

# Savings and Efficiencies through Cooperative Purchasing

October 27, 2016



**GOVERNMENT  
SOURCING  
SOLUTIONS**

MAKING THE HARDEST JOB IN  
GOVERNMENT A LITTLE EASIER

# Why are we here today?

- Who has enough staff?
- Who has perfectly performing vendors?
- Who has a budget surplus?
- Who has only one boss who always gives clear instructions?

## **NO???**

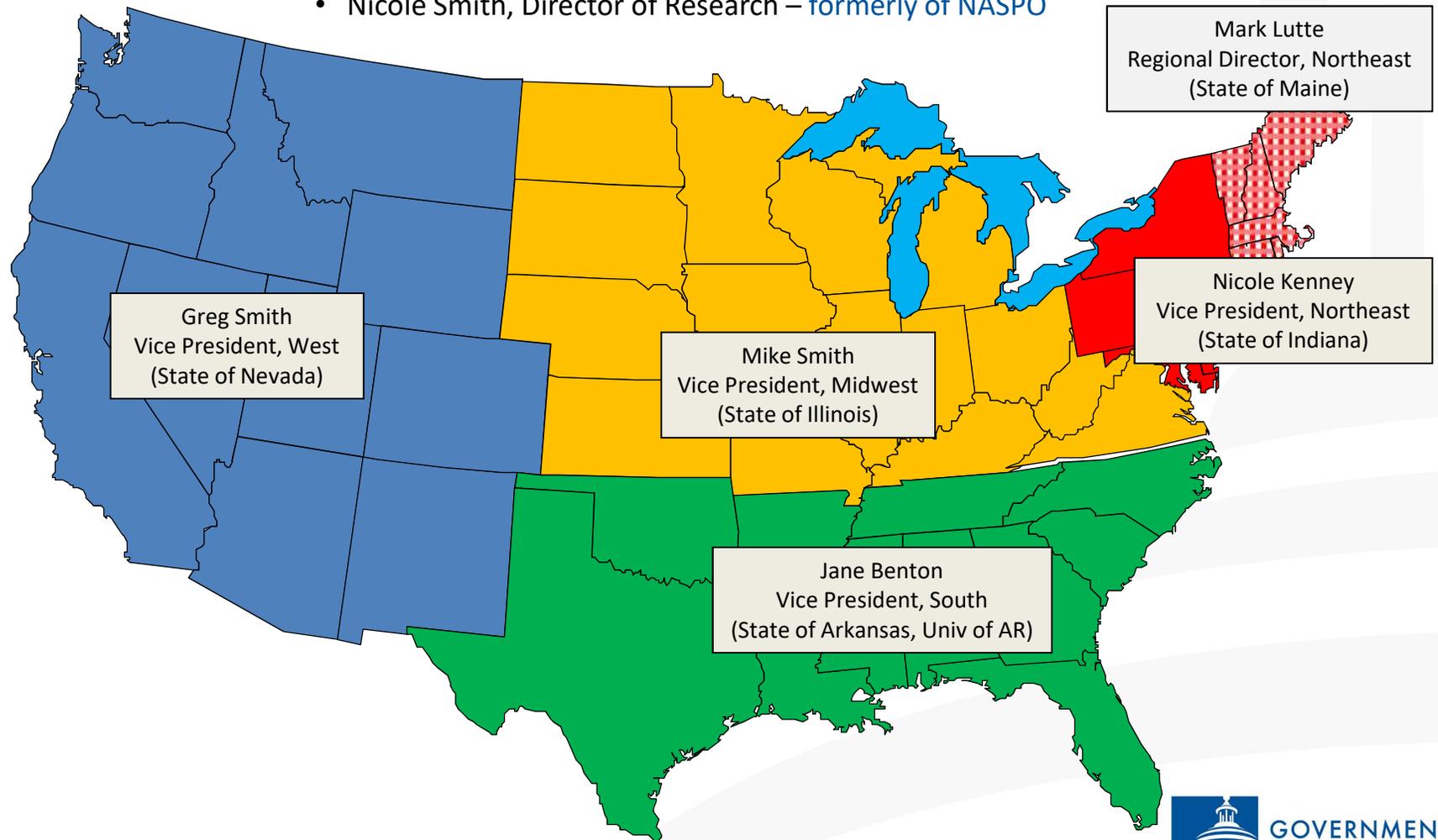
- Let's talk about cooperative purchasing.
- Let's talk about strategic sourcing.
- Let's talk about new cooperative ideas/opportunities for CRPC to consider.

# Who am I?

- Certified Public Procurement Officer (CPPO)
- Former Director of the State of Maine Division of Purchases
- Former Board Member of the National Association of State Procurement Officials (NASPO)
- Former Federal Contracting Officer with the United States Mint
- Government Sourcing Solutions Regional Director, Northeast

# Who We Are: former Chief Procurement Officers

- David Yarkin, President - Commonwealth of Pennsylvania
- Nicole Smith, Director of Research – formerly of NASPO



# What We Do

- Research **best of breed cooperative contracts**
  - Cooperative: competitively awarded by another government; working together like CRPC
  - Some standard categories, some “cutting edge”
- Identify contracts that would **solve operational problems** and/or **deliver significant savings**
  - For governments, universities, or entities like CRPC
- Help build **business cases** for joining cooperative contracts through savings analysis
- **Remain involved** even after contract signing to ensure value and be a resource

# Cooperative Purchasing: Here to Stay

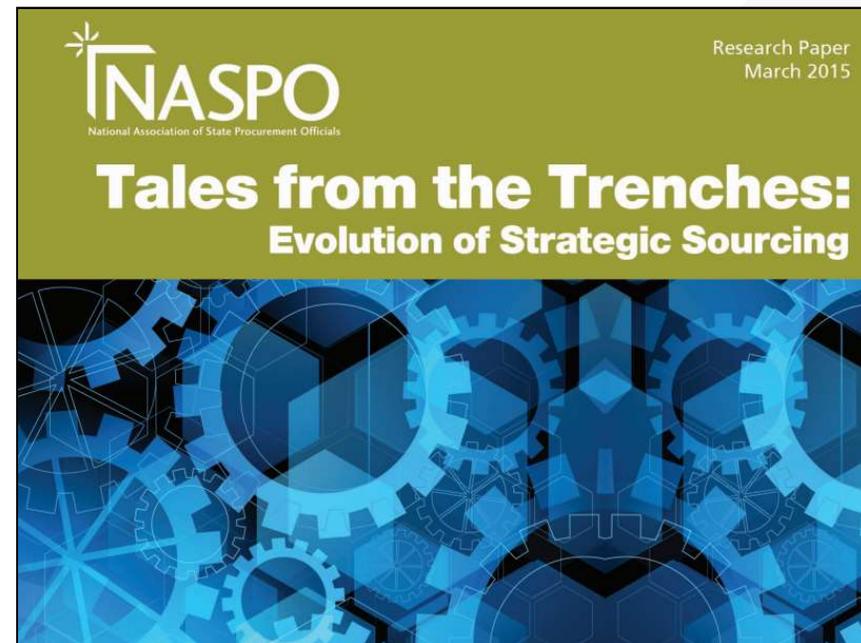


- Co-ops 101: Practices, Programs and Assessment
- Conversations that Connect Co-ops: A Candid Conversation
- Creating a Cooperative Strategy



# Strategic Sourcing: Intertwined with Cooperative Purchasing

- Research and analysis
- Data-driven decisions
- **Aggregating demand**
- Optimal number of suppliers
- Total cost of ownership
- Measures quality
- Enhance supplier relationships
- **Enhance buyer skill set**
- Encourages innovation and creativity
- **Buying smarter**
- **Use time and technology wisely**



*“Consensus among states is that use of cooperative purchasing as an approach will continue to grow and be used as part of the strategic sourcing analysis.”*

# Cooperative Purchasing: Why?

**In today's environment, public sector organizations must:**

- *do more with less – staff and time;*
- *be more efficient;*
- *be more strategic in approach;*
- *respond quickly to emergencies;*
- *keep current with technology and emerging trends;*
  - *eProcurement*
- *meet administrative policy mandates; AND*
- *SAVE TIME AND MONEY.*

*Cooperative purchasing and strategic sourcing help public sector entities meet their missions, service levels, objectives and goals through a cost efficient and cost effective approach to procuring goods and services.*

# Cooperative Purchasing: When to Use It

- Commonly procured products and services.
- Value can be demonstrated – savings, efficiencies.
- Time is a critical factor – expiring contract, emergency.
- Limited staffing resources available.
- Pricing proven to be consistent regardless of approach.
- Value can better be determined outside of a formal process.
- Test/pilot innovative ideas or emerging trends.

# Cooperative Purchasing: Suppliers

***Suppliers are aggressive with their offers when responding to a cooperative purchasing solicitation.***

- Potential volume far exceeds what a supplier could expect to receive with an individual solicitation. Volume drives down price.
- Suppliers only need to expend staffing and other resources responding to one solicitation vs. one for each government. These savings are built into the cooperative offer.

# So Many Choices...



# How do they work? What is best for me?

## Similarities

- Competitive, Legal, Transparent, Fair...

## Differences

- Methodology
- Primary Audience
- Staff/Contract Assistance
- Single vs. Multiple Award
- Supplier Relationship
- Solution Flexibility



# New Cooperative Opportunities for CRPC?

- Wield your purchasing power together in new ways, for example:
  - IT Hardware and Software
  - Maintenance, Repair, and Operational (MRO) / Facility Supplies
  - Office Supplies / Furniture
- Wield your purchasing power with other governments beyond CRPC.
  - Consider a pre-existing cooperative contract.
- Make it easy on your end-users.
  - Consolidate categories under one contract.

# IT Hardware / Software: Why?

- Very complex category.
- Apples to apples comparison can be challenging.
- Pricing impacted by many factors.
- Service elements often drive the best value – not price.
- Great category for strategic sourcing.
- Establish a partnership.
- Span many manufacturers and product types.



# MRO / Facility Supplies

- A category with complexity and LOTS of variety.
- Variety is important, due to infrequently usage of items.
- Beware of obsolescence in your inventory.
- Good area to use e-commerce.
- Great category for strategic sourcing.
- Establish a partnership.
- Span many manufacturers and product types.



# Office Supplies / Furniture

- Everybody needs 'em. Consolidate.
- Determine your “core list” and fix pricing.
- Standardize delivery schedules.
- Good area to use e-commerce.
- Block items when necessary, but in moderation!
- Great category for strategic sourcing – time savings.
- Establish a partnership – and metrics!



# Let's Recap...

- What should I take away from this?
  - That cooperative purchasing through CRPC is the right thing to do!
  - That working with other governments through CRPC (e.g. using State of Connecticut contracts; other national cooperatives) is competitive and can save time and money! Also the right thing to do!
  - That CRPC should expand on its success and add more contracts to increase efficiencies and savings!
    - IT Hardware/Software / MRO / Office Supplies are each great categories to start with!

# Contact Information – and Questions?

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