopersmith, C.P.M., LEED AP BD+C
Indiana University Bloomington

Collaboration means working together with one or more people in order to achieve something. Collaboration makes us think of cooperation, teamwork, partnership, association, alliance or relationship.

What is collaboration and how is it changing the face of the traditional educational environment? Collaboration means working together with one or more people in order to achieve something. Collaboration makes us think of cooperation, teamwork, partnership, association, alliance or relationship.

The traditional learning environment is at odds with the collaborative learning environment. The lecture method does not encourage conversation and interaction, whereas the collaborative environment does. It allows students to share their knowledge, develop new skills and learn to work with others. By working together on projects, peers learn to share different perspectives, investigate different material, learn to defend their ideas and gain additional knowledge from those participating in collaboration. Today's learning and work environments host blended generations of learners and employees.

Learning environments encompass varied real estate in education, such as libraries, cafeterias, lounges, residence halls, student unions, outdoor gathering spaces, and classrooms. These updated spaces must be able to support many means of instruction from small groups to role-playing, to student presentations, and similar methods. Some spaces may need to have 24/7 accessibility and then need to encompass innovative IT products that can support podcasts, videos, online activities, and wired/wireless environments supporting this type of learning environment.

"I like kindergarten, where we sat in a circle and told stories. I like college when we sat outside under the trees to discuss literature. I liked the time we had beanbags at a learning conference. I think we get a much richer experience when we step away from the slides/handouts and we use our concurrent time to collaborate in rich ways. I dread the times when I walk into a class and someone hands me a 150-page workbook." (*Training Magazine*, 2011; *Training Industry Report*, November 2011)

The traditional work environment is shifting away from the primary work mode, where focusing on individual work has expanded into sharing information and collaborating on projects. This could be a group of two or ten.

While we are comfortable with the procurement of furnishings and technology for the traditional lecture environment and typical office environment, the newer collaborative environments pose new questions, not only about appropriate products but also the design of these areas. Who should be involved in the development of these spaces—classroom committees, architects, interior designers, electricians, computer techs, instructors, students?

Who should be involved in the development of these spaces—classroom committees, architects, interior designers, electricians, computer techs, instructors, students?

There have been a variety of studies done by both educational institutions, such as Indiana University, University of Michigan and University of Minnesota, and product manufacturers, such as Steelcase and Herman Miller among others, that support the use of collaborative learning stations.

It is important to involve all players in the development of collaborative workspaces/learning environments and the furnishings and technology that support the space. Flexibility seems to be a key factor in the final design of either learning- or work-space.

Indiana University's Indianapolis campus completed an Experimental Classroom Project (IT121) in December 2010. The team on this project included Learning Technology personnel, the University Architect's Office and Purchasing. The project was described as follows: "Action 65 (Learning Spaces Innovation) of Empowering People, Indiana University's Strategic Plan for IT, calls for a range of teaching and learning innovations, both in and outside the traditional classroom. To that end, an experimental classroom has been created at IUPUI based on the Learn/Lab concept designed by Steelcase, which immerses students in a technology-rich collaborative learning environment proven to stimulate engagement. The classroom will have laptops for student use that will operate using Class Spot software, which allows in-class collaboration and virtual desktop on a shared projector screen."

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There are many benefits to working in conjunction with your classroom committee(s) to determine what products are suitable for the learning environments. Technology is a key element in each of these environments, it is important to note that some of the furniture products have their own built-in technology and others support the addition of owner-specified technology.

The sources listed below (information about collaborative solutions and fixed-seating solutions [that may have a twist]) focus on available furniture products that can enable and enhance collaborative work and learning environments.

- Steelcase Collaborative Solutions: www.steelcase.com/en/products/category/integrated/collaborative/pages/grid.aspx
- Agati Collaborative Solutions: www.agati.com/media-centers/
- Herman Miller Solutions: www.hermanmiller.com/solutions/education/education-applications/learning-spaces.html
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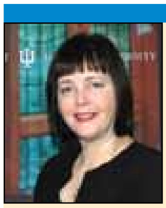
- Navetta Seating: honorpm.com/honor-seating
- Irwin Seating: http://ki.com/products/61/Auditorium_Fixed_Seating.aspx?ncat=61&sitecat=59
- American Seating: americanseating.com
- Sedia Systems: www.sediasystems.com
- Seating Concepts: seatingconcepts.com
- Hussey Seating: www.husseyseating.com
- Davis Seating: davisseating.com

Our goal must be to find ways in which students and employees using digital technology can integrate them into both a work and learning environment. Through collaborative efforts by purchasing with other key players such as mentioned in this article, we can help to create an innovative classroom and work environment.



Karin Coopersmith, C.P.M., Purchasing Contract Manager at Indiana University, has served on NAEP's Editorial and Sustainability Committees, as District IV Board Member, VP and President of the Indiana Region, Marketing Director for Vendor Shows, Great Lakes Region, and on E&I's Office Products Team. She has moderated and presented at NAEP Annual Meetings. Her sales and marketing experience include 18 years as owner and operator of a commercial furnishings company. She is a graduate of Indiana University, with a B.A. in Music Education and M.A in Education with focus on Music Publication. She has C.P.M. Lifetime status and achieved LEED AP BD+C. Email: kcoopers@iu.edu.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Actively Supporting Diverse and Small Business Suppliers

by Finesha Colton-Lee, C.P.S.M.
Emory University

Supplier Diversity Programs and Small Business Initiatives are common throughout both industry and academia, but how well do we really support these suppliers, especially when their prices are often perceived as higher than their large counterparts? While purchases from both Small Business Enterprises (SBE) and Small Disadvantaged Business Enterprises (SDBE) are federally mandated and require stringent reporting, with a few extra steps we can move beyond simply striving to meet requirements—to forming valuable partnerships.

Put Your Supplier Diversity Program Into Action

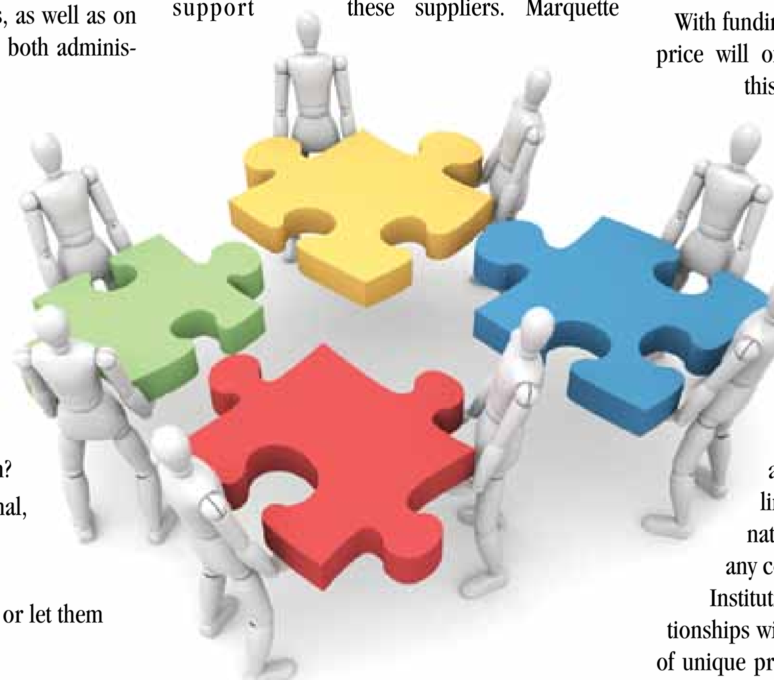
This seems like an obvious beginning, but many universities have supplier diversity programs that are all talk and no action. Merely stating that your institution supports SBE/SDBE suppliers is not enough. An action plan is needed for how you will offer support. The success of your program will depend on how well your action plan aligns with the overall institutional goals, as well as on the strength of commitment from both administration and Procurement.

There is no single best approach for developing such an action plan, especially since public and private institutions have different requirements and different funding methods. However, there are some basic questions that your institution should address:

- Which classifications (e.g., SBE, SDBE, HUB) of suppliers should receive special attention?
- Will your reach be local, regional, national, international?
- Will company size be a factor?
- Will you actively seek them out or let them come to you?
- Will each classification of supplier have different levels of support from your institution? What will those levels of support entail?
- Will there be differences in the support between manufacturers, distributors, and service providers?
- Who will provide this support? Will a person or office take ownership of the program or will it be incorporated into the duties of all procurement staff?

Make Information Available

SBE/SDBE suppliers are more likely to approach your institution if they know that they will receive support. Most institutions have a web page aimed at SBE/SDBE suppliers with information about their diversity program and the appropriate point of contact (often a Manager or Director of Supplier Diversity). It is equally important for internal customers to receive information about your institution's policies to support these suppliers. Marquette University in Milwaukee, for example, details both internal and supplier expectations on its Diversity Supplier Program website. Departments must obtain at least one bid from a diverse supplier when one or more exist.



Other helpful information, such as campus maps and your institution's policies on gifts and marketing practices, should also be shared with SBE/SDBE suppliers, especially if they are new to your campus. While this information is best shared online, some suppliers bypass websites and reach out to Procurement staff members through phone calls, email, or at conferences. Many institutions, like Indiana University (IU), have developed packets for SBE/SDBE suppliers. IU comprises seven campuses throughout the state. It presents diverse suppliers with a folder containing information about what the university purchases, details on how to engage, FAQs, and a list of additional resources specific to local diversity programs.

Determine Suppliers' Potential Value

With funding cuts and tight budgets, the lowest price will often determine the sale. However, this is why the most critical step in supporting SBE/SDBE suppliers is determining exactly how valuable the supplier is to your institution. Supplier value is both quantitative (primarily through best prices) and qualitative (other programs they bring to the table). The value of SBE/SDBE suppliers will vary depending on, for example, whether the supplier is a manufacturer of a unique product line, a distributor of established national brands, a service provider, or any combination of the three.

Institutions are often in sole-source relationships with suppliers that are manufacturers of unique product lines, leaving a large portion of these relationships vulnerable to negotiation (often in the suppliers' favor). However, for distribution suppliers that are SBE/SDBEs, data analysis provides a fertile opportunity for cost savings when exact items are currently purchased through large suppliers. While data analysis can be a daunting task to some, regularly comparing pricing of large distributors to that of SBE/SDBE suppliers can bring to light opportunities to be recommended to SBE/SDBEs relative to seeking better pricing from their manufacturers. At Emory University in Atlanta, Georgia, including SBE/SDBE suppliers in price comparisons with large distributors has yielded millions of dollars in cost savings. It has also led to signing campus-wide supply contracts with multiple SBE/SDBE suppliers that were, in the past, considered only for purchases subject to federal requirements.

Of course, additional factors need to be considered beyond pricing, including qualitative elements of the relationship, such as delivery/response time and sustainability programs. While SBE/SDBE suppliers may not have the size of their large competitors, they have the advantage of less organizational infrastructure, making them much more flexible in meeting institutional needs. This is especially true for services performed by SBE/SDBE suppliers, where a more hands-on approach is often required.

Expand and Standardize Your Bid Process

Though "expanding" and "standardizing" can be opposing terms by definition, they are both very important in supporting SBE/SDBE suppliers. Expanding the bid process means that more products and services should be bid out to SBE/SDBE suppliers. This is being done very well by Marquette University, as mentioned above. It would include inviting all qualified SBE/

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SDBE suppliers to participate in any bid in which they were qualified to compete, not just those bids requiring SBE/SDBE activity.

Standardizing the bid process means that requests for bids should have a common format that can be completed by the SBE/SDBE efficiently and without confusion. While efficiency is important for all businesses, it is especially important for SBE/SDBE suppliers, who often have very few employees performing the same many-and-complex tasks performed by large organizations. A standardized solicitation will allow SBE/SDBE suppliers to respond more quickly, instead of spending valuable time learning a new format each time. Utilizing an electronic RFx system could also be helpful, especially relative to non-pricing information.

> Your institution's Procurement staff should be represented in the membership of these organizations to increase their awareness of new SBE/SDBE suppliers and the availability of specific support programs.

Encourage Partnerships with Large Suppliers

Using your institution's leverage with large suppliers can yield more support for SBE/SDBE suppliers, allowing the SBE/SDBE suppliers to carry additional product lines or to serve as support to a large contract. If your institution has a lucrative contract opportunity in which only large suppliers would make up the competition, giving weight to suppliers that incorporate qualified SBEs/SDBEs for support can ensure that opportunity is shared. In fact, many large suppliers already have some level of partnerships with many local SBEs/SDBEs. Just reaching out to large suppliers in this vein can often yield a list of new SBE/SDBE suppliers that have the advantage of being pre-qualified.

Your institution can also choose to contractually formalize distribution partnerships between large suppliers and SBE/SDBE suppliers. It can offer incentives to the large suppliers, such as allowing additional visibility into your institution's e-procurement system. Challenges in these partnerships can occur if one party does not pull its weight. Specifically, in relationships where SBE/SDBE suppliers distribute product lines for large suppliers, there is a risk that the SBE/SDBE will simply push invoices without offering additional support to the large supplier. The institution then often becomes a mediator and a resource for resolving disputes. Therefore, it is important to have a clearly defined set of expectations for both parties.

Increase Competitiveness Through Supplier Development

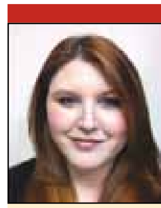
We know best what it takes to compete in our institution's marketplace. By recognizing areas where your SBE/SDBE suppliers may have deficiencies and by assisting with solutions, these suppliers will become more competitive. This may involve, for example, providing support with technology implementation, such as helping prepare a catalog for your institution's e-procurement system or absorbing costs to implement e-invoicing.

Supplier development also includes encouraging relationships between the SBE/SDBE and key decision-makers on campus. The Office of Supplier Diversity Development at Purdue University in West Lafayette, Indiana, acts as a proactive liaison between SBE/SDBE suppliers and Purdue departments. It facilitates meetings between internal customers and larger suppliers in order to grow the needed relationships. As a result of this championing effort, Purdue had 45 percent SBE/SDBE participation in its $80 million project to build Mackey Arena.

Utilize External Organizations and Advocacy Groups

Many organizations are in place to assist institutions in supporting SBE/SDBE suppliers, such as local and national offices of the Small Business Administration (SBA—www.sba.gov) and the National Minority Supplier Development Council (NMSDC—www.nmsdc.org). Your institution's Procurement staff should be represented in the membership of these organizations to increase their awareness of new SBE/SDBE suppliers and the availability of specific support programs. For example, some of the support services offered by the SBA and NMSDC include access to customers through regional and national databases, management education programs, business opportunity fairs, networking opportunities with potential customers, and working-capital loans.

By actively supporting SBE/SDBE, your institution can contribute to the quality of your supplier base, which will, in turn, make it easier to meet the federal spend requirements for these businesses. Additional ideas are available from fellow NAEP member institutions, especially through events such as their annual Supplier Diversity Institute and Annual Meetings. For more information on these and other opportunities, please visit the Events section of the NAEP website at www.naepnet.org.



Finesha Colton-Lee, C.P.S.M., is a Commodity Manager at Emory University in the Procurement and Contract Administration Department. Her primary focus is on scientific/medical products and services, where she leads in targeting a diverse and cost-effective supplier base for Emory's large research community. She holds an M.B.A. from Emory's Goizueta Business School and a B.S. in Biology from the University of Georgia. Currently, Finesha is attending Emory School of Law as a J.M. candidate. Email: finesha.lee@emory.edu.

The Wonderful World of Beverage Pouring Rights—Three Peer Perspectives

by Cory Harms, M.S.
Iowa State University

Contributions by
Shelby Slaugenhaupt
University of the Pacific
Mary Martin
University of Colorado
Linda Meserve
Colorado State University

Cory Harms, Iowa State University

At some point, all of our institutions will likely need to address a beverage-rights issue. Whether that is bidding for all of the different pouring rights on campus or only bidding a vending contract, the process is always more difficult than we expect. My experience has been that the more you know and experience with beverage-rights contracts, the more complex they become. It almost seems that when the beverage companies find out you know a little bit about the industry, they bring even more things out of the woodwork to create even more confusion. OK, maybe stretching it a bit there, but any of you who have been through a complicated bid-process for beverage rights might feel my pain.

The definition of beverages is an important piece of any contract. Shelby Slaugenhaupt from the University of the Pacific discusses the importance of definitions and of not underestimating institutional value in this first perspective.

▪ ▪ ▪

Shelby Slaugenhaupt, University of the Pacific

There is no mistaking the presence of beverage manufacturers on campus or in stadiums these days. The presence that we accord these beverage suppliers on our campuses should not be undervalued: banners, vending machines, signage, sponsorships, and—more importantly—exclusive beverage availability rights.

Beverage pouring rights are complex. Yet, properly negotiated, they can enable institutions to maximize impacts to their bottom lines. The terms of an exclusive pouring rights contract often require the providing of equipment—including installation and service. Volume thresholds will often be tied to promotional incentives or various targets. The exclusivity typically permits the supplier to promote and sell campus-wide, perhaps including at sporting events.

The stakes are heightened when the considerations and sponsorship rights are factors. In Procurement, a carefully negotiated RFP will have been conducted to maximize the best interests of the institution. If negotiated properly, this can have enormous impact to the total estimated value of the deal for both the institution and the supplier. The lure of cash sponsorship or campus improvement is a colossal incentive for some institutions, but the opportunities to support student and other institutional programs should never be lost in the negotiation. Think about the possibility of a corporate-sponsored speaking engagement, student internship, or other creative platform to engage and strengthen the institution.

Typically, pouring rights contracts range from one- to ten-year terms, with optional renewals built in. Procurement professionals are not given a crystal ball to predict the future (though often it feels as though the requirement is built into our job descriptions). This is a decisive factor when looking at renewing, rebidding, or evaluating a beverage contract. It can make the difference of having the opportunity to capture and offer the "next best thing" that might come along in the beverage industry. Take, for example, the many beverage trends that have arisen over the last decade. The term "beverage," as it relates to these rights, often includes carbonated beverages, teas, coffee, waters, and isotonic drinks. A decade is a long period of time to be locked into a limited selection of beverages. For the institution, this could mean lost revenue.

Always consider in your contract, a percentage of non-awarded supplier space in convenience stores and, perhaps, concession stands to buffer unforeseen market trends.

▪ ▪ ▪

Cory Harms

Shelby makes a great point. Carefully defining what is included in the term “beverages” is an important decision. She also emphasizes the importance of understanding the value of the University’s brand to beverage companies.

My own institution, Iowa State University, took great care in defining what we wanted exempted from the beverage rights and used this to our advantage when negotiating the final contract. We also had to keep in mind the changing cultures on our campus as they relate to beverage consumption and, specifically, to the growing student consumption of bottled water. Mary Martin from the University of Colorado covers these items in the following perspective.

■ ■ ■

Mary Martin, University of Colorado

Having been through the process at the University of Colorado Boulder, I would like to share my perspective of what worked well and the challenges we encountered. The process proved to be long and difficult, but it also proved to be successful and rewarding.

> Always consider in your contract, a percentage of non-awarded supplier space in convenience stores and, perhaps, concession stands to buffer unforeseen market trends.

My best advice is to start the process early, ask for guidance when needed, work through the issues step-by-step, and do not give up. Here are some of the lessons we learned that may help you in your beverage rights negotiations.

Executive level support is crucial. University leadership challenged the stakeholders to explore the best course of action in regard to campus pouring rights. Executive-level support also proved critical when both internal and external negotiations stalled. Long-term, executive support is necessary to manage the contract and drive compliance.

Get up-front buy-in and participation from all stakeholders. Understand that, to the extent a consolidated contract is exclusive, somebody will likely not be happy. The needs and concerns of all stakeholders should be understood and addressed throughout the process. It is helpful to include on the evaluation committee a representative from each stakeholder department.

Ensure Athletics Department support. There was concern among the stakeholders that Athletics would benefit with a sweet sponsorship deal at the expense of the other stakeholder departments in the form of higher product pricing. The Athletics Department was accordingly very considerate of the needs of all departments, giving up a portion of its sponsorship funds to offset the cost of bottled water.

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Three Peer Perspectives, continued from page 19

Define the goals/outcomes of a consolidated agreement. Our goals were to maximize beverage service opportunities, increase net revenues, obtain advantageous pricing, maintain/increase sponsorship value, and establish a long-term partnership that would benefit the entire campus. When the going gets tough, keep your goals in mind.

Work together. In our case, the RFP Committee met and collectively provided input to the RFP. Every word meant something; therefore the group meticulously went through the document word by word to ensure it was correct and met the needs of each operating unit.

Minimize exceptions to exclusivity. We learned that some beverage companies provide funding dependent on exclusivity and volume. We spent much time negotiating to maintain our requested exceptions, but to no avail. You should assess whether you want to request exceptions to campus exclusivity in your RFP and what value impacts they may have on both the institution and the supplier.

Our goals were to maximize beverage service opportunities, increase net revenues, obtain advantageous pricing, maintain/increase sponsorship value, and establish a long-term partnership that would benefit the entire campus.

Bottled water is important. We learned that bottled water is an important part of the beverage company's business. Be aware, on the other hand, of efforts on your campus to ban bottled water (to mitigate the environmental impact of plastic bottles).

The contract phase takes time. Upon receiving our draft contract, our supplier responded by returning its standard contract. We had to re-negotiate with its headquarters issues that had already been accepted by the local representative. Face-to-face meetings helped as we worked through various contract issues.

We had a successful outcome. We met our goal to establish a consolidated beverage agreement to benefit the campus as a whole. Although there were no significant new cash flows, stakeholders believed the terms offered by our vendor were competitive and more advantageous than terms that would have been received through individual department contracts.

■ ■ ■

Cory Harms

Mary gives us a great outline of issues that can lead to success in our beverage negotiations. We should pay particular attention to the RFP and contract process. It can take a year or more. Start early and allow yourself at least 12 months, if not more. Also of note is the advice on getting buy-in and understanding from all affected parties.

Our final perspective is from another of our colleagues from Colorado, Linda Meserve of Colorado State University. Linda reiterates the importance of the beverage definition, assessing the value the institution offers to the beverage company, and discussing the different components of the rights and how they affect each other.

Linda Meserve, Colorado State University

When Colorado State University embarked on the pouring rights journey, we decided to make the provider a strategic partner. We realized from our other strategic partnerships that the best plan is to identify all of the stakeholders on campus and determine their needs and expectations. One key lesson was to define "beverages." There are many different definitions, and you need to know how your campus has defined beverages and which ones you will and will not include. If you don't define them the vendors will not have a problem letting you know their definition. Knowing what is important to your campus helps you to structure the meetings and actual RFP document. We found it helpful to have separate pre-meetings with both of the major suppliers for our area. All major stakeholders attended the meetings, and the same vision and goals were given to both providers. I believe that these meetings set the stage for the RFP. You might ask why did we have these meetings individually rather than in a group? It allows for open and free conversation. Each provider was able to ask us about our passions and we theirs. I have been a part of way too many pre-proposal meetings in which the conversation was one-sided, with us doing most of the talking.

Another lesson learned is from a financial perspective. The more exclusivity you can guarantee, the better off you may be. Suppliers are looking to promote their products to the campus demographic. That demographic is worth something to them and they are willing to pay you for the opportunity. If you are in a position to have your food court vendors change to pouring the product of your partner, that can help increase your institution's revenue. If you can get Athletics to go with your selected partner rather than the competitor, that can help with the overall value—likewise if you pour their brand of juice in the residence halls.

We identified four main buckets in the partnership:

- Sponsorship;
- Price to campus, to residence halls, in machines, and to C-Stores;
- Commission structure;
- Donated product.

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Three Peer Perspectives, continued from page 22

The first bucket—sponsorship—is the glamorous one. How much will they give and for what? The needs and expectations of your constituents will influence how valuable the partnership will be.

The second bucket—price—is the most difficult. What are you currently paying for Bag in a Box (BIB)? How does the contract affect the cost? Of the people involved in the RFP, your dining facilities are the most likely ones to be affected. Understandably, the Sponsorship bucket can be directly correlated to the BIB price. Beverage companies balance what they can give you against what they will get back in revenue and brand demographic alignment. A small increase in BIB pricing can produce greater gain in sponsorship dollars. Similarly, how much will you pay for product in C-Stores, and how does that correlate to pricing in vending machines?

The third bucket—commission structure—relates to vending machines. How is the commission calculated? Prior to the RFP, our drink vending had been on the decline; we wondered why. The ways of doing business changed. People do not carry as much cash as they used to so they were often not able to use the vending machines. All of our vending machines now take cash, up to five dollar bills, and either a debit/credit card or our student identification card for payment. We have since seen an increase in vending sales and, in turn, commissions.

Our last bucket is donated product. How much product will be donated? Is it in the amount of cases? Is it a dollar amount of product at a certain price structure? Is the price structure different from what you pay for product for your C-Stores? Who gets the product? We have divided this bucket into three areas: Alumni Association; Athletics; and Student Affairs. They each receive an allotment of product, and since it is at no cost, it becomes a direct budgetary offset (that is, instead of paying for product, they are able to elsewhere use the funds they would have spent on drinks).

An interesting lesson was actually learned after we signed the contract. We have leveraged the partnership to include additional things such as engaging expert speakers for campus events, making worldwide contacts to fund research about which both parties are passionate, and making introductions at foreign campuses. Listening to and building on these shared passions has made our pouring rights contract a greater success.

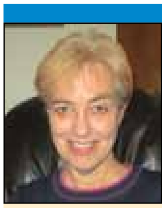
■ ■ ■

Cory Harms

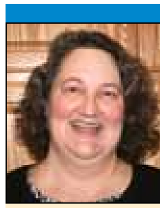
Another perspective that holds great value for anyone contemplating a beverage contract.

If you are preparing for a beverage rights contract, I would suggest three things to make the process more effective. First, understand what you want to define as "beverages" and carve out only what adds value to the institution. Secondly, make sure all parties are involved in the RFP development and the final decision, get their buy-in and make sure they all understand how the evaluation and compensation/pricing will work. Finally, prepare for, and expect, a long process. The RFP development, process, evaluation, and final contract always seem to take longer than you expect.

Shelby Slaugenhaupt is the Senior Buyer of Purchasing at the University of the Pacific and current president of the NAEP District VI Pacific region. She studied English with an emphasis in Creative Writing at San Francisco State University. Her career originated early as part of the dot-com boom in the Silicon Valley. The high-tech sector afforded opportunities at start-ups such as Hotmail, later Microsoft, until she shifted to residential construction then onto higher education. Email: sslaugenhaupt@pacific.edu.

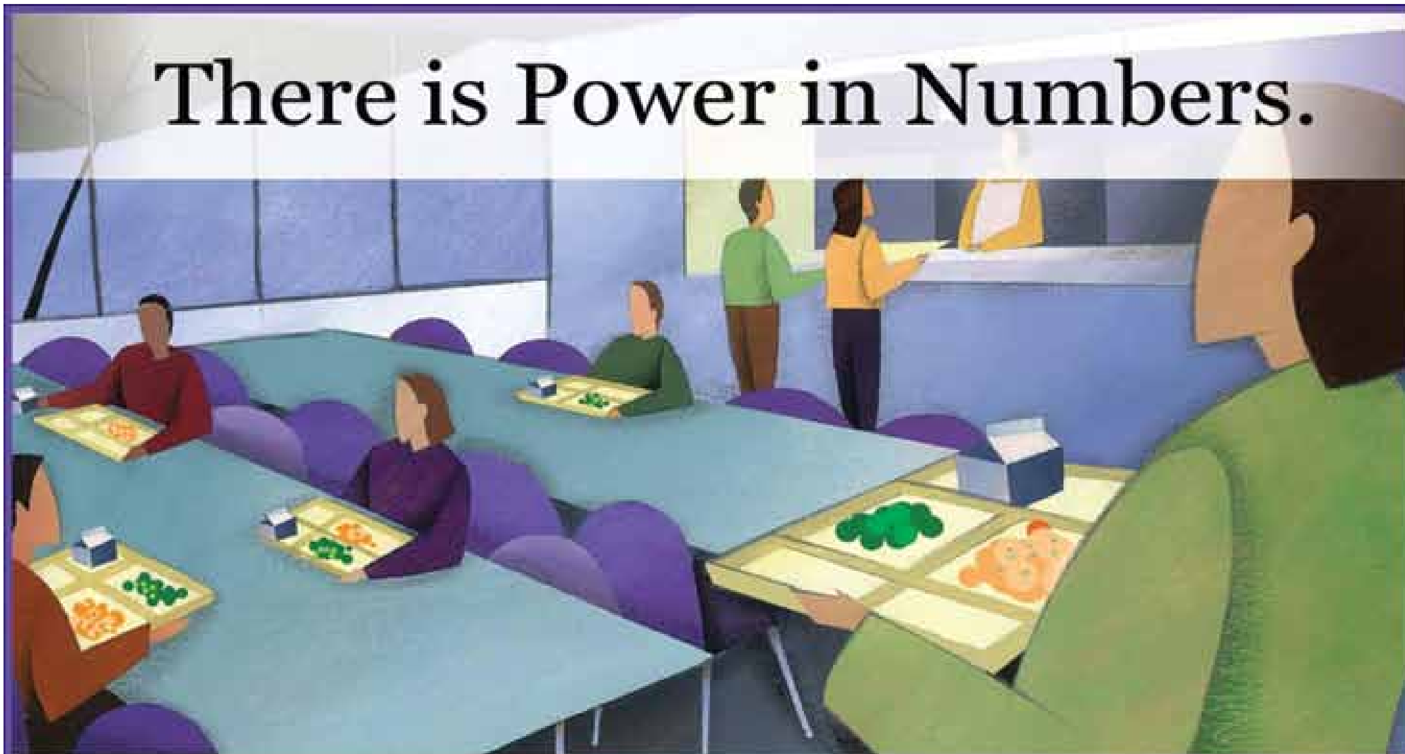


Mary Martin, MBA, Manager of Purchasing Services at the Procurement Service Center for the University of Colorado, supervises three Purchasing Agents and is responsible for the furniture and advertising commodities within the four-campus University of Colorado (CU) system. Mary joined CU in 2003 and has a MBA from Regis University. Email: Mary.Martin@cusys.edu.



Linda Meserve, CPPB, is Supervising Purchasing Agent at Colorado State University (CSU), her alma mater. Linda has worked in procurement for 22 years and loves that she gets to educate others on procurement and our values, execute exciting projects, and enjoys knowing that no two days are the same in this challenging profession. Email: linda.meserve@colostate.edu.

Cory Harms, M.S., is Associate Director of Purchasing at Iowa State University. He serves on the NAEP Board of Directors as First 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: clharms@iastate.edu.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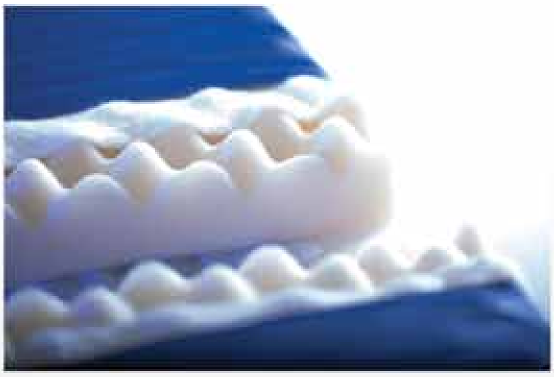

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A Coming Paradigm Shift in Waste Disposal and Recycling

by Brian K. Yeoman
NAEP

Let's begin with a definition. In this context, we need to think of a paradigm shift as a change from one way of thinking and behaving to another radically different. It's not an evolution; it is a revolution, a transformation, an abandonment of the then-prevailing wisdom. It does not just happen, but rather it is driven by events, opinions, and agents of change.

Thomas Kuhn wrote the book *The Structure of Scientific Revolutions* in 1962. In it he defined and popularized the concept of "paradigm shift." He argued that scientific advancement is not evolutionary, but rather a "series of peaceful interludes punctuated by intellectually violent revolutions," and in those revolutions "one conceptual world view is replaced by another."

The business of waste handling and recycling is about to be turned upside down. It is soon going to experience a paradigm shift that will forever change the way we think and behave. The implications for our profession are going to be powerful and the experience is going to be exciting.

Why is this going to happen? The answer lies in that, within the technology enterprises that support the waste and recycling industries, there are people and corporations operating on a global scale, responding to international pressures to reduce greenhouse gas emissions (ghgs). Greenhouse gas emissions—predominantly methane—in the waste industry arise mostly from organic resources such as food, grass clippings and tree trimmings. Methane is formed by the combining of carbon and nitrogen as material is consumed by microorganisms and released as their waste. Methane's effect on climate change is twenty-four times that of carbon dioxide. We know this at some level because it is the reason we recycle, but what is coming will change everything.

It will closely approach a true closed-loop system. Instead of the substantially bifurcated and largely unsuccessful process employed by cities and universities to address waste, there is emerging a revolutionary way to stop "doing what we have always done" (and keep on getting what we always got), and start diverting 25 percent of waste from our landfills. What this clearly means is that we can begin to operate true resource-recovery systems. Everything currently in the waste stream has another opportunity to provide value in the economic, environmental and societal scheme of things. So instead of thinking about the waste stream as paper, cardboard, metals, plastics, and wood; we can begin to think seriously about glass, food, organics, yard trimmings, electronics, and clothing fibers. When this begins to happen at scale, the whole notion of our current practices will be thrown out, and there will be a mad (but wonderful) rush to divert—easily—another 50 to 60 percent of the flow of materials away from the holes we dig in the ground, and redeploy them as sources of technological nutrient for other industrial processes.

How can this happen? A great deal of learning has taken place where waste and recycling technologies intersect with the mining and high-tech manufacturing industries. Large-scale pilots in Europe (particularly Germany and England), where landfill and regulatory costs are high, are well underway. Building on the basic notion that waste equals food throughout the natural world, amazing results have been achieved through proven technologies including anaerobic digestion of organics (food, the toughest of issues). The oil and gas industries are also innovating. Proven technologies, in part funded by the federal government and the petrochemical industries, now allow for the manufacture of drop in fuels from biomass (e.g., form paper, cardboard and woody waste), an exciting development with 10 full-scale implementations in process across the globe.

The concentration of technologies—on both the front and back end of processes widely deployed in the mining industry—makes this a game-changing shift that will help to address the estimated three to five percent annual global CO2 emissions. It will be cost-beneficial and virtually painless. Early studies indicate that prices will be competitive with existing trash disposal costs in land-rich states and considerably lower in those states that are land-restricted.

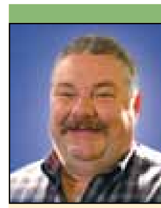
How is this likely to take place? Quickly in those locales experiencing an annual volume of one million tons or more of trash recycling; these systems are going to make sense in the next year. More deliberately in smaller jurisdictions. Regulatory pressure such as that in California (with a required diversion rate of 75 percent by 2020) will make it happen much sooner.

For colleges and universities, we will have to think a little differently. We likely will need to partner with the surrounding community and nearby major industries in order to attract the volume needed to justify the investment. We should also probably be willing to make longer-term commitments to secure any needed financing. We will have to decide if we want to participate in the revenue stream. We should break with the notion that recycling has to break even. Thinking systemically about resource recovery will require us to really understand Life Cycle Analysis models, accounting for costs avoided because of reducing (usage and consumption) and for costs leveled because raw materials will be more readily available.

So what is the big shift? It can all be done in one cart. Yes, in one cart. No more relying upon the frailties of the individual decision-making to know if an item is recyclable. Imagine that shift—from "We don't do recycling" to "We don't have trash." It ALL goes into a single cart!

What are the benefits? Please think about this example with me. If a campus has 100 buildings and each building has a trash dumpster, a paper bin, an aluminum bin, and a cardboard baler, how does the process work? Typically, there is a routing of trucks solely devoted to hauling trash. Those trucks come to half of the buildings on Monday and Wednesday and to the other half on Tuesday and Thursday. Additionally, there is a truck equipped to accept the three source-separated materials. The truck comes to the 100 buildings once a week to collect. Now let's compare that to the one-cart approach. Only the trucks used to haul the trash are needed. They operate only on Friday because the volume makes it so. What has happened? The institution did not have to have as many specialized trucks, thus the capital costs are lower, the operating costs are lower, and ghg emissions are drastically reduced. It makes sense when we step back and take a systems look.

I invite you to go and explore. It is coming. Be ready and enjoy the paradigm shift for you to do great things!!



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 Unviersity of Texas Health Science Center at Houston. Email: byeoman@clintonfoundation.org.

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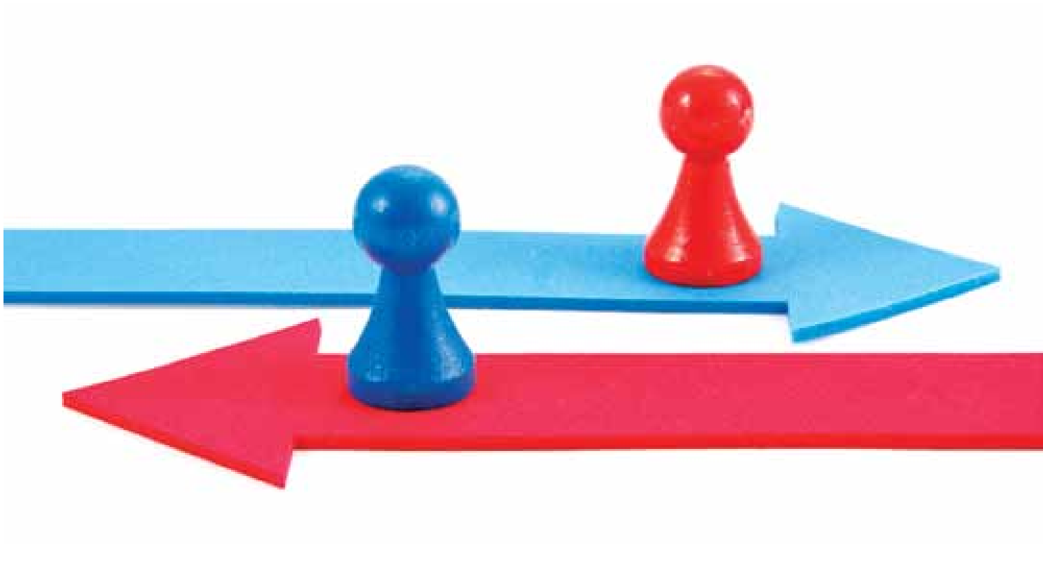
A Tale of Two Peoples



by Bob Ashby, C.P.M., CPCM
University of Nevada, Las Vegas (retired)

Charles Dickens, in his classic novel of similar title, narrated *A Tale of Two Cities*. This last weekend I had cause to reflect on A Tale of Two Peoples. Let me explain.

I met the first group of people when I accepted my last position, Director of Purchasing at the University of Nevada Las Vegas, prior to retirement. When I arrived, I found that all of the buyers had been there approximately 30 years and were not interested in the innovative supply management solutions I had to offer. None of them would accept my offer to pay for them to obtain a college education or a professional certification. In fact, they publicly stated that they were just biding their time until retirement and absolutely did not want to learn anything new. Additionally, the previous Director had acquiesced to their refusal to sign their own purchase orders based on their unwillingness to accept responsibility for their own actions! When I insisted that, regardless of their refusals and demands, we would nevertheless upgrade our practices, they ran to my boss, the Associate Vice President of Finance, and demanded that he make me revert back to the dinosaur age of purchasing—and—he backed them up!

Those who have been lucky—actually, smart—enough to attend my favorite NAEP session, Bob's M.A.G.I.C. Show (Motivation. Attitude. Go-Gettum. Inspiration. Can-Do. If you missed it, I hope you get to see it in the future!) have heard about how I worked within that ultra-negative situation and innovated, in spite of those below and above me.

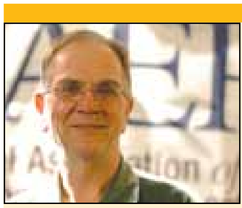
Since my retirement I have been blessed to have developed cancer twice. Yes, blessed because my cancer has introduced me to a second group of people, ones who are innovative and ultra-positive. As many of you know, after my second bout with cancer I took up long-distance running to help the Leukemia and Lymphoma Society raise money for more cancer research. The people involved, just average non-runners like me, have proved to be energetic, creative, fun, happy and positive. They have bought into the program so well that they even attend coaching clinics on Saturday mornings. Who would not consider him/herself blessed to be in such a group?

This last weekend we ran a Ragnar Series Relay Race. The race was 197.8 miles long (that was not a typo) and was run by 572 relay teams of 12 runners each. Our team required each of us to run three separate legs, ranging from a low of 3.5 miles to a high of 10.8 miles. This required two separate vans operating so efficiently that each runner made it to the start of his/her relay leg without having to worry about anything except their next race-leg. Great logistics. The race started at 7:15 a.m. on Friday and ended at approximately 6:00 p.m. on Saturday. What could possibly have motivated so many folks to take a day off work and abuse their bodies to such an extent? It was because they were all dedicated to being the best they could be. They all wanted to test their limits. They all wanted to see if their reach could exceed their grasp. They were all highly motivated runners who realized that the only way to reach their potential was to test their strengths and capabilities. And they all knew that TEAM means "Together Each can Achieve More."

Into which group would your work attitude put you? Are you like the dinosaurs that greeted me when I first arrived at UNLV? Or are you like the motivated folks who cheered and greeted me as I ran my three legs? When you come to work each day, which group would you like to greet you? Into which group do your co-workers think you fit? Most of us in the supply management field will never run a marathon or any long-distance races, but all of us are on a relay team and are trying to help that team achieve the goals of our institutional community. None of us can do it ourselves but all of us are impacting the success of our team. Where do you fit into the picture? Are you striving to better yourself educationally, either with college course work or by achieving your professional certification?

NAEP is part of your team, too. What can we do for you to help you reach your goals? Equally important, what can you do to help NAEP help your team reach its goal?

Have ideas or questions? I'd love to hear from you. I'll try my best to help make sure that you and your team are on the right track.



Bob Ashby, C.P.M., CPCM, is retired from his position as Director of Purchasing and Contracts for the University of Nevada, Las Vegas, where he also served as an Adjunct Professor in the Management Department. Bob has been active in NAEP since 1997. In 2006, he received NAEP's Distinguished Service Award, and in 2008, he won the newly established Mentor of the Year Award. NAEP renamed the award in his honor to the Bob Ashby Mentor of the Year Award in 2009. Email: ashbybob@embarqmail.com.

Demo's Gone Wrong

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

Demos, short for demonstrations, have long been a staple of salesmanship technique. Over the years, seasoned (a euphemism for "really old") buyers have seen more than their share. I can't help but chuckle when I recall a few of the most memorable to me.

Brigham Young University has a time-honored, traditional floral arrangement made out of a Styrofoam block "Y," covered with 28 dozen mums. We had single-sourced this to a local florist who would graciously open his shop in the middle of the night if a last-minute funeral rush-order demanded it. We loved his service, but reluctantly allowed other shops to quote on our needs. We asked the two best finalists to show their capabilities by bringing a sample block "Y" to our office. Beautiful work! As we were all admiring the fragrant display, one of the arms of the Y came loose and fell to the floor. Oops! Glad that wasn't during a funeral!

▪ ▪ ▪

As a national multi-level marketing business grew, its aspiring recruits bombarded us by hawking its brand of cleaning and household products. To show the superior concentration of liquid soap, the presenter copied another distributor's demo. The plan was to have someone coat his/her hands with navy shoe polish. Then, applying a small portion of the magic elixir, the hands would be spotlessly cleaned with a white handkerchief, which now soiled, was to be dipped in a bowl of water and restored by the residual soap.

The demonstrator had a jar of navy shoe polish and asked one of the buyers to smear it on his (the buyer's) hands. "No way. That stuff won't come off!" our colleague protested.

"Trust me. I know what I'm doing."

"Okay. But if this doesn't come off, I'm going to kill you!"

Unfortunately, the presenter didn't know that the demos he had seen used an alcohol-based polish, whereas, his chosen product was oil-based with dye in it. After repeated applications, a lot of rubbing and harsh words, our co-worker looked as if he had on two navy-colored gloves. I tried not to laugh. Really. Well, for a few seconds anyway.

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A second equally exuberant sales attempt a few months later showcased a silicone-based water repellant. The potentially powerful demo involved coating the white dress-shirt pocket of the sales rep with the silicone spray. The rep then poured orange soda into his pocket and was going to drink it with a straw.

(You see this coming, right?) Well, the can of spray was nearly depleted. He sprayed more air than silicone into his pocket. The soda quickly seeped out, forming a near-perfect replica of the Great Pyramid of Giza—in orange.

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Not all humorous demos end badly. After crowding my boss's office with impatient university administrators, we watched a polished sales rep plug in the "latest and greatest" photocopier. Apparently DOA, the silent beast could not be awakened in spite of futile attempts to recheck outlets and switches. Without a word, the still-confident rep wound the cord neatly, placed it on top of the machine, and rolled it to the door. As he was exiting the office, he turned and announced, "Now that you have seen my competitor's product, I'll be back next week to show you ours." Brilliant!

We later learned that someone, without the sales rep's knowledge, had pirated a part from the showroom copier to repair another. Even though it had taken us two months to coordinate schedules for the defeated demo, everyone was miraculously available a week later, with heightened curiosity, to witness a flawless demo on a working machine.

Moral to the story: if you don't want to end up making shadow puppets on a blank screen, practice always precedes performance.

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