



# 2022 OISBF Purchasing Workshops

The Purchasing Cycle: Begin with the End in Mind

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# 2022 Purchasing Workshops Focus

- Focus on information pertaining to a segment of the purchasing cycle
- Work through the purchasing cycle in sequential order
- Connect purchasing cycle segments to relatable school experiences, tasks, and statutory requirements

# Quick look at the Five (5) R's of Purchasing

- Right Quantity
- Right Quality
- Right Price
- Right time and place
- Right Supplier

# Expanded role of public procurement

- NIGP: The Institute for Public Procurement suggest that the role of public procurement includes:

- Providing the goods and services at the right price, right quality, and right time, all “*while serving the long-term interests of the entity by minimizing business and technical risks, accomplishing social and economic objectives, maximizing competition, and maintaining integrity.*”

NIGP-CPP Bridge Prep Guide, Page 15.

# The Purchasing Cycle

- Numerous variations exist
- Informational sources
  - Institute for Supply Management
  - NIGP: The Institute for Public Procurement
  - Purchasing and Supply Management Textbook
  - Personal experience(s)



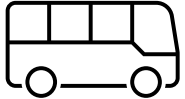
# Today's Focus:

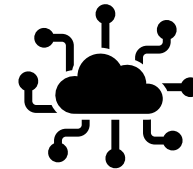
## Identify (recognize) the need

### ○ Who?

- Typical school end users
  - Principals, directors, departments (transportation, operations, child nutrition, fine arts, athletics)
- Cross-functional communication needed (especially involving technology products, SaaS)

### ○ What product or service?

- School Buses 
- SaaS – Software as a Service (Cloud service)
- Specifications
- Standardization



# Identify (recognize) the need

## ○ When?

- Supplier lead times
- Immediately
- Planning needed
  - "Lack of planning on your part does not constitute an emergency on my part." -Unknown

## ○ Where is it needed?

- 1 location or multiple locations
  - Important for determining shipping requirements
- Where is the shipping origin?



# Identify (recognize) the need

- Why?

- Is it critical to the mission of the district?
- Is it necessary – a federal funding requirement question?
  - Refer to 2 CFR Part 200: 318(d)
  - Will the item(s) be used?
- Is duplicative – another federal funding requirement question?
  - How many do you already have?
  - Are you just buying more to spend the money?
  - Refer to 2 CFR Part 200:318 (d)

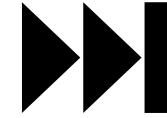


# Identify (recognize) the need

- How?

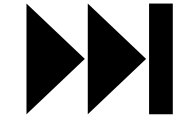
- How will it be used?
- How will it be funded?
  - Legal funding method
  - Lease vs. purchase
- How long will it be needed?
  - Rent vs. Purchase (impacts the sourcing method)
- How is the need communicated to Purchasing?
  - Requisition
  - Request for bid

# Begin with the end in mind



- Purchasing and/or central school business office officials should and in many cases must...
  - Guide the procurement process (beginning to end);
  - Protect the public interest and public funds through prudent and responsible procurement;
  - Work collaboratively with end-users to establish the process, communications, approvals, and development of the specifications.
    - "...good procurement planning requires the gathering of extensive information from both internal and external sources." - NIGP-CPP Prep Guide, pg. 16

# Begin with the end in mind



- Guard against conflicts of interest, supplier steering, and other ethical issues
  - Specifically required under federal procurement
    - ❖ 2 CFR Part 200: 318(c)(1)
- Ensure that federal, state, local and board policies are followed.

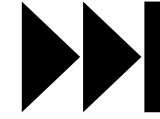
# Begin with the end in mind



## ○ "End-in-mind" considerations

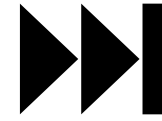
- Acquisition vs. Operational costs
  - Life-cycle cost
  - Total cost of ownership analysis
  - More expensive acquisition price, but least expensive cost to operate, may be best solution
- Life of the product or service
  - SaaS – How do you get your data back?
  - Bus – What is your capital plan for school buses?

# Begin with the end in mind



- Funding requirements
  - Bond funds requirements – can't buy supplies
  - Length of use requirements (life of the bond)
- Specifications and requirements
  - Design vs. Performance (Covered more in Sourcing sessions)
- Disposal
  - Federal funding requirements
    - ❖ Potential for paying back overages over \$5,000
  - Salvage value (part of the total cost of ownership)

# Begin with the end in mind

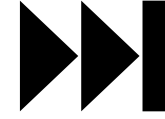


- Environmental considerations

"...procurement professionals should be concerned about environmental sustainability and identify potential opportunities to incorporate environmental sustainability into the procurement process." - NIGP-CPP Bridge Prep Guide, Page 21

- Environmental impact
- Energy use
- Hazardous waste
- Hazardous waste disposal (impact on total cost of ownership)
- Maintenance costs and impacts
- Pollution reduction

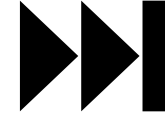
# Begin with the end in mind



- Social responsibilities considerations in sourcing
  - "As stewards of public resources, public entities have a responsibility to society." - NIGP-CPP Bridge Prep Guide, Page 18.
  - Use of Disadvantage Business Enterprises
    - Minority Women Business Enterprises
  - Supplier diversity programs
  - Environmental sustainability programs
  - Labor laws
  - Local preference programs



# Begin with the end in mind



- Service and contract administration
  - What services will be needed?
  - Maintenance
  - Contract administration
  - Supplier evaluation process

# Questions & Next Session

- February 18, 2022

- The Purchasing Cycle: Begin with the End in Mind
  - Sourcing: Decisions, Methods, and Processes

# References

- Dobler, Donald W., Burt, David N., Purchasing and Supply Management: Text and Cases, Tata McGraw-Hill Publishing, Subsequent Edition, ~1995.
- Brustein & Manasevit, PLLC, The Administrator's Handbook on EDGAR, 5<sup>th</sup> Edition, BrandyLane Publishers, 2020
- General Public Purchasing, National Institute of Governmental Purchasing, 2<sup>nd</sup> Printing, 1993.
- Hartley, Janet M., Ph.D, Foundation of Supply Management, Institute for Supply Management, 2<sup>nd</sup> Edition, 2016
- NIGP-CPP Bridge Prep Guide, NIGP: Institute for Public Procurement, 2020.