From Pencils to Smart Boards: Transforming Procurement to Improve Education

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• Real success & excellence comes from pursuit of purpose
• Purpose: a definitive statement about the difference you are trying to make in the world*
• Drives the ability to outperform your peers**
• What is your organization’s true purpose?
• Examples: Private & Public sector

* Source: It’s Not What You Sell, It’s What You Stand For, Roy M. Spencer, Jr.
** Source: Built to Last, Jim Collins & Jerry Porras

Implications of Inaction

• Actually falling behind
• Move in a direction, take some chances, too often politics get in the way of real progress
• No progress really equates to regression (negative progress)
How Can You Get Started?

- Sooner is better (compounding of savings)
- Determine the political issues early and start navigating them
- Figure out what your stakeholders really need / want
- Review everything – especially your processes
- Incremental steps are important
- The VBPCS story is a great case study...

Virginia Beach City Public Schools Facts:

- Located in Southeastern Virginia
- Population: 437,994
- Student Population: 68,647
- Number of Schools: 86
- Full and Part-time Employees: 15,229
- Proposed Budget FY 2015: $703 million
- Annual Contracts/Payables: $170 to $200 million

In 1996 we were drowning in paper
And...we were also drowning in processes

List of processes:
- Rez to P.O.
- FPA
- School P.O.
- School check
- Employee reimbursement
- Central to School reimbursement
- School to Central reimbursement
- P-card
The “5 Rights of Purchasing” are to have the:

- Right Quality, the
- Right Quantity, at the
- Right Price, at the
- Right Place, at the
- Right Time.

The “6 Rights of Purchasing” are to have the:

- Right Quality, the
- Right Quantity, at the
- Right Price, at the
- Right Place, at the
- Right Time AND
- Using the Right Processes.

All Processes are Not Created Equal!

You need to consider:

- Cost of process
- Level of approval/scrutiny required
- Processing time

The key is to match the process with the requirement!

The cost of a process is in direct proportion to the number of people involved in the process.

Reserve the higher cost processes for the purchases that require more scrutiny or where there is more potential for a return on the investment of time.
Purchasing Services

Our mission is to manage the procurement of essential goods and services by developing and maintaining the most efficient, cost-effective processes.

Our Mantras

“Our goal is the least effort required to purchase, receive, and pay for goods and services.”

“We want processes that move at the speed of electricity.”

“We need to do business like the world does business.”

“More control, less effort.”

“You cannot have a 21st century school division with 20th century processes.”
What if we had done nothing?

1995 Cost of Purchase Orders:
16,000 x $225 = $3,600,000

2014 Cost of Purchase Orders (Adjusted for Inflation):
16,000 x $395 = $6,320,000

Current Estimated Cost of Purchase Orders:
Standard: 3,897 x $150 = $584,550
Blanket/Release: 10,845 x $25.00 = $271,605
P-Card: 21,893 x $10 = $218,930
Total: $1,074,605

The status quo is not free, and it is not static in its impact!
Did We Accomplish What We Were Attempting?

• Reduce processing times
• Increase control
• Ensure compliance
• Facilitate change
• Enable greater focus on VBCPS's True Purpose!

What impact have we had on the education of children?

• Free up funding for other purposes
• Free up time/resources for other purposes
• Greater control over equipment base
• Quicker adoption of new technologies
• Ability to track impact of certain expenditures on test scores
• Reduce space requirements for records & inventory
• Less waste on consumable items
• Built confidence in the community of our stewardship