

This newsletter is published on a monthly basis to provide relevant information to government purchasing professionals regarding public purchasing topics. Hope you enjoy!

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Legislative Changes Now in Effect

Many of the bills approved by the legislature earlier this year began September 1st. [Click here](#) for a list of purchasing related bills that passed the 82nd Legislative Session.



2012 Training Schedule



Watch next month's newsletter for the 2012 training schedule.

Preparing for the Next Fiscal Year



Now that the new fiscal year is either upon or quickly approaching state and local governments, it is a good time to reflect on your agency's purchasing practices. Here are several things you can do to improve your purchasing operations:

1. Meet with your Customers: Set up meetings with your user departments to determine what their purchasing needs are for the upcoming fiscal year. This will not only give you an idea of the future workload, but will provide you with an opportunity to be included in the planning process for these procurements. Hopefully, it will prevent any unrealistic expectations and last minute calls saying "I need a contract for \$500,000 in place by next month!"

2. Review your Current Technology: Do you have an eProcurement system? Are you getting the most from your existing technology? Consider a review of the following technology areas:

- eProcurement System
- Solicitation Delivery Methods
- Vendor Registration Process
- Agency Website Information

3. Conduct a Spend Analysis: A spend analysis looks at what you purchased last year and lets you use that information to improve purchasing processes such as:

- Combine purchases for greater discounts
- Improve negotiation ability based on historical usage
- Establish blanket orders for frequently purchased items

- Identify and reduce non-compliant purchases

4. Search for Cost Savings Opportunities: There are many opportunities for cost savings. Consider some the following:

- Maximize Competition - Truly look for bidders that are both qualified and willing to bid.
- Negotiate for better prices or added value whenever possible and appropriate.
- Scrutinize sole source and emergency requests.
- Review bonding and insurance requirements.
- Ensure contract renewals are the best option - consider market trends, price fluctuations and customer needs before renewing contracts. Sometimes re-bidding may be the better option.
- Challenge a vendor's proposed price increase.
- Establish revenue contracts where the opportunity exists - such as empty toner cartridges, scrap metal, and surplus property.
- Review freight and delivery services.
- Outsource - Although not always a popular option - it may be appropriate in some situations to outsource a function that is currently performed in-house.

5. Search for Cost Avoidance Opportunities:

- Cooperative Purchasing Agreements - use these agreements when they are in your entity's best interest. (See Question of the Month below)
- Audit Recovery - recover excess payments through compliance audits.
- Challenge Specifications - Do user departments really need what they are requesting? Consider need vs. want. Ask questions to ensure they aren't asking for a Cadillac when a Ford will meet their needs!
- Product Substitution - Suggest another product or brand that is just as effective as the product specified by the user department, but more cost-effective.

Question of the Month

QUESTION:

It seems to me that purchasers should use cooperative contracts whenever they are available. Why re-invent the wheel - right?



ANSWER:

Well, let's just say that "in general", I agree with your statement.

Cooperative contracts can provide great cost savings - not only in price, but in time and effort also. Why bid out a product or service if it is already available through a cooperative contract? Well, there are actually a couple of things to consider before buying from a cooperative:

- Is the price comparable to what you could get if you advertised it through your own agency?
- Are the terms and conditions of the cooperative agreement agreeable to your agency?
- Are there any fees to purchase from the cooperative?
- Are you authorized to purchase from the cooperative? Check with your legal department. Some agencies - particularly state agencies, are limited as to which cooperatives they may use and are required to use specific cooperatives.

While I fully support and encourage the use of cooperative agreements, purchasers should do their due diligence when making cooperative purchases to ensure that the purchase is the best value for their entity.

GPS is a Historically Underutilized Business (HUB) and a Woman-Owned Business Enterprise (WBE)