



NATIONAL INSTITUTE OF GOVERNMENTAL  
PURCHASING

MARCH 2009  
NEWSLETTER

MARCH IS PURCHASING MONTH!



*Governor Huntsman signing a proclamation recognizing March as Purchasing Month- March 2006*

MESSAGE FROM THE CHAPTER PRESIDENT

March 2009

Dear Fellow Purchasing Professionals and Colleagues,

Happy Purchasing Month!

March 2009 marks the local and worldwide importance of the supply management profession.

The State of Utah will celebrate the local and worldwide importance of the supply management profession during 2009 Supply Management Month. Each March, State Purchasing Professionals, along with NIGP-UTAH and NAPM-UTAH join with other supply management associations worldwide to bring attention to the influential role supply professionals of all titles and organizational roles bring to all business sectors.

"Supply management professionals across the State of Utah make important contributions to the quality, efficiency, and profitability of small and large organizations and businesses in public and private sectors across the United States," says Kent Beers, Chief Procurement Officer, State of Utah. "Nationally, supply management professionals are responsible for managing and monitoring billions of dollars' worth of goods and services every year, which directly influences the U.S. economy."

During these difficult economic times, it is vitally important that your chapter board, officers, and committees work in partnership to deliver the very highest quality of services to you, our membership, and all those who serve our public procurement profession. We believe that our core strength as an association lies within the opportunities and services that are made available. Our role is to support you in every way possible to ensure your success and the important role you play in your organization's mission. Realizing that education, training, and out-of-state travel are often the first budgetary items to be cut during lean financial years, the board has made the decision to use what resources we have available to support increased training opportunities and access to informational materials available to you as members. To that end, we will be overhauling our website, slating educational speakers on timely topics, increasing the library of guides and manuals, and expanding the newsletter. The Chapter finances, while modest, will be used to focus on enhancing the value that your membership provides.

I look forward to seeing you all at our monthly meeting on March 17<sup>th</sup> and providing more information to you on the changes we are making to help us serve you better.

Wishing you all the very best,

Paul F. Mash  
President – Utah Chapter





## Upcoming Meeting Dates

### **CHAPTER MEETINGS:**

Tuesday, March 17, 2009

- St. Patrick's Day- WEAR GREEN!!!

(9AM-12 Noon, SL County Bldg, S1007) **“Risk Management and Insurance”** – Bryce McEuen, J.D., Risk Manager for Sandy and Logan cities

-**“Topic TBA”**- Presentation by State of Utah Risk Management

Tuesday, May 19, 2009

- **TBD**

### **UPCOMING WEBINARS** (To register, go to [www.nigp.org](http://www.nigp.org))

(Members: \$75 per Seminar; Non-Members: \$105 per Seminar)

Wednesday, Mar 11, 2009- Preparing for the CPPB and CPPO Computerized Exam-  
What to Expect

Tuesday, Mar 24, 2009- Writing a Responsible Green Purchasing Policy

Thursday, Apr 9, 2009 The DNA for Procurement Planning

Thursday, Apr 16, 2009 U.S. and Canadian Procurement Law- Similarities & Differences

Tuesday, Apr 21, 2009 Negotiation Basics

Thursday, Apr 23, 2009 Your Top Ten Tips for Good Specifications!

Tuesday, Apr 28, 2009 The Why, When and How to Use Price as an Evaluation Criterion in Your RFP's

Thursday, May 14, 2009 Dealing with Difficult Vendors, End-Users, and Annoying People

Thursday, May 21, 2009 Performance Measurement 1, 2, 3

### **NIGP National Seminar to be held in Salt Lake City!**

*Fundamentals of Leadership and Management in Public Procurement* – May 14-15, 2009, 8:00 am- 5:00 pm, Salt Lake City, Utah. For more information and registration, go online to [www.nigp.org](http://www.nigp.org) , or contact Tiffany Sorensen, Education Chairperson. See attachments to this newsletter.

**CPPB and CPPO Exams** are available twice this year:

**May 4-9, 2009:** Application deadlines have already passed. You will need to register for the exam by March 30.

**Oct 26-31, 2009:** Apply by July 27, or with late fee by Aug 10. You will need to register for the exam by Sept. 21

For more information, please contact Tiffany Sorensen, or visit the website

[http://www.uppcc.org/become\\_certified/become\\_certified.aspx](http://www.uppcc.org/become_certified/become_certified.aspx)

**64th Annual NIGP Forum 2009**

August 22-26, 2009 in St. Louis, MO. Plan Ahead! For more information and registration, go online to [www.nigp.org/forum](http://www.nigp.org/forum).

## Utah Chapter News

**PLEASE NOTE** the location for all chapter meetings will be at the SL County Building, room S1007 (2100 S. State), unless otherwise posted. PUBLIC PARKING is available in the parking structure if outside lots are full.

**WE NEED YOU!** Volunteering can help you learn new skills, meet great people, build your resume, and can give you a great feeling of accomplishment. If you are interested in serving on a committee, please contact the committee chairperson listed:

**Committee Chairpersons**

Honors & Awards: Jessica Sims (SLC Corp.) [jessica.sims@slcgov.com](mailto:jessica.sims@slcgov.com) ; 801-535-7666

Financial: Gayle Gayler (SL County) [ggayler@slco.org](mailto:ggayler@slco.org) ; 801-468-2559

Historian: Mindi Bos (Sandy City) [mbos@sandy.utah.gov](mailto:mbos@sandy.utah.gov) ; 801-568-7148

Membership: Stephen Elms (Draper City) [steve.elms@draper.ut.us](mailto:steve.elms@draper.ut.us) ; 801-576-6514

Nominating Committee Member: Tara Allred (S. Jordan City) [tallred@sjc.utah.gov](mailto:tallred@sjc.utah.gov) ;  
801-254-3742

Public Relations: Paul Kikuchi (UDOT) [pkikuchi@utah.gov](mailto:pkikuchi@utah.gov) ; 801-965-4071

Education: Tiffany Sorensen (SLC Corp.) [tiffany.sorensen@slcgov.com](mailto:tiffany.sorensen@slcgov.com) ; 535-6347

**CERTIFICATION** has its rewards! Contact Tiffany Sorensen at [tiffany.sorensen@slcgov.com](mailto:tiffany.sorensen@slcgov.com) for more information on how you can become certified.

**A LIBRARY** of NIGP recommended texts has been purchased for use by chapter members studying for CPPB or CPPO certification exams. To check-out these texts (texts may be checked-out up to 60 days), please contact Tiffany Sorensen at the email listed above.

**TEXTS INCLUDE:**

*Introduction to Public Procurement*

*Legal Aspects of Public Procurement*

*Planning, Scheduling and Requirement Analysis*

**VISIT THE CHAPTER WEBSITE FOR NEW UPDATES!** Go to <http://nigputah.org>.

## Special Notices

- The March chapter meeting will be held on St. Patrick's Day. Show your spirit and wear green to win prizes!!! Make sure to bring your business card to the meeting and enter it into our drawing. Good luck, and have some fun being **GREEN!!!**
- Our chapter scholarship program, open to all current chapter members, and college/university students with procurement related coursework, is now available! Information has been sent to various colleges and universities around the state. For more information on the program, check the chapter website at <http://nigputah.org>, contact your local college/university, or contact Greg Maynard at [greg.maynard@slc.k12.ut.us](mailto:greg.maynard@slc.k12.ut.us). Applications are due March 16, 2009 for the current scholarships.
- Applications for Utah Chapter NIGP Manager of the Year Award and Utah Chapter NIGP Buyer of the Year Award are due April 20<sup>th</sup>. Please contact Jessica Sims at [jessica.sims@slcgov.com](mailto:jessica.sims@slcgov.com) for submission information and forms. All individuals who are nominated will be sent on to NIGP National for award consideration. Chapter members are encouraged to nominate themselves.
- The Board has voted to purchase additional materials to add to the chapter library, which will be available soon for members to check-out. These will include CPPB and CPPO Exam Review Guides, *NIGP Dictionary of Purchasing Terms*, and the management text *Fundamentals of Leadership and Management in Public Procurement*.

## Classroom Corner

*"We make a living by what we get, we make a life by what we give."*

*-Sir Winston Churchill*

Excerpts from **Procurement takes center stage**, By David Yarkin (For full article, please see [http://govpro.com/news/procurement\\_takes\\_center/index.html](http://govpro.com/news/procurement_takes_center/index.html) )

It is widely believed that the economic crisis that America now confronts is the worst since the Great Depression. Businesses, politicians, central banks and families all are working feverishly to devise plans to weather the storm that no one expects will pass anytime soon. This month, we interviewed procurement directors from five states to learn how this environment is affecting procurement operations in their states, how they are ensuring operational continuity in the face of severe budget cuts and what silver lining, if any, can be found amid the dark economic clouds.

Reading the state-of-the-state speeches or budget addresses from the nation's governors is enough to sober even the most wide-eyed optimist. Nearly universally, states face staggering budget deficits that threaten government's ability to maintain its critical infrastructure, protect its citizens, care for the needy and educate its children. Just as this article was going to press, President Obama signed a \$787 billion stimulus package into law. While the package may mitigate some budgetary challenges, for states the picture is bleak from coast to coast. Forty-three states are running budget deficits. California's \$42 billion deficit has been well-publicized, but smaller states are equally impacted. Arizona and Nevada's deficits are roughly 30 percent of their entire budgets.

### **Vikings helping Packers**

Against this backdrop, states are taking actions today that few would have thought possible even six months ago. Government employment, once perceived as a lifetime guarantee, is no longer sacred. As of February, 11 states had announced layoffs totaling more than 7,000 positions to deal with budget deficits in the current fiscal year. As governors and legislators negotiate budgets to deal with even more crippling fiscal year 2010 deficits, those numbers will only rise. Twenty states have implemented hiring freezes, and nine have dipped into rainy-day funds. Education funding has been cut for the first time in years, with 18 states cutting higher education and 14 cutting K-12 budgets. Most states have asked or required their agencies to make significant cuts, either through an across-the-board cut or more targeted cuts.

A number of governors have mandated purchasing moratoriums. Brad Douglas, commissioner of the Georgia Department of Administrative Services, reports that Gov. Sonny Perdue has put a hold on the purchase of vehicles, equipment and supplies, and travel and conference attendance has been curtailed except for meetings deemed vital to the state's business.

States have become increasingly creative in dealing with their budget deficits. Among the more innovative concepts was an announcement by the governors of Minnesota and Wisconsin to find opportunities to consolidate and share services between the two states. That the announcement was made by Minnesota's Republican Gov. Tim Pawlenty and Wisconsin's Democratic Gov. Jim Doyle makes the initiative even more remarkable.

Minnesota's Kent Allin, the state's chief procurement officer, is optimistic that the initiative will bear fruit.

“The impact of the two governors' new directive has been to proactively review existing and pending contracts within the two states to identify additional short- and longer-term options for greater collaboration,” Allin said. “We are finding that, as neighboring states, our proximity may create some opportunities, particularly for services and for those commodities with unique shipment and distribution challenges.”

Allin noted that new joint contracts are under discussion in areas including vehicle maintenance, software, salt and law enforcement vehicles. The states also may pursue sharing existing contracts established by one of the two states in areas such as software licenses, courier services, tires, desktop computers, institutional food, copiers and purchasing cards.

Both governors have directed their cabinet secretaries to report back to them with cost-saving ideas. Highlighting the need to drive savings in the very short-term, Pawlenty and Doyle have asked for reports back by Feb. 27. The country will be watching to see how successful these two states are in finding efficiencies across borders. As Pawlenty said, “We're not proposing to merge the Vikings and Packers, but

we are going to seek out every area where we can save money and improve services by working together across state lines. This is an historic agreement between our two states that can serve as a model for the rest of the country.”

A number of states have begun renegotiating existing contracts as a way to drive immediate savings. With spending by the private sector drying up, government contracts have become all the more important and attractive for suppliers. Procurement directors have recognized that this fact tilts the balance in the government's direction, giving them more leverage in negotiations.

Alice Small, acting director of the New Jersey Division of Purchase and Property, explained that the state has launched an aggressive negotiation strategy with its incumbent suppliers, negotiating every renewal.

“I say to my staff now, ‘You have more leverage than you know,’” Small said.

Florida's Charles Covington, director of state purchasing, echoed Small's belief that the current environment makes renegotiation a successful strategy.

“Renegotiating contracts has been a lot more successful now and wouldn't have been in other budget times,” Covington said. “Any opening in our contract, we are jumping on it, trying to get better deals, better service and better cost avoidance. The suppliers' business has fallen off so badly, they want to increase market share in government to compensate for lost business elsewhere. This gives us more leverage.”

Covington warned that renegotiating an existing contract is not as simple as demanding a price reduction.

“At renewal time, we are telling our suppliers that we are considering rebidding rather than renewing. This is a real possibility, not just an idle threat,” Covington said. “However, to be successful, it requires us to get much more knowledgeable about the market and to fully understand the risks involved for both the state and the supplier.”

### **State contracts gaining attention**

“Every expenditure is now scrutinized, and all discretionary spending has been cut off to the best of our abilities,” Small said. “The Office of Information Technology is reviewing individual purchase orders to ensure that funds are spent only on true needs. We are scrutinizing every sole-source request. Before we start a procurement on behalf of an agency, we make sure the purchase is appropriate. This is not a role we played previously.

“Now we ask if the procurement meets the criteria of criticality and necessity. For example, we cut off the purchase of calendars since nearly everyone has calendars on their computers. There was some pushback, but we say, ‘Come on guys,’ and the agencies generally understand.”

A number of procurement directors noted that the challenging economy has hit local governments harder in some cases than the state government. As a result, some local governments that otherwise thrived on their autonomy and preferred managing their own procurements are using state contracts more regularly.

In his state-of-the-state address in January, Minnesota Gov. Tim Pawlenty encouraged greater use of state contracts by local governments.

“Minnesota has 490 school districts and charter schools, each of which purchases IT, food services, textbooks and supplies,” Pawlenty said in the address. “We should require them to come together for bulk purchasing in order to lower costs and eliminate waste. This will put more money in the classroom, exactly where it belongs.

“ ... We should also require local units of government to use the leverage of the state's buying power to purchase commodities such as road salt, paper and IT services at a reduced price, unless they can find a better price themselves.”

### **Procurement's profile**

Clearly, these challenging economic times have led to a pendulum swing in the relationship between central procurement and agencies. As state deficits have widened, state procurement offices have gained a greater ability to implement sound procurement practices enterprisewide. They are driving greater savings at a time when savings are so badly needed. And they are raising their profiles within state government, demonstrating to senior managers that procurement is a function that adds enormous value in a government's operations.

While we are still in the early days of the budget crisis that afflicts all sectors of American life, it appears that the crisis offers significant advantages for public-sector procurement managers. It has tilted the balance of power to central procurement offices and has helped catalyze cost-saving initiatives led by innovative procurement managers... And while hiring freezes and cost-cutting measures have created challenges for every agency, procurement departments seem to be well-positioned to weather the storm.

*For suggestions or submissions for future newsletters, please contact Tonya Hodges, Newsletter Editor, at [tonya.hodges@slc.k12.ut.us](mailto:tonya.hodges@slc.k12.ut.us)*