How Unlikely Partners Can Make You Successful

NIGP Business Council
NIGP Business Council: Who We Are

Enterprise Sponsors
The NIGP Business Council Mission...

Serve the NIGP membership and procurement profession through the sharing of resources and expertise in support of NIGP’s educational, research and advocacy mission.
Overview: The realized value in a collaborative Buyer & Supplier relationship and why it matters.

Use your strategic partners to:

- bring supplier solutions to your public agency
- reinforce Procurement’s overall contribution to the agency
- maintain regulatory and contract compliance
Agenda

- Value in Communicating
- Benefits for Procurement Practitioners
- Performance Measurement
Value in Communicating
Providing value when agency departments, procurement, and suppliers communicate to implement mutually beneficial solutions, and you are the key.

Evolution of the Relationship
– A Historical Perspective
Example: eProcurement

31%

Procurement professionals do not have a portal or eProcurement system where they can post bids, RFPs, or existing contract information online.

Source: https://www.govtech.com/cdg/
Benefits for Procurement Practitioners
Benefits & Rewards

A. Mitigating Risk
   i. Risk in fostering relationships
   ii. Risk within contract terms and conditions
Benefits & Rewards

B. Value
   i. Balance of Cost Savings with Best Value
   ii. Industry Expertise
   iii. Suppliers as a Reliable Resource
Example Questions

- Do suppliers have recent customer satisfaction scores from organizations with a similar size, scope of work, and service agreement?
- What current and similar size references does the supplier have that aligns with the intended scope?
- What other relevant, value-added services do the suppliers provide their customers as part of their total value offering?
- Are suppliers’ support models specialized to serve public sector entities?
- What training do suppliers have in place for their extended team that supports public sector entities?
Supplier & Contractor Performance Reviews
Challenges on Both Sides

- Buyer/Ssupplier – Manufacturer
- Buyer/Ssupplier – Distributor
- Buyer/Ssupplier – Service
Supplier Rating Spectrum

**Supplier**
- Supplies goods or services
- Basic Supplier duties
- Minor relationship
- Transaction-based
- Price oriented

**Tactical Supplier**
- Competitive pricing
- Efficiency processes
- Produces cost benefits & reporting
- No contract in place but earning orders
- No program goals established
- No business reviews

**Contract Supplier**
- Approved Contract Holder (Own or Co-Op)
- Builds relationship with key Purchasing Professionals
- Listed on procurement site
- Works toward defined goals
- Conducts regular reviews and planning sessions
- Contract compliant
- Satisfactory Service

**Preferred Supplier**
- Long-term contract/agreement
- Endorsed by the University
- Takes action to direct spend
- Provides impactful reporting
- Considered an asset/resource
- Works with the University to implement new solutions
- Contract Compliance Steward
- High-Quality Service

**Strategic Partner**
- Aligned with university initiatives
- Relationship invested & engaged
- Opportunity for broad impact
- Delivers value beyond price
- Included in long-term strategic planning
- Benchmark for supplier performance
Strategic Partners

- (Long-Term Contract or Agreement)
- Aligned with (my organization’s) Initiatives
- Relationship Invested & Engaged
- Opportunity for Broad Impact
- Delivers Value Beyond Price
- Included in Long-term Strategic Planning
- Benchmark for Supplier Performance
Required Skill Sets

Measurements

Reporting Tools

Objective Scoring Metrics

Subjective Metrics
Example: Supplier Performance Scorecard
State of Oregon

- Procurement Transformation Program – includes all services for full eProcurement implementation under four headings
  - Strategic Sourcing, Catalog Management, Supplier Enablement and Marketing Services
- Comprehensive Program to support full Procurement Transformation
- Supplier Ratings based on Performance Based Metrics
- Monthly Supplier/Client meetings to discuss status and performance
- Annual comprehensive program review and program strategy session
## Supplier Performance Scorecard - LSU

### Procurement Services

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Supplier Contact(s)</th>
<th>Contract Term(s)</th>
<th>Contract Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

### SUPPLIER PERFORMANCE SCORECARD

<table>
<thead>
<tr>
<th>Account/Management</th>
<th>Weight (%)</th>
<th>A (1-5)</th>
<th>B (1-5)</th>
<th>C (1-5)</th>
<th>D (1-5)</th>
<th>E (1-5)</th>
<th>N/A</th>
<th>Overall Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example: Supplier</td>
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</tr>
</tbody>
</table>

### Total Points Earned

<table>
<thead>
<tr>
<th>Category</th>
<th>Points Earned</th>
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<tbody>
<tr>
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</table>

### Deliverable, Package, and Quality

<table>
<thead>
<tr>
<th>Weight (%)</th>
<th>A (1-5)</th>
<th>B (1-5)</th>
<th>C (1-5)</th>
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<th>E (1-5)</th>
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</table>

### Financial/Contracting

<table>
<thead>
<tr>
<th>Weight (%)</th>
<th>A (1-5)</th>
<th>B (1-5)</th>
<th>C (1-5)</th>
<th>D (1-5)</th>
<th>E (1-5)</th>
<th>N/A</th>
<th>Overall Score</th>
</tr>
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<tr>
<td>Example: Supplier</td>
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</table>

### Relationship

<table>
<thead>
<tr>
<th>Weight (%)</th>
<th>A (1-5)</th>
<th>B (1-5)</th>
<th>C (1-5)</th>
<th>D (1-5)</th>
<th>E (1-5)</th>
<th>N/A</th>
<th>Overall Score</th>
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</table>

### Additional Comments/Recommendations

<table>
<thead>
<tr>
<th>Score Weighting</th>
<th>Overall Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>5%</td>
<td>B</td>
</tr>
<tr>
<td>15%</td>
<td>C</td>
</tr>
<tr>
<td>25%</td>
<td>D</td>
</tr>
<tr>
<td>45%</td>
<td>E</td>
</tr>
<tr>
<td>10%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Total % Supplier Earned in “Account/Management” Category: 88.88%

### Total % Supplier Earned in “Deliverable, Package, and Quality” Category: 88.88%

### Total % Supplier Earned in “Financial/Contracting” Category: 88.88%

### Total % Supplier Earned in “Relationship” Category: 88.88%
## Supplier Performance

<table>
<thead>
<tr>
<th>Supplier Performance Criteria</th>
<th>Weight</th>
<th>A (95%)</th>
<th>B (85%)</th>
<th>C (75%)</th>
<th>D (65%)</th>
<th>F (55%)</th>
<th>N/A</th>
<th>Your Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier representatives address University concerns/issues appropriately and in a timely manner?</td>
<td>6%</td>
<td>Within Hours</td>
<td>Same Day</td>
<td>Two Days</td>
<td>Three Days</td>
<td>Has to be Chased</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Supplier understands University's requirements? (i.e. Specifications)</td>
<td>5%</td>
<td>Very Knowledgeable</td>
<td>Knowledgeable</td>
<td>Somewhat Knowledgeable</td>
<td>Rarely Knowledgeable</td>
<td>Not Knowledgeable</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Supplier representatives meet the University's service/support commitments?</td>
<td>5%</td>
<td>Always Meets/Exceeds Commitments</td>
<td>Usually Meets Commitments</td>
<td>Somewhat Meets Commitments</td>
<td>Rarely Meets Commitments</td>
<td>Never Meets Commitments</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Supplier representatives are knowledgeable on products/services?</td>
<td>4%</td>
<td>Very Knowledgeable</td>
<td>Knowledgeable</td>
<td>Somewhat Knowledgeable</td>
<td>Rarely Knowledgeable</td>
<td>Not Knowledgeable</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>How quickly does supplier's representative return quotes/proposals?</td>
<td>4%</td>
<td>Within Hours</td>
<td>Same Day</td>
<td>Two Days</td>
<td>Three Days</td>
<td>Has to be Chased</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Supplier encourages &amp; promotes products/services produced by a diverse supplier (WBE, MBE, Veteran, etc.)?</td>
<td>3%</td>
<td>Always Encourages or Promotes</td>
<td>Usually Encourages or Promotes</td>
<td>Occasionally Encourages or Promotes</td>
<td>Rarely Encourages or Promotes</td>
<td>Never Encourages or Promotes</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Supplier provides information &amp; training on &quot;best in class&quot; practices from industry experts?</td>
<td>3%</td>
<td>Always Provides</td>
<td>Usually Provides</td>
<td>Occasionally Provides</td>
<td>Rarely Provides</td>
<td>Never Provides</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

Total % Supplier Earned in "Account Management" Category: 0.00%
<table>
<thead>
<tr>
<th>Financial / Contracting</th>
<th>Weight</th>
<th>A (95%)</th>
<th>B (85%)</th>
<th>C (75%)</th>
<th>D (65%)</th>
<th>E (55%)</th>
<th>N/A</th>
<th>Your Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier’s pricing relative to competitors</td>
<td>10%</td>
<td>Very Much Below Average</td>
<td>Below Average</td>
<td>Average</td>
<td>Above Average</td>
<td>Very Much Above Average</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Supplier’s quotes are firm and all inclusive? (i.e. delivery charges, installation)</td>
<td>5%</td>
<td>Always Correct</td>
<td>Usually Correct</td>
<td>Occasionally Correct</td>
<td>Rarely Correct</td>
<td>Never Correct</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>How long are quotations/proposals valid?</td>
<td>3%</td>
<td>60+ Days</td>
<td>31 - 59 Days</td>
<td>30 Days</td>
<td>14 - 29 Days</td>
<td>&lt; 13 Days</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Reports are prepared in a timely manner as requested: quarterly, annually, or upon request</td>
<td>5%</td>
<td>Within Hours</td>
<td>Same Day</td>
<td>Two Days</td>
<td>Three Days</td>
<td>Has to be Chased</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Invoices are accurate and timely</td>
<td>2%</td>
<td>Always Accurate &amp; Timely</td>
<td>Usually Accurate &amp; Timely</td>
<td>Somewhat Accurate &amp; Timely</td>
<td>Rarely Accurate &amp; Timely</td>
<td>Never Accurate &amp; Timely</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Are additional terms &amp; conditions submitted and have to be negotiated?</td>
<td>3%</td>
<td>Never Receive</td>
<td>Rarely Receive</td>
<td>Occasionally Receive</td>
<td>Usually Receive</td>
<td>Always Receive</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>How willing is Supplier to complete our forms/negotiate with LSU?</td>
<td>3%</td>
<td>Very Willing</td>
<td>Willing</td>
<td>Occasionally Willing</td>
<td>Rarely Willing</td>
<td>Never Willing</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>How quickly does Supplier return supporting documentation?</td>
<td>2%</td>
<td>Within Hours</td>
<td>Same Day</td>
<td>Two Days</td>
<td>Three Days</td>
<td>Has to be Chased</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Does Supplier offer discounts for early/prompt payment?</td>
<td>1%</td>
<td>4% Discount</td>
<td>3% Discount</td>
<td>2% Discount</td>
<td>1% Discount</td>
<td>No Discount</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Does Supplier offer rebates for annual spend?</td>
<td>1%</td>
<td>3% + Rebate</td>
<td>2% Rebate</td>
<td>1% Rebate</td>
<td>0.5% Rebate</td>
<td>No Rebate</td>
<td>N/A</td>
<td></td>
</tr>
</tbody>
</table>

Total % Supplier Earned in "Financial" Category: 0.00%
### LSU Delivery, Packaging, & Quality / Relationship

#### Relationship

<table>
<thead>
<tr>
<th>The working relationship with supplier representative(s) is:</th>
<th>7%</th>
</tr>
</thead>
</table>

Overall, the relationship with the supplier (as a company) is:

- Yes, Absolutely
- Probable, Revise Pricing
- Possibly, Needs Improvement
- Potentially, Needs Major Overhaul
- No Working Relationship
- No Prefer to Re-Bid / Find a New Supplier

We would renew contract(s) with supplier:

- 6%

<table>
<thead>
<tr>
<th>Score Weighting</th>
<th>Overall Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>95%</td>
<td>A</td>
</tr>
<tr>
<td>85%</td>
<td>B</td>
</tr>
<tr>
<td>75%</td>
<td>C</td>
</tr>
<tr>
<td>65%</td>
<td>D</td>
</tr>
<tr>
<td>55%</td>
<td>F</td>
</tr>
</tbody>
</table>

#### Delivery, Packaging, and Quality

<table>
<thead>
<tr>
<th>Weight</th>
<th>A (95%)</th>
<th>B (85%)</th>
<th>C (75%)</th>
<th>D (65%)</th>
<th>F (55%)</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>15%</td>
<td>Always Meets/Exceeds Expectations</td>
<td>Usually Receive</td>
<td>Occasionally Receive</td>
<td>Rarely Receive</td>
<td>Never Receive</td>
<td>N/A</td>
</tr>
<tr>
<td>4%</td>
<td>Always Receive</td>
<td>Usually Receive</td>
<td>Occasionally Receive</td>
<td>Rarely Receive</td>
<td>Never Receive</td>
<td>N/A</td>
</tr>
<tr>
<td>3%</td>
<td>Never</td>
<td>Rarely</td>
<td>Occasionally Damaged</td>
<td>Often</td>
<td>Always Damaged</td>
<td>N/A</td>
</tr>
<tr>
<td>2%</td>
<td>Never</td>
<td>Rarely</td>
<td>Occasionally Damaged</td>
<td>Often</td>
<td>Always Damaged</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Total % Supplier Earned in "Delivery, Packaging, and Quality" Category: 0.00%

Total % Supplier Earned in "Relationship" Category: 0.00%
Example: Supplier Performance Scorecard – UF

### Supplier Performance Snapshot

#### Contract Highlights
- **Contract Name:** 123-456
- **Contract Term:** January 2022 - December 2022
- **Number:** 10
- **Service Method:** E-commerce

#### Campus Spend

<table>
<thead>
<tr>
<th>Pcard</th>
<th>AP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td></td>
<td>$500,000.00</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td>$550,000.00</td>
</tr>
</tbody>
</table>

#### Supplier Metrics

<table>
<thead>
<tr>
<th>Contract</th>
<th>Target</th>
<th>Actual</th>
<th>Goal Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price Accuracy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order Accuracy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Speed To Market</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

#### Customer Satisfaction

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goal 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal 3</td>
<td></td>
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</tr>
</tbody>
</table>

#### Goals

1. **Goal #1**
   - Objective:
   - Action:
   - Outcome:
2. **Goal #2**
   - Objective:
   - Action:
   - Outcome:
3. **Goal #3**
   - Objective:
   - Action:
   - Outcome:
Supplier Performance Snapshot

Supplier Name: Office Depot & Mister Paper
Review Period: Q2 FY 2020
Date: February 13, 2020
<table>
<thead>
<tr>
<th>Contract Highlights</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Contract Name:</strong></td>
<td>ITN 12-004</td>
</tr>
<tr>
<td><strong>Contract Term:</strong></td>
<td>expires 2/12/21</td>
</tr>
<tr>
<td><strong>Renewals:</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Invoicing Method:</strong></td>
<td>E-invoicing</td>
</tr>
<tr>
<td><strong>Eprocurement Delivery Type:</strong></td>
<td>Punchout</td>
</tr>
<tr>
<td><strong>Pricing Method:</strong></td>
<td>List less discount</td>
</tr>
<tr>
<td><strong>Contract Team:</strong></td>
<td>Total Office Support</td>
</tr>
</tbody>
</table>
# UF Campus Spend

## Campus Spend

<table>
<thead>
<tr>
<th></th>
<th>Q2 FY 2019</th>
<th>Q2 FY 2020</th>
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</thead>
<tbody>
<tr>
<td>PCard</td>
<td>$365,956.00</td>
<td>Pcard</td>
</tr>
<tr>
<td>AP</td>
<td>$253,060.00</td>
<td>AP</td>
</tr>
<tr>
<td>Total</td>
<td>$619,016.00</td>
<td>Total</td>
</tr>
<tr>
<td><strong>YOY % Change:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pcard</td>
<td>-50.20%</td>
<td></td>
</tr>
<tr>
<td>AP</td>
<td>57.75%</td>
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<tr>
<td>Total</td>
<td>-6.07%</td>
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</table>

## Savings & Cost Avoidance

- **Spend Savings**
- **Delivery Savings**
<table>
<thead>
<tr>
<th>Metric</th>
<th>Current</th>
<th></th>
<th>Previous</th>
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<tbody>
<tr>
<td>Price Accuracy</td>
<td>Target</td>
<td>Actual</td>
<td>Target</td>
<td>Actual</td>
</tr>
<tr>
<td>Avg. Ship Days</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Order Accuracy</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Spend On Hotlist %</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Spend - myUFMkt %</td>
<td></td>
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</tbody>
</table>
UF Customer Satisfaction

Current

End User Satisfaction: 3.38
Marketplace Satisfaction: 3.34

Customer Satisfaction

Current

End User Satisfaction
Marketplace Satisfaction: 3.34

Previous

End User Satisfaction
Marketplace Satisfaction: 3.34
Resources
Business Council White Papers / Presentations

- 2013 – We No Bid And We Will Tell You Why
- 2014 – Everybody Wins
- 2015 – Healthy Agency Supplier Relationships
- 2016 – Total Cost of Ownership
- 2017 – The Supplier Practitioner Connection – Adding Value to Procurement
- 2018 – The Procurement – Supplier End User Relationship
- 2019 – Market Volatility
- 2020 – How Unlikely Partners Can Make You Successful

Visit: https://www.nigp.org/home/find-procurement-resources/guidance/papers
2013 – We No Bid And I’ll Tell You Why

- NIGP Business Council’s Evolving Intentions
- Bid Expectations and Competition – Old School vs. New
- NBC - Common Solicitation Challenges
- Board Members’ Validation of Opposing Challenges
- Top Reasons To NOT Compete –
  - Time
  - Specification Alternates
  - Terms & Conditions
  - Information
2014 – Everybody Wins

- Crafting Winning Solicitations
  - Foster Transparency
  - Best Value
  - Collaborative Partnership
- Commodities, Capital Equipment, IT, and Services.
- Recommended Practices
  - Pre-Bid Conferences
  - RFI's
  - Exceptions to Terms and Conditions
Healthy Relationships → Better Procurement Results

- It’s Procurement Professionals AND Suppliers, not vs. Suppliers
- Improve communications and outcomes

Explore several key questions:

- What does “better communication” look like?
- What specific types of activities or exchanges could practitioners and suppliers engage in?
- What might be the benefits of these activities?
2016 – Total Cost of Ownership

- Discussion about TCO Modeling
  - When to employ
  - How to develop
    - Goods
    - Services

- Example – Heavy equipment purchase model
  - Different cost factors
  - Three different proposers with varying cost/price structures
2017 – The Supplier Practitioner Connection
– Adding Value to Procurement

- Up-to-date Industry Expertise
  - Pre-RFP Meetings and RFI’s
- Information and Building Trust
  - Effective communication about long-term agency goal(s)
- Long-term Contract Performance
  - Build a winning contract that yields performance for years
2018 – The Procurement – Supplier – End User Relationship

- Importance of End User Experiences
  - Benefits Procurement and Supplier
- Building a Progressive Business Review Environment
  - Supplier Rating Systems
2019 – Market Volatility

- Discussion about industry impacts – current & forecasted
  - Economic Unrest
  - Taxes & Tariffs
  - Employment Effects
NIGP Chapter Engagement
NIGP Chapter Events

- Business Council Members Lead Discussions
- Schedule Travel For In-Person Conferences/Meetings
  - Support Virtual Events
- Typically Two NBC Members and 1-2 Local Agency Leaders Participate
  - Moderator or Panel Members
  - Members/Audience Interactive
- Contact to Schedule
  - Belinda Sites, NIGP – bsites@nigp.org
  - Business Council Members – Contact Directly

Visit: https://www.nigp.org/home/find-procurement-resources/guidance/papers
Thank You