



NIGP- Utah Chapter

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NIGP- Utah Chapter Officers:

President: Adrian Ruger, C.P.M., CPPB

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Polly Alles

Chapter President's Message

Dear Colleagues:

Wow, it is nearly half way through the year and it feels like the middle of summer on some days. As the final touches on the new procurement procedures are getting signed, we are entering a new era of procurement in Utah. With all the new laws and regulations it is nice to have a group like NIGP to help clear up the muddy waters. With all the attention that the legislative body has given procurement over the past year, we have to be as sharp as ever.

NIGP has some great speakers lined up for this year and as Adrian has said, we are dedicated to making NIGP Utah Chapter one of the best chapters in the nation.

Even though the NIGP chapter board strives to bring you great topics and useful information, it is really you, our members, that make us great; and with that I ask you if you have a topic that you would like our chapter to address, please do not hesitate to email or call us to let us know. We are always open to new ideas and look forward to your advice and expertise.

I look forward to seeing all of you on May 21, 2013 at our new location at the Multi Agency building. And with this weather, we will all be in shorts and T-shirts by the end of next week!

Thank you for your continued professionalism in our profession.

Sincerely,

Trever Ward

Vice President, NIGP Utah Chapter



Substitute for Trever Ward- Vice President



Utah Chapter News

NIGP NATIONAL has made several online courses available. For more information on these courses, visit www.nigp.org , or email customer-care@nigp.org

- Basics of Business Math* *Business Communication– Written Communication*
- Fundamentals of Business Management Leading High-Performance Teams*
- Negotiating Skills– Influence and Persuasion* *Project Management*
- Time Management Fundamentals*

VOLUNTEER to serve on a chapter committee! If you are interested, please contact the committee chairperson listed below:

Committee Chairpersons

- Honors & Awards: Trever Ward (UDOT) tward@utah.gov
- Financial: Garret Johnston (State Procurement) gkjohnston@utah.gov
- Historian: Nikki Sanchez (State Procurement) nsanchez@utah.gov
- Membership: Debbie Smith (Granite SD) dsmith@graniteschools.org
- Marketing/Public Relations: Glendon Mitchell (UofU) gmitchell@purchasing.utah.edu
- Education: Mike Smith (UofU) msmith@purchasing.utah.edu
- Nominating: Jared Gardner (Granite SD) jbgardner@graniteschools.org

“There is no security on this earth, there is only opportunity.”

-General Douglas
MacArthur

Upcoming Meeting Dates

MEETING LOCATION: All chapter meetings will be held at the State of Utah Multi-Agency Building, 195 N. 1950 W. Room 1020C. , Salt Lake City. Meetings will be held 9:00 am – 12:00 pm.

Tuesday, May 21, 2013: *Procurement Managers Wanted, are you Ready and Willing?*
NIGP– Who Are We and Where Are We Going?
Don Buffum, Second Vice President
NIGP National

Procurement Code Changes– Open Discussion
Glendon Mitchell– UofU
Jared Gardner– Granite School District

Wednesday, Sept 18, 2013: *Topic and Speakers TBD*

Classroom Corner

'7 Benefits of Collaborative Spend Analysis'

By Jonathan White-
(from Government Procurement magazine, Feb/Mar 2013, p. 10-11)

Public sector organizations really do buy many of the same goods and services, even among sectors as diverse in their missions as local government and higher education.

To better identify collaborative procurement opportunities, organizations need a way to break down their respective data silos. However, the chances of a group of independent organizations implementing a common accounts payable or ERP system with the same data structures at the same time are slim to none. Therefore, spend analysis provides the most efficient and effective means to bring data together to provide the needed visibility.

So what are the benefits of carrying out a collaborative spend analysis to take advantage of this common expenditure?

1. Top priority: Procurement savings

Whether it's saving time, money or resources, there's no reason to suggest that collaborative procurement is (or should be) about anything more than organizations looking to survive in a tough economic environment with reduced budgets.

Doing a collaborative spend analysis to save money is a given, so what else is possible?

2. Transform ad-hoc to proactive and reactive to strategic

Most folks can imagine a scenario in which their local purchasing group (NIGP chapter, local collaborative, council of government purchasing committee) gets together to discuss potential joint bids and contracts. A benefit of a collaborative spend analysis is the ability to take what is typically a reactive and ad-hoc conversation about collaboration and transform it into a proactive and strategic discussion. A collaborative spend analysis project will provide the group with the visibility to plan the most effective time to carry out a joint competitive solicitation for a commonly procured good or service and to have a firm understanding of which members of the group are buying those goods or services already and from whom.

3. Shift leverage to the public

Where the goods and services needs do overlap among organizations, the balance of information in most cases still lies with the vendor in competitive negotiations. The vendor typically has better information on the spend patterns of a group of local organizations than the organizations themselves. Furthermore, the vendor knows whether or not

They are charging different organizations different prices for the same goods and services, how much each is buying and exactly what they are buying. Bringing data together in a collaborative spend analysis can often correct this informational power imbalance. If the group knows how much it spends with all vendors on a particular category of goods and services, it can arrive at the negotiating table with buying power that the vendor doesn't even know exists.

4. Lower vendor risk, lower pricing

Not surprisingly, vendors don't just set prices based on market conditions and cost of sale. The more risk in the contract, either from a lack of orders being made or in not being able to scale up fast enough to deliver the volume of goods and services required, the greater margin the vendor factors into their pricing for contract risk. For indefinite quantity contracts (into which category the vast majority of group purchasing organizations and state contracts fall), the risk to the vendor of getting anywhere between 0 and too many orders is huge, and this risk is reflected in the pricing. If the vendor knows that, based on history, they are going to

"Spend analysis provides the most efficient and effective means to bring [spend] data together to provide the needed visibility."

- Jonathan White

Supply roughly 1,000 widgets to a group of organizations, they can determine their pricing based on 1,000, rather than anywhere between 0 and too many.

5. Administrative efficiencies

This isn't to say that cooperatives, group purchasing organizations and state contracts are bad because they are indefinite quantity contracts. Piggybacking on others' contracts can create significant administrative efficiencies as well as drive time and cost down. Most advantageously, by working as a collaborative group in a collaborative spend analysis project, piggybacking can be taken one step further by splitting up the research into best pricing among the membership. Rather than always carry out a group competitive solicitation, there is the opportunity for various members of the group to take responsibility for assessing each other's pricing for a particular category of goods or services. By comparing this pricing to group purchasing and state contracts, the group can make use of the procurement method that provides the best prices, best value, most favorable terms, and takes into account other factors that would impact the group's decision.

6. Reallocation of resources and sharing during crisis

Not surprisingly, disaster and emergency planning has become a savings opportunity as well as a safety priority. In reality, if the group is purchasing goods and services from the same vendors and there is a reasonable amount of consistency in the goods purchased, it makes it much easier for the group members to reallocate resources (one member buying up spare inventory from other group members who have too much) or to share resources in times of crisis (parts for snow plows, text books, emergency generators/supplies).

7. Impact on local, small, diverse businesses

One final criticism of collaborative procurement is that it could have a detrimental effect on spend with small, local or minority-owned businesses. But through a collaborative spend analysis, this doesn't have to be the case because the group has the information to anticipate potential effects of collaborative decisions on those businesses before any action is taken. The push and pull between saving money and spending money in the local economy and with small and minority-owned businesses will

Not go away, but at least when the data is aggregated in one place, the impact can be properly assessed before group or individual decisions are made.

The challenge

The above benefits of collaborative spend analysis don't just happen, and they all can only begin after the group's spend data is transformed into a consistent, normalized format and put into a single database for analysis.

Jonathan White, territory director for Spikes Cavell, Inc., which equips decision makers in the public sector with the business intelligence, online tools and analytical insight to transform the way they procure goods and services. The Spikes Cavell Observatory is an online platform that facilitates delivery of spend and contract visibility quickly, affordably and with little effort on the agency's or institution's part.

Special Notes/Announcements

Please Note:

**Our next chapter meeting will be Tuesday, May 21, 2013.
See you there!**



Special Notes / Announcements (cont).

NIGP- Utah Chapter 3rd Annual Summer Social

Mark your calendars now and plan to join us for our 3rd Annual chapter summer social on Thursday, August 15, 2013. More information will be coming over the summer.

Please plan to join us for this fun event!

Why Join NIGP?

You may have colleagues or business associates who are not yet members of NIGP. Have you considered inviting them to join or encouraging management to be supportive of this professional development opportunity? There are two opportunities to participate with a Utah chapter membership as well as a national membership. Here are a few reasons to share with others:

- * Professional purchasing development
- * Professional certification
- * 5 local chapter meetings each year with public purchasing professionals from state, education, county and local governments and special service districts
- * National procurement resources
- * Purchasing training opportunities
- * Networking
- * Much, much more

To explore membership with the local NIGP Utah Chapter, check our home page at nigputah.org and look for the Membership Application. To explore national membership, go to nigp.org > Membership.

If you have questions about joining and especially in regards to NIGP Utah, feel free to contact Glendon Mitchell at 801-587-3784 or Adrian Ruger at 801-538-3146.

Upcoming NIGP Webinars

(\$59 for Members/\$180 for Non-Members. Register at www.nigp.org)

Tuesday, May 21, 2013:	<i>Taking your PCard Program to the Next Level</i>
Thursday, June 6, 2013:	<i>Contract Administration: Closing the Deal!</i>
Thursday, June 13, 2013:	<i>Strategic Procurement Planning</i>
Thursday, June 20, 2013:	<i>How Transparent is your Organization?</i>
Thursday, June 27, 2013:	<i>Ethics- A Survival Kit for the Purchasing Professional</i>
<i>(On-Demand Webinar Recordings are also available for purchase in the NIGP Online Store)</i>	

For newsletter submissions or comments, please contact Tonya Hodges, Newsletter Editor:

Phone:: 801-578-8261 ; Email: tonya.hodges@slcschools.org

Speaker Biographies (Selected)

Don Buffum, CPPO- 2nd Vice President NIGP; Director of Procurement and Contracts, Mississippi State University

Prior to coming to work for MSU in 2007, Don was the director of the Office of Purchasing, Travel and Fleet Management, the central purchasing authority for the State of Mississippi. Don has been involved in public procurement for over 30 years. He is a past President of NASPO as well as the former chair of the UPPCC. He has an undergraduate degree from the University of Washington and an MBA from Mississippi College. Don is a CPPO, and has assisted in consulting projects for NASPO and NIGP.