Cover Story
Procurement In The Winner’s Circle: The 2014 NAEP Annual Meeting

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Outstanding Success Deserves Recognition

Is one of your colleagues doing something exceptional? Are you working on a successful project? Nominate either yourself or your colleagues for a national award from NAEP. Let’s share our collective success and continue to improve higher education procurement.

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A Leader Is Not a Title on a Business Card

Doreen Murner
CEO, NAEP

Recently I had an opportunity to connect and catch up with a diverse group of people at a leadership event. Some of the most valuable conversations at an event like this take place during the coffee breaks between educational sessions, and it was great to catch up with old friends to discuss what’s new. After finishing my coffee, I had a chance to hear an incredibly dynamic keynote speaker, Ken Blanchard. You might know his name best as author of The One Minute Manager. Ken is Co-Founder of the Ken Blanchard Companies (www.kenblanchard.com), which help clients solve complex issues like leading organizational change, managing successful growth, leadership development, and building capacity.

What was so compelling about his session was the theme that our capacity to grow determines our capacity to lead—great leaders grow! Leadership is a living process, and the path to successful growth, leadership development, and building capacity is paved by the ability and capacity to grow, increased influence (YOUR increased influence). Leadership is a living process, and the path to increased influence is totaled by the ability and capacity to grow, both personally and professionally. A leader, an influencer, is not a title on a business card but is the result of the impact you have on others. “Anytime you influence the thinking, beliefs, or development of another person, you’re engaging in leadership,” said Blanchard.

With that kind of insight, I’m excited to announce that this year’s Annual Meeting is replete with opportunities to grow! It is up to you to take advantage of attending this year’s meeting and become the influencer that you know you are. All of the educational workshops in Louisville will arm you with specific ideas and outcomes that you can take back to your office and implement immediately. Our keynotes will offer insights into personal and professional growth that will help you step up to leadership opportunities.

Our first keynote speaker this year is actually three speakers competing for your interest. We’ll have three thought-leaders in social media, communications, and negotiations each present a 20-minute TED-style talk to convince you to attend a more in-depth presentation immediately following. Sometimes, hearing an idea you’ve heard before in a different way can spark a new, thoughtful insight.

Our keynote speakers on Tuesday and Wednesday will inspire you with their passion. Motivational speaker and Emmy Award winner Mark Scharenbroich and Spalding University President Tori Murden McClure each have inspiring stories to share. My hope is that you will walk away from these keynote sessions uplifted, with new ideas, and a renewed energy to tackle the toughest challenges we face in higher education procurement. My hope is that you will GROW!

I look forward to seeing many of you in Louisville this May. While there, remember to stop for a cup of coffee with an old friend or introduce yourself to someone new. You never know where your next big idea is going to come from.
Have you ever attended a meeting and wondered what you will tell the boss you’ve learned when you return to the office? In an age of tight budgets, you must be strategic in the events you attend, measuring the value of attendance and quality of the content versus the full cost to participate and the opportunities lost by time spent out of the office. The NAEP Annual Meeting, May 18-21 in Louisville, Kentucky, is one event that provides a remarkable return on your investment.

There are several new wrinkles to the Annual Meeting this year. First, plan to arrive early on Sunday in time for the Host Event, which in previous years was held on Monday night. The event, Procurement In The Winner’s Circle, an NAEP Event in Partnership with E&I, will be held at the Churchill Downs Kentucky Derby Museum, beginning at 6 p.m. Plan to be at the hotel by Sunday afternoon to catch the buses to the party. Sip a mint julep and network with your old friends and meet new colleagues at this interactive event. Set the tone by wearing traditional Derby attire. NAEP will have a local costumer on hand to help outfit you with a proper Derby hat!

The other major schedule change is that Member MindXchange will be held on Wednesday afternoon. This interactive session allows you to brainstorm with your peers to find and share solutions to your specific challenges on a host of procurement-related topics. After the session, continue the conversations around the corner at one of the many restaurants on 4th Street Live in Downtown Louisville.

The Program Committee, led by Cory Harms, M.S., of Iowa State University, has prepared a dynamic program full of relevant, topic-specific content. There will be 45 workshops this year in six categories:

- Applied Procurement Techniques;
- Business Collaboration;
- Innovations in Procurement;
- Leadership and Strategic Planning;
- Management and Talent Development; and
- Technology.

This new session of technology workshops will be held in a state-of-the-art classroom next to the Exhibit Hall and will discuss topics including: dealing with procurement for cloud-based products; software licensing negotiations; change management for enterprise technology systems; and more. As always, all sessions are available for Continuing Education Credits.

This year, there will be a keynote speaker each day. Begin your conference experience with a difficult decision on Monday morning. Three subject-matter experts will each present a 20-minute TED-style talk to convince you to attend their full-length session immediately following the session. You will have the opportunity to attend a session on Negotiations, Social Media, or Communications.

On Tuesday morning, the keynote is motivational speaker and Emmy Award winner Mark Scharenbroich, who will share his story called “Nice Bike.” What does that mean? You have to be in Louisville to find out. On Wednesday, you will have the opportunity to hear Spalding University President Tori Murden McClure share her incredible personal story.

The Leadership Forum this year will focus on individual and organizational competencies—the core leadership skills needed to bring to your team and how to develop, refine, and implement strategic plans. Both of these specific competencies will allow you to be a more influential leader within your institution. The world of procurement is consistently changing. Effective leaders create and maintain a working environment that supports this change. Quality leadership training is often priced in the thousands of dollars, but NAEP is offering this add-on event at the Annual Meeting for a significantly discounted rate. If you are a leader at your institution or want to develop these skills as you advance your career, this all-day course on Sunday, May 18 is a necessity.

The Exhibit Hall will feature more than 130 vendors ready with their products and services to help solve your challenges and meet your needs. The NAEP Central booth will feature short learning-sessions throughout.

The 2014 NAEP Annual Meeting provides top-notch educational opportunities across a varied spectrum, networking events where you can meet with old friends and new colleagues, and a vendor community that supports procurement in higher education. Tell your boss that this is an event you can’t afford to miss. Then tell your boss that she/he needs to attend, as well.
Procurement has been experiencing many changes in recent years. A majority of these have been technological, and have given us the opportunity to improve our profession and what we can do for our clients. I believe procurement is currently in a unique position to gain significant efficiencies due to these improvements. They include advancements in e-procurement, spend analytics, purchasing card programs, e-payables, along with software that can help with needs such as insurance and reverse auctions. Not only will these technologies make us more efficient and improve our reputations on campus, but we can use some of the time gained to do some old-school purchasing work—like performing more effective contract performance reviews.

Many of you may already be performing some type of review on your major contracts. You might do them annually or as you near the expiration of a contract. My hope is that with the improvement in purchasing technologies we now have the time and information to make them more meaningful. I would suggest that for your major vendors annual reviews are essential because they will likely lead to improvements in the related contracts, compliance, and enhancements that may be available. This is particularly true with contracted suppliers on your e-procurement systems.

These reviews don’t have to be long and don’t always have to be in person (although I think in-person is more effective). Ideally, they can be scheduled for an hour or two and can be carried out using a variety of methods (e.g., teleconference, WebEx, on site). It is important to have some type of visual component so that you can share documents, emails, screen shots or live display examples of websites, portals or e-procurement catalogs. Include not only the agent in charge of a contract but also have your e-procurement team and departmental users involved.

There are many things that could be covered in a performance review, but here is a short list of topics that I think help make the review effective.

**Status of the Contract**
This is a good starting topic that allows you to cover anything related to the contract. This can include the current contract term and expiration, any renewals and any upcoming milestones. You may be surprised to find that vendors (especially sales people and their B2B teams) don’t always know the contract term. This is also a good topic for launching any discussions about the upcoming RFP or RFQ processes if you are nearing expiration.

**Contract Issues and Performance**
It is important to speak to your user base to find out if any issues exist. Sometimes these issues go unspoken and could be easily fixed by meeting with the vendor. Sometimes the vendor is not even aware that any issues exist. It could be helpful to invite some of your largest or most vocal users. Your users may give valuable feedback for improvements or tweaks that will improve the contract. Also tell the vendor what is working well. Oftentimes vendors are able to provide fixes during the meeting.

**Web or E-Procurement Issues and Updates**
Show the vendor its own website, web portal or e-procurement catalog and discuss any changes or issues you encounter. Some vendors may not have seen their own sites or may not understand the issues users face with the site. Sometimes vendors can show parts of the sites unfamiliar to users, which can help them in their day-to-day use. This is particularly beneficial in e-procurement sites to help explain the difference between
hosted and punch-out catalogs and to show how level II punch-outs work. You can show them how e-procurement searches work and why something may or may not show up. In discussing this topic, you can encourage vendors to work with you to have the kind of catalog you desire. If you don’t have e-procurement, you can still review sites or other electronic interfaces to discuss improvements.

**Sustainability Options**

This is always a good topic to determine whether your institution may be missing out on any green options that vendors offer. For example, can they reduce packaging, warehouse items on site to reduce trips, bulk ship, or eliminate invoices? You can also ask what sustainable things they may already be doing on your behalf and report these to you.

**New Offerings and Opportunities**

It is amazing that many times vendors have new opportunities or enhancements that you have not been made aware of. Ask them about these and how you can take advantage of them. Do they offer any rebates or incentive programs? Are there any enhancements to their websites or e-procurement portals that you can activate? Are their new products that might help your users?

**Payment or Credit Issues and Audits**

This is an important review topic for handling any billing issues that may be ongoing. You may be having pricing issues, credit problems, or you may want to discuss new methods of payment. You may want to discuss how to perform price audits to ensure correct contract pricing.

While there are many more items that could be covered in a review, the above-suggested group of topics is a great starting point. Contract reviews are an integral part of the process for major contracts. They are easy to forget about if things seem to be going well.

I have recently completed several reviews for our e-procurement vendors and, without exception, have found improvements and enhancements that will add value for the vendor and our users. I am excited about our results and hope that this article assists you in continuing your reviews, or provides momentum to start a more thorough review process.

*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 and takes office as NAEP President in May 2014. 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: c harms@iastate.edu.
Campus living isn’t what it used to be. Student expectations for campus housing options have changed with the times and now include everything—from wireless Internet access and environmentally-friendly design to comfortable lounge spaces and more private bathrooms. Factors such as LEED certification and sustainable living are more important to students than ever before.

While this demand for amenities may seem excessive to some, it’s the reality, according to today’s university officials. As universities and colleges compete for student talent, meeting these increased expectations is not an option; it’s a necessity. Today’s facilities must be designed with an eye toward cutting-edge technology and sustainable construction. This factor has a profound impact on a number of departments throughout campus, including housing and residence life, facilities, and of course, procurement. But what exactly does this mean for today’s procurement professionals? And where do they turn for help?

Understanding Today’s Students
Residence halls play a huge factor in prospective students’ decisions concerning where to go to school, and it doesn’t end once they enroll. Keeping them on campus beyond their freshman year and ensuring that those facilities appeal to upperclassmen are other challenges entirely. Student retention on campus is just as important as student recruitment. Today’s students are more concerned than ever with a number of things that, quite simply, were not even thought of just a few years ago.

Bedroom and Bathroom Amenities
Remember those tiny dorm rooms that accommodated little more than two beds, two desks, and two students? Consider them a thing of the past. Today’s students are looking for more apartment-like living environments, including individual bedrooms that offer more privacy, but with communal kitchens and living spaces that offer opportunities for socialization. Many residence halls now offer suites with comfortable furnishings, warm paint colors, carpets, and even air conditioning. Kitchenettes are being designed with micro-fridges and dishwashers. Private bathrooms for smaller groups are not uncommon, and include tile floors, non-commercial fixtures, and separate changing and vanity areas for increased privacy.

Community Spaces
Today’s students are considering things like laundry facilities, fitness centers, game rooms, cafes, lounges, pools, and even security systems. A common design trend is the placement of laundry rooms next to lounges so students can socialize and/or study while doing laundry. On some campuses, students can check the availability of washers and dryers online. Lounges are being designed like living rooms and include comfortable couches, flat-screen TVs, and fireplaces. Courtyards with plush landscaping, patios, and benches are also common trends, along with state-of-the-art fitness centers and...
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pools. Regarding security, many colleges and universities are transitioning from metal keys to key-card systems, a trend that appeals to both students and parents. Providing these amenities is particularly important, given that schools must compete with apartment complexes and other attractive off-campus living options.

Technology
Connectivity is key. Today’s students are arriving on campus with laptops, tablets, gaming systems, cell phones, and other devices that require connectivity. High-speed wireless access in dorm rooms is not a luxury; it is a necessity. Also imperative is that this connectivity be available in communal spaces such as lounges, cafes, and food courts. In today’s social media-driven environment, learning extends far beyond the classroom. Accessibility is a way of life.

Sustainable/Green Living Spaces
Students today care about the environment and are attracted to campuses that share this interest. Today’s residential life facilities are being designed with features that include low-flow water fixtures, toilets and faucets, automated lighting controls and energy management systems, sustainable carpets, and environmentally friendly paint products. Leadership in Energy and Environmental Design (LEED) is one of the most effective programs for implementing a green and sustainable campus.

How Higher Education Has Responded
Texas A&M University is illustrative of a campus that has embraced this new trend in residence hall design. “We are extremely proud of Hullabaloo Hall, our newest residence hall,” explained Steve Laube, Facilities and Construction Project Manager. “This state-of-the-art living community includes 468 rooms and focuses on providing our students with academic, social, and recreational space, in addition to convenient services and amenities.”

In terms of room design, Hullabaloo Hall includes double- and single-occupancy rooms, as well as two- and four-person suites. Private bathrooms are available in each room and are shared by only two to four residents. There are network connections in each room, as well as wireless access throughout the hall. The facility includes a community lounge, kitchenette, and study rooms, and it even features an inner courtyard with a barbecue grill. Laube explained that Texas A&M is continuing the momentum of new construction on campus, and expects to break ground in the spring on the construction of 10 additional residence halls and apartments, as well as another commons building. “The long-held dreams of providing world-class accommodations for students and enhancing their experience on campus are now becoming a reality,” he said. “This is a really exciting time to work with the Department of Residence Life at Texas A&M.”
Impact on the Procurement Department

Texas A&M is certainly not the front-runner. Higher education institutions everywhere are integrating innovative design elements, furnishings, and equipment into their facilities. But how do these changes affect the individuals responsible for purchasing these products?

It all begins with the RFP process. In developing RFP specifications for things such as mattresses, chairs, and lounge seating for today’s residence life and apartment facilities, most procurement professionals have told us that their evaluation criteria typically include design, space efficiencies, construction and performance, service and delivery requirements, past experiences, warranty and pricing. Other factors are often included based on individual campus requirements.

“When it comes to selecting residence life furnishings, important features we look for are durability, longevity, and comfort, combined with cost-effectiveness,” said Dianna White, C.P.M., Senior Buyer at the University of North Florida. “We also prefer modular component replacement capability, ease of relocation, and contemporary design to round out the best overall solution for the University and our students.”

Sheila Azarian, Interior Designer/Senior Procurement Officer at New York University, described similar criteria in her selection process. “Our students request the best, so quality and durability are the first two words that come to mind when I begin the process of selecting a residential-life furniture manufacturer. I strive to find a company that provides high-quality products, excellent customer service, and a genuine commitment to sustainable practices.”

When it comes to sustainability, it helps to ask suppliers to include information about their sustainable practices in their RFP responses. And while it’s important that suppliers share your institution’s commitment to the environment, it is equally important that they share your commitment to students. Selecting suppliers who are willing to develop true partnerships is essential. This means working with procurement to continually meet ever-changing needs.

According to Carol Barnhill, Director of Procurement and Travel Services, durability and quality are high on the list of requirements for Arkansas State University-Jonesboro. However, Barnhill explained, it is also extremely important for a supplier to be willing to develop a true partnership with the university in terms of individualized attention and fast response. “We also put a lot of emphasis on whether the company is endorsed by the Association of College and University Housing Officers—International (ACUHO-I),” she said. “This association endorsement says a lot about the firms that they recommend; it means they are top-notch companies to do business with.”

ACUHO-I focuses on helping member institutions provide their residents with dynamic living environments. It promotes knowledge and expertise regarding residence-life furnishings, carpeting, services, sustainability, and more. ACUHO-I’s experience and relationships with higher education procurement offices and the supplier community has been instrumental in establishing cost-saving contracts with quality manufacturers and service providers. Membership in ACUHO comprises thousands of campus housing professionals at more than 950 colleges and universities.

There are a number of other associations as well. The National Association of College and University Business Officers (NACUBO) represents more than 2,500 colleges, universities, and higher education service-providers across the country and around the world. NACUBO specifically represents chief business and financial officers through advocacy efforts, community service, and professional development. The association’s mission is to advance the economic viability and business practices of higher education institutions in fulfillment of their academic missions.

The Association of Physical Plant Administrators (APPA) is another valuable resource for the higher education procurement community. APPA nurtures a network of about 5,000 facilities professionals. For the last several years, APPA and ACUHO-I have collaborated to host a joint annual Facilities Meeting where major suppliers share with attendees information about available contracts and latest developments.

We’re All in This Together

No doubt about it. Things have changed drastically with regard to student needs for campus housing. Residence halls are viewed as “home away from home,” with students demanding a healthy balance of study and social space, sustainability, and convenience. Amenities such as private bathrooms and wireless connection—once considered luxuries—are now basic necessities. It’s a tall order and yet higher education institutions must keep up in order to recruit, retain and graduate quality students.

Meeting these changing needs is a goal shared by the entire higher education community and the individual departments within it. Their collabora-
For decades, procurement professionals in the healthcare industry have relied on third-party logistics (3PL) providers to simplify processes and to generate cost savings. As the lines have blurred between healthcare and higher education, the inbound and outbound freight management portions of these services are now being marketed to institutions with the promise of capturing substantial cost-savings while requiring minimal effort. To some, the sales pitch may sound too good to be true. However, those who have taken the leap, such as Emory University in Atlanta, are already seeing positive results.

The Sales Pitch for Inbound Freight Management

Freight management programs can cover both inbound (coming to campus) or outbound (going from campus) freight. According to the 3PL providers currently in the higher education market, freight management is a simple and easy way to save significant amounts of money, with the largest amount of potential savings to be captured through inbound freight management. On average—assuming no supplier agreement in place for shipping—institutions pay the carrier’s list price for inbound shipments. Until recently, institutions had virtually no way to control these costs. However, with the intercession of 3PL providers, inbound shipments are concentrated to a central shipping account that can offer significant savings for the institution. The savings can add up quickly, especially for suppliers that deliver frequent, small shipments. The promise from 3PL providers is an average of 40 percent. Institutions will also aggregate volume with carriers (i.e., FedEx or UPS), which may move them to a better pricing tier. Depending on the contracts accessible by institutions, rebates can add to overall savings. The 3PL providers bearing the burden of supplier setup and system customization, little work is required by the institution. The 3PL providers are then paid based either on the savings they provide or a per-transaction fee. From the customer standpoint, it all sounds too good to be true.

Why We Bought Into It

When it came to seeking out savings at Emory, inbound freight management was a previously untapped resource. However, we didn’t realize our actual opportunity for savings until we started to closely look at the situation. We began by evaluating our potential opportunity by looking at a basic freight report, which we were able to produce because it is our common practice to record shipping charges on every supplier invoice. In an analysis of our shipping spend, we discovered that even some of our best contracted suppliers were charging freight amounts that didn’t fall in line with our own institution’s FedEx rates. We believed such a program could help us maximize our resources, from taking advantage of rebates to stretching every dollar we spend. If we could take control of our inbound shipping, these dollars should be easy to capture.

In order to make the decision on which 3PL provider would best meet our needs, Emory developed a must-have list. Implementing a freight management program needed to be simple and require a small investment of our time. We also had special requirements: (1) ability to work with our e-Procurement and financial platforms; (2) separate billing to the internal accounts as designated on individual line items of our purchase orders; (3) provide data in a way that our customers would be able to easily track their shipping costs for each purchase order; and (4) provide reporting that we could use to both monitor the program and share with leadership. Based on the capabilities available at the time, Emory elected to partner with Vantage Point Logistics (VPL) and FedEx.

Our Implementation Process

Emory formally adopted the inbound freight management program in late Fall 2012, and as VPL will attest, we were not an easy customer by any means. Because such programs were new to higher education at the time, we wanted to test the waters before diving in. We elected a rollout approach for our implementation, both in regard to our systems and our supplier selection. At our request, the first phase of our rollout lasted four months and involved only a dozen suppliers. By moving forward slowly and on a small scale, we allowed ourselves a comfortable time for in-depth analysis, and we were able to easily correct system issues and understand supplier response. With peer results now being more readily available, a
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slow rollout approach may no longer be necessary. However, with technology sometimes being what it is, we do recommend a limited period of system testing on a handful of suppliers before moving forward with a full-scale implementation.

In order to begin the system implementation, VPL requested that we regularly provide certain PO and invoice data it needed to match the FedEx account charges and to verify that suppliers were compliant. We provided this data daily. Now, we have automated the data feed through our financial system, and VPL can access it through a File Transfer Protocol (FTP) site, meaning that we no longer have to manually send data feeds.

Before beginning our supplier implementation, VPL supplied recommended drafts of supplier and customer communications, which we then tailored. Our selection of suppliers for the first phase of implementation was critical for understanding how our suppliers might react and where we might see the largest savings. We made our decision by looking at the suppliers with the highest shipping charges and then selecting a small assortment of suppliers having various characteristics (industry, size, contracted vs. non-contracted, and known and unknown shipment sizes). We then provided the supplier list to VPL. It contacted the suppliers using the pre-approved communication and then set them up. At that point, all that was left to do on our part was customer communication via our website and due diligence to ensure we are really capturing the promised savings. Even as we implement new suppliers today, we still manage the process very carefully and ensure that the supplier is not already party to a shipping agreement.

**Determining Actual Results**

To really understand the results that an inbound freight management program can provide, it is important to note that no 3PL provider can
provide an exact dollar amount or percentage of savings. The savings they report are based on the carrier’s list price, which may be actual savings for some suppliers but definitely not for all.

While somewhat arduous, your own due diligence will likely produce the best approximation of actual savings after your freight management program is in place. The method that Emory uses in reporting actual savings is calculated by comparing shipping charges on selected identical shipments before and after the freight management program and determining an accurate savings average per supplier. In these analyses, we have identified several suppliers that have as much as 65% savings, and others with as little as 2%. In only two instances out of 200-plus suppliers currently on our program, we have identified no savings or spent more on shipping, with VPL quickly taking the lead to remove the supplier from our program.

Currently, Emory’s overall percentage of actual savings is about half of the list price estimates reported by VPL, but our savings is still an impressive 35%-plus overall for the implemented suppliers. While there may be some margin of error in the numbers, we have no complaints with the positive results and consider our program a success worthy of sharing with our peers.

Our Year in Review

As of December 2013, Emory had used the inbound freight management program for one full year. The results of the first year of our program as reported by VPL can be found in the data and chart provided, with the first four months being the initial phase of our rollout. Again, the savings shown are based on our carriers’ list prices, reported at 65 percent overall savings. This is contrasted to the conservative estimate of 35 percent savings that we calculated. Take the percentage differences into account for a closer approximation of the actual results.

Since the inception of the program, Emory has maintained a conservative estimate of $17 savings per purchase order. When thousands of POs are processed by those suppliers in a year, the savings add up. For Emory, the most conservative overall savings exceeds $150,000 for a very small portion of our supplier base. With that in mind, our current initiative to maintain success is to continue implementing qualified suppliers into the program and to continue performing our own due diligence. And, while we do keep our 3PL provider on its toes, we recommend inbound freight management without hesitation as a program that actually does deliver on all of its promises.

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Finesha Golton-Lee, C.P.S.M., is a Commodity Manager at Emory University in the Procurement and Contract Administrative 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.

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A s institutions seek best-value solutions for increasingly complex situations, they are turning more and more to the Request for Proposal (RFP) method of competition. An RFP provides the buyer the ability to judge whether a respondent’s qualifications, experience, and approach will provide the best solution and value. RFPs typically require greater effort, take more time, and pose more chances for controversy and protests. Therefore, conducting an effective RFP process is essential to achieving desired results.

Know When to Use the RFP
Using the appropriate solicitation method is the first step to success. The RFP method should be used when:

- Needs are defined, and suppliers/contractors are to propose the best method for fulfillment;
- Skills, expertise, or technical capability of the respondents will be evaluated;
- The need involves services or a combination of goods and services;
- Price is not the primary consideration;
- Specifications of the project cannot or should not be clearly defined; and/or
- The purchaser is not sure of what is available in the marketplace.

Don’t Go It Alone
The RFP planning process begins with identifying the proposal team. This team should consist of the major stakeholders, those who have a vested interest in the success of the project and who will be involved in the daily management of the resulting contract.

The composition of the team depends on the type of project. In addition to the contracting office or purchasing agent, team members might include:

- Subject matter expert/consultant;
- Finance/budget expert;
- Reliability engineer;
- Legal counsel;
- Students;
- Senior management; and
- Primary stakeholders.

The team determines the desired outcomes to be achieved through the solicitation. More importantly, the team will clearly identify the need, so that the opportunity for respondents to propose effective solutions can be maximized. Team members will also define roles and responsibilities for the administration of the project and appropriate points of contact.

Create a Performance-Based Statement of Work (SOW)
The purpose of the RFP is to elicit the best outcome. This is communicated to potential respondents through the Statement of Work (SOW), which is a detailed description of the work that the institution wants the supplier/contractor to perform. A performance-based (as opposed to design-based) SOW contains objective, measurable performance standards, and outputs. It describes requirements in terms of measurable outcomes rather than prescriptive methods. It describes the need, not how it is to be satisfied. By permitting respondents to determine how best to accomplish the work, they can control or reduce costs through creativity and innovation.

For example, a design-based SOW for custodial services might include a requirement to wax floors once/week using ACME floor wax and Scrubomatic floor scrubber with #2 buffing pads. It would likely specify the number of workers and supervisors needed, qualifications of the workers, types of equipment to be used, types of cleaning supplies, locations, and frequency. All the liability for performance rests upon the institution, as it is specifying how the work must be done. There is no statement of expected outcome. By contrast, a performance-based SOW would state floors shall show no dust or dirt streaks after cleaning. Performance-based relies on the expertise of the contractor to determine how to achieve the desired result. It would likely include volume (number of square feet to be cleaned), number of days of service, acceptable quality measures such as timeliness, reliability, compliance, and expected outcome to have a clean facility.

The goals and expected outcomes determined by the proposal team guide the entire RFP process, including developing the SOW, evaluating, and monitoring performance of resulting contract. A well-written Statement of Work is important and should:

- Establish clear understanding of what is needed by articulating performance standards;
- Encourage competition in the marketplace;
- Encourage innovation and cost-effective solutions;
- Satisfy a critical need; and
- Obtain best value.

Evaluate Proposals Objectively
The evaluation must be based on the criteria stated in the RFP. Therefore, it is essential for the proposal team to determine how the proposals will be evaluated prior to writing the RFP. Knowing how the RFP will be evaluated also...
determines what the respondents need to submit in their proposals.

Criteria might include:

- Appropriateness of methodology or outcome;
- Adequacy of work plan;
- Capability and capacity (personnel & equipment);
- Adherence to time schedule;
- Qualifications;
- Successful experience;
- Cost of services;
- Innovation; and
- Financial stability.

Evaluation criteria and method must always be determined before preparing RFP documents. The criteria should be tailored to each specific project.

Best value is the basis for comparing alternatives and emphasizes the importance of technical merit and/or performance to satisfy a requirement, relative to the price the institution is prepared to pay. Best value should be used to identify and select the most advantageous offer. The criteria must:

- Be based on the factors developed by the proposal team;
- Relate to the intended use or need and not be arbitrary or capricious;
- Not be constructed in order to exclude competition; and
- Be stated in the RFP solicitation.

Common evaluation methods include lowest-priced responsive bid, lowest cost-per-point, highest-responsive combined with technical merit and price, or highest-rated responsive bid within budget. Each of the methods has advantages and disadvantages and can be used differently, depending on the complexity of good or service. The method selected should be fair, objective, and transparent.

Debriefing unsuccessful offerers before final award provides transparency and may increase the credibility of the process. It assists those competing with an explanation of the evaluation, minimizes protests, and enables contractors to improve their future competitive positions.

Don’t Stop at the Award Phase: Use Performance Monitoring

The proposal team determines how performance will be monitored and measured. Contract Administration Plans (CAPs) are essential for successfully completing the entire RFP process. The CAP should be developed prior to writing the SOW so expectations can be articulated in the RFP. Purchasing professionals should always be part of the administration plan in order to handle disputes and ensure contract compliance for both parties.

Following these tips may help you prepare and conduct an effective, successful RFP process.

One last tip: You can attend the NAEP RFP Institute to learn more about effective RFPs.

Nancy S. Brooks, MPA, is Director of Purchasing at Iowa State University (ISU) and served as NAEP Board President for 2008-2009. Employed by ISU since 1989, Ms. Brook's career began in the private sector as a purchasing agent in a large manufacturing facility. Her background includes a number of years in the construction management field. She received her B.S. in Business and Master in Public Policy and Administration from Iowa State University. Email: nsbrook@iastate.edu.

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Have you ever been confronted with a new, complex sustainability project? If you have, I bet you contended with lessons-learned very similar to those shared within this article. Whether or not, I would love to hear your take on these notions.

The issues embedded in a large, thorny sustainability task can be daunting for most procurement professionals. In many organizations communication is usually at a minimum—as with many requests for service—and that is where the opportunity begins.

I learned these lessons long ago, the hard way, and my application of them has stood me good stead, even through today. One of my team members, Alan L. Austin, recently published an article in Quality Digest, October 2013. I have adopted here key points in that article, but have amplified and clarified some of them.

Alan and I were fortunate to be on a very high-level team that was tasked to accomplish some amazing results. Due to the time and framework constraints, we were operating with no rules and few directions. Our team was notably diverse, though it was quite small in comparison with teams being formed today. The difference in the team members’ skill sets, experience, and personalities was dramatic. What bound us together was a deep commitment to the institution, our sponsor, and the people in our respective organizations.

After numerous false starts and unsuccessful attempts to arrive at meaningful results, we learned from our shortcomings. Soon enough, we settled into a routine of asking some apparently simple questions, only to find that these were exactly the right questions that would ultimately enable us to achieve realistic, measurable results.

Those questions were:
1. What is the desired outcome?
2. So what?
3. Who cares? and
4. Why?

What Is the Desired Outcome?
Taking the time to think about and discuss this question is vital for a number of reasons. We all-too-often don’t stop to figure out precisely why we’re doing some of the things we are doing. Stephen Covey, in his *Seven Habits of Highly Successful People*, has distilled this into Habit #2: Begin with the End in Mind. The key is to articulate a desired result; it requires the use of imagination to formulate a mental model of what the desired outcome might look like (you have to know where you are going). Then you can go about creating the physical representation of the visualization. Communication is critical because not everyone may share the same mental model. Without dialogue, a team can end up with something at creation that does not look at all like what the other team members thought was being designed. Another reason that communication is important is the importance of knowing whether there is a high degree of compatibility with the organization’s existing culture. Just because something works well in a sister institution does not necessarily mean it will translate universally.

So What?
Abrupt as this may seem at first blush, it is a question that organizations frequently fail to consider. In part, this happens because institutions are frequently subject to jumping onto the fad of the month. This symptom has caused a great deal of skepticism in the academic community, which is understandable. Something that works well in the private sector may be of absolutely no interest to faculty or students. Peter Drucker put it this way, “There is nothing as useless as doing well that which ought not to be done at all.”
Who Cares?
We relied again upon Stephen Covey and Habit #5: Seek First to Understand, Then to Be Understood. Organizations are pretty good at sending communications but they are woeful in their ability to listen. Many projects are failures because nobody takes the time to understand who cares. In large organizations this sometimes is expressed as “Who in the world wanted this?” There are some pitfalls in the question because it is easy simply to answer, “The stakeholders.” The problem is that “the stakeholders” comprise everyone from students, customers, faculty, bosses, senior institutional leadership, government officials, and even courts. The term has become a fad word that falls apart at a project implementation level. Accordingly, developing a robust, integrated communications plan that encompasses all affected individuals with messaging consistency is critical. The process of listening will assist in the creation of a success line of logic to proceed, modify, or perhaps even scrap the project. Dialogue doesn’t cost near as much to get something right than it does in figuring out how to do something over.

Accordingly, developing a robust, integrated communications plan that encompasses all affected individuals with messaging consistency is critical.

Why?
Ah, the simplicity of a young child’s unending questioning. It is an irritating question that forces one to put the three prior questions into context. It is the last opportunity to consider all that went before and to force a final assessment of whether the benefits outweigh the costs. If, upon serious review, a team has not formulated adequate justification and logic that anticipate those numerous “Why” questions, it best not proceed.

The excitement and build up to project launch will not be shared by all parties. That is okay, but a compelling case statement that “carries the day” is essential. Such a statement is best developed by asking these four questions, digesting feedback with empathic listening skills, and implementing a communication plan that ensures a successful project.

I know you are interested in being successful in the projects you are asked to perform. I also know that you can do great things. Sometimes it just requires learning from mistakes made by others and applying new tools.

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Educational Institutions Are Getting Their Supplier Diversity Acts Together

by Jesse L. Moore
Purdue University

Today, more and more colleges, universities, and K-12 school systems are either starting or expanding their supplier diversity programs. These economic powerhouses are realizing their roles to identify and increase opportunities for those in our society and our communities who have not fully participated in the economic dreams of the nation. Large segments of our citizens who have only recently been allowed to show what they can add to the American economy and to the American Dream are now primed and positioned to assist us in reaching our institutional goals by supplying us with competitively priced, quality products and services.

NAEP has, for the past 10 years, presented a platform every other year to showcase best practices and networking among supplier diversity professionals in education. But why? Why do NAEP and its volunteers go through the time and effort to present these training institutes for Members? Is it really that important and worth all the resources of time and expense to plan and implement the institutes?

I’ll share some thoughts from people who are donating their time to plan this year’s Supplier Diversity Institute a little later but first I’d like to share some data from the latest U.S. Census Bureau report on small businesses in the United States. The Bureau conducts extensive surveys every five years. This data reflects the findings in the 2007 report and compares the results with the findings of the 2002 report.

Women-Owned Businesses (WBE) increased from 6.5 to 7.8 million firms, which was a 20.1% increase from 2002 and now represents 28.7% of all firms in the U.S. Their receipts increased by 26.7% but represent only 3.9% of all receipts of firms.

Minority-Owned Businesses (MBE) grew from 4 to 5.8 million firms, which was a 45.5% increase in the number of firms, and they now represent 21.3% of all the firms in the country. Their receipts grew by 55.6% and they still represent only 3.4% of all the receipts of all firms.

Combined Women-Owned firms and Minority-Owned firms comprise 50% of all businesses and, yet, only receive 7.3% of the receipts of businesses transactions in the United States!

To break out one of the ethnic groups included in the category of Minority and further drive home the point of the continued need for supplier diversity programs and supplier diversity institutes, here is the data on Black-Owned Businesses. They enjoyed an increase from 1.2 to 1.9 million firms, which is an increase of 60.5% and they represent 7.1% of all firms in the country. But watch carefully; their receipts, while increasing 55.1%, now represent only 0.5% of the total revenue of all the firms in the country. Other ethnic businesses are experiencing similar results.

This should explain why supplier diversity programs are not just needed but should be given an even higher priority than they currently enjoy. Colleges, universities, and K-12 school districts are tremendous economic powerhouses that spend billions of dollars (some of which are tax dollars) and they have the opportunity to significantly impact the outcome of this leveling of the economic playing field. The larger research universities have budgets that dwarf those of most cities and towns in this country.

The decisions that we make have a direct effect on the economic health of the small, diverse, business community.

Does supplier diversity have a prominent role in your institution’s strategic plan? In its campus master plan? Are you giving it more than “lip service,” only having a “program” in place and designed to keep some governmental/semi-governmental agency satisfied, so that they may continue to fund your projects? If you are serious, then you should have those charged with carrying out your school’s supplier diversity program attend NAEP’s Supplier Diversity Institute. If you are at the point where you are considering a program to increase opportunities for diverse vendors, then you should most definitely be in Chicago, Illinois, next August 4-5.

Below are thoughts from some of the members of this year’s Supplier Diversity Institute Planning Committee on the value of gathering together to explore best practices and networking with others who are developing strong supplier diversity programs. This committee has been meeting via teleconferences for many months to create an experience that will have something of value for both the new supplier diversity staffer and the individuals who have been in the trenches fighting
to make supplier diversity an integrated process in purchasing and contracting for many years.

**Ernest Webster,** Business Development Coordinator, University of Georgia, gives his reasons for attending and supporting NAEP’s efforts to provide its Supplier Diversity Institutes. “It’s a chance to meet and learn the latest and best practices going on with Supplier Diversity programs from universities and colleges and other educational agencies from all over the country that can be utilized at our own university.”

When asked why is supplier diversity important/valuable to your institution? **Mark Cartwright,** Senior Director, Supplier Diversity, Novation, stated: “We approach supplier diversity from the concept of the six Cs:

1. Customers—Diverse faculty, staff and students increasingly expect a robust program to be in place.
2. Competition—Best-in-class programs help to attract and retain the best faculty, staff and students.
3. Compliance—Federal funding and grants are at risk without adequate programs.
4. Community—Benefits our community economically (more jobs).
5. Customization—Diverse firms are more flexible in the design and delivery of end product. Working directly with owner can provide quicker turn-around.
6. Costs—The more competition=better pricing.”

**Karen Gross,** Manager, Supplier Diversity, University of Texas, Medical Branch was asked: Does it help to know what supplier diversity initiatives other institutions are implementing and what challenges they are dealing with? She replied: “Yes. We all may be different but we are all the same. Same issues; different locations, size of schools and faces of people. The most important part of supplier diversity is to work with leadership to ensure that the entire mission and vision for the agency includes supplier diversity.”

Please go to the NAEP website and follow the link to the Supplier Diversity Institute to see the agenda we have planned for all who attend. We certainly hope you and others from your institution will join us in Chicago, Illinois, August 4-5. The Institute will be packed with information and you will be surrounded with like-minded people who are searching for ways to make supplier diversity a success on their campuses.

**Jesse L. Moore** was recruited by Purdue University in February 2005 to create its first Office of Supplier Diversity Development and to serve as its Director. His challenge was to increase the opportunities and the number of contracts awarded to women- and minority-owned businesses. Moore has also served as State Procurement Officer in the Office of Minority Business Enterprise (OMBE) within the Indiana State Department of Commerce, Executive Director of Economic Development and Small Business for the Indiana Chamber of Commerce, and Executive Director of the Indianapolis Black Chamber of Commerce. Email: jlmoo12@purdue.edu.

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What I Have Learned in the Last 75 Years
Part Two
by Bob Ashby, C.P.M., CPCM
University of Nevada, Las Vegas (retired)

In the last issue of the *NAEP Journal* I noted that I was celebrating my 75th birthday. As I pondered the significance of this achievement, I wondered if I could condense what I had learned down to the four most important lessons and then share them with you. I tried. Really, I did. But since I ended up with seven, not four, and since you, the readers, have well advised me in the past, I asked you to tell me which of the seven were the four most important.

In that last issue of the *Journal*, I addressed the first lesson: Life is easier if you try to get along with folks rather than imposing your will on them. That left the following six from which you were to pick the best three:

- Have goals, since you’ll never know where you are headed or when you have arrived if you don’t plan your route first;
- Always be prepared, because it would be a shame to miss out on that special someone or special job simply because you weren’t prepared;
- Be ethical, since the number one asset we all have is our good name and reputation;
- It is never too late to learn and improve yourself for the sole sake of, well, learning and improving yourself;
- We have all been mentored by someone, whether in our personal or professional lives, so we, too, should “pay it forward” by mentoring; i.e., sharing our knowledge and experience with those seeking to improve themselves.
- “There ain’t a horse that can’t be rode or a man who can’t be throw’d.” (Darrel Royal, football coach of three-time national champions University of Texas in the 1960s.)

The votes are in and the second lesson is: “There ain’t a horse that can’t be rode or a man who can’t be throw’d.” (I suspect some of you chose that just to find out what I meant.)

As you college football fans remember, the University of Alabama team took the national championship in 2011 and 2012. In 2013, it was ranked Number 1 when it played Auburn University in their last regularly scheduled game. Someone forgot to tell the Auburn Tigers how heavily favored was the Alabama Crimson Tide. While most sports analysts had already conceded the national championship to Alabama, Auburn didn’t pay attention to anyone but its coach. He convinced the team could win—and it did.

Same scenario played out when Number 2, Ohio State University, in its last regularly scheduled game, played Michigan State. The heavily favored Buckeyes got beat because someone forgot to tell the Spartans that the outcome had already been decided. Again, the MSU players didn’t listen to anyone but their coach.

This lesson applies, of course, also to us in our business. Those who have attended my workshop, Bob’s M.A.G.I.C. Show, know it is about how my boss at the University of Nevada Las Vegas tried to thwart my every effort to introduce new ideas. That dinosaur had a history of stifling creative ideas until I bested him through M.A.G.I.C. (Motivation, Attitude, Go-Gettum, Innovation, and Can-Do). Various members of his Cabinet even warned me that, though my innovations needed to be made, I was bucking too big of a horse. I recognized that, but I also felt that I could outsmart him since there is usually more than one way to skin a cat. Because no one would coach me then, I became my own coach and worked my own game plan.

Sometimes you have no choice but to work without a net.

Folks often get upset by the results they didn’t get from the work they didn’t do. I figure that we have two choices in life: (1) follow the herd or (2) become the lead dog by doing a better job. I realize that not everyone is geared to taking the risks necessary to get ahead or to innovate, but those who are have figured out, as the quote goes: “Unless you’re the lead dog, the scenery never changes.”

Or as Michelangelo said, “The greater danger for most of us lies not in setting our aim too high and falling short but in setting our aim too low and achieving our mark.”

And now, at age 75, I am running marathons and asking myself if I think I can beat the Kenyans and Ethiopians. Our readers who are runners know that in these races we compete only within our age group. I cannot beat the young Kenyans and Ethiopians, but in my age group I have placed first in three races, second in two, and third in one. The lesson sometimes seems that a big horse might throw you for a while, but with patience, you can prevail.

I am sure many of you have similar or even better examples. I’d like to hear them.

But I’d also like to know which three of the remaining six lessons learned would you like to see me address? Or do you have another one you are wondering about? Write me at ashbybob@embarqmail.com.
Adding Value

by John Riley, C.P.M.
Arizona State University

We still see people asking about the cost to process a purchase order. This annoys me immensely. The cost to process a purchase order is the number of minutes times the cost plus benefits per hour of each person who is part of the process including the initiator, plus the number of nanoseconds used times the total cost of the technology including maintenance and technology people caring for it, plus the cost of distributing it to the supplier and user, plus the cost to file and store it, plus the applicable percentage of the costs of any solicitation that might have been done. So, let’s say the cost is calculated to be $25. The question is: Is that good or bad? I don’t know, and neither do you. A low cost-per-purchase-order may mean that we are spending too much time on low-value work, or it may mean that we use automation to generate a large number of purchase orders, compared to the cost of the people we employ. See, $25 could be good or bad.

Worse, these exercises are generally done for people who will not understand the results. These are people who think that if the cost to generate a purchase order is $25, and you generate 100 fewer purchase orders, you now have $2,500 to spend. You know, however, that if you generate 100 fewer purchase orders with the same people and technology, all you have done is increase the cost to generate a purchase order, and you do not have $2,500 in “savings” to spend.

There is a similar problem when we are tasked to generate “savings.” Since we are spending money out of the various funds that departments have in our fund accounting system, any money not spent remains in the respective fund. Departments have the annoying habit of squandering any money we save them on more instruction, research, and community support. They certainly will not share any of the “savings” with us, even when we could invest it in technology that would save them even more money.

What we really seek is a measure of the value we add, and so far, this has been elusive. Perhaps one way to think about it is the concept of a force multiplier adapted from the military. If you have a fighter jet that can travel 600 miles before it has to return to base, and then you add aerial refueling capability, you have multiplied it as a force, because now its range is limited only by how long a pilot can stay awake to fly it. Convert it to a drone and you have multiplied it again, as now the “pilot” sits in a comfy chair back at the base, and you can easily switch pilots. So, for those of us in procurement, if you can get an item expected to cost $100,000 for only $70,000, you have $30,000 left over to multiply force. Your client department can now get 30 percent more for its money. This will resonate well with department staff, as now you are talking about how they can do more, rather than talking about savings, which they translate into “cuts.”

There are many other ways to think about added value. Time saved, especially for faculty with limited time to make tenure, is very valuable. Offering a choice (hopefully among those items you have already under contract) is also valuable. Making a process easy and convenient is also highly valued, even among those who state that their goal is to save money.

So, where does this leave us? Without any standard measure of value added, but with a lot of anecdotes showing that we helped a client with a specific project or process? Hopefully so, as these stories are noted and remembered. Tell these stories! Sell these stories! Sell your value-added abilities through these stories. Put them on your website.

At least until someone invents a standard measure of value added. And when they do, please let me know about it.

Have fun.

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