

THE PURCHASING CONNECTION

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PRESIDENT OF NAEP—REGIONAL



Tom Fogarty, Executive Director of Business and Auxiliary Services is the current President of the Regional Chapter of the National Association of Educational Procurement (NAEP).

NAEP has been the non-profit professional association primarily dedicated to serving higher education purchasing

officers in the U.S. and Canada. NAEP's mission is to facilitate the development, exchange and practice of effective and ethical procurement principles and techniques within higher education and associated communities, through continuing education, networking, public information and advocacy.

Recognition needs to be extended to Tom for his leadership in coordinating a very successful Regional Conference meeting this past September in Harrisburg, PA entitled "Light Up Your Career!" There were approximately 80 attendees from colleges and universities from the Mid-

Atlantic states covering 8 different states.

Over a 2-1/2 day event, there were 16 different educational sessions presented to extend the buying professional's knowledge in energy conservation, reverse auctions, supplier diversity, customer service and teamwork, leadership, college financial planning, coordinating a facility move, to name a few.

Also part of the program, 47 Vendors set up their exhibits for the buying professionals expanding their knowledge of the current trends in different commodities in the marketplace.

Contacts:

- ◆ Garry Crider—717-780-1164
- ◆ Sue Davis—717-780-3214
- ◆ Mike McEnany—717-780-2349
- ◆ Kathleen Jones—717-780-2334
- ◆ Fawn Grimes—717-780-2534
- ◆ Eve Mwangi—717-780-1128

"...Purchasing was able to save them \$3,000 on 3 Hill-Rom medical beds."

GROUP PURCHASING ORGANIZATION (GPO) WHAT IS IT?

You may ask, why do I want to know what a group purchasing organization is?

Lancaster Campus Nursing Department found out what a GPO is when Purchasing was able to save them \$3,800 on 3 Hill-Rom medical beds.

And the Gettysburg Campus Nursing Department found out what a GPO is when Purchasing was able to save them close to \$1,000 on some crash carts, emergency carts and wheelchairs.

And Harrisburg Campus Public Safety found out what a GPO is when Purchasing was able to save them \$3,000 on Stryker cots and chair stairs.

A GPO is an entity that leverages the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members.

A group of businesses can be educational institutions. HACC is able to take advantage of dis-

counts through E & I (Educational & Institutional Cooperative Purchasing), a purchasing cooperative of NAEP—an example is our OfficeMax agreement.

HACC just became a member of Provista, one of the country's leading GPO, which is affiliated with Novation, a purchasing cooperative of VHA hospitals, like Pinnacone, Lancaster General, and York hospital. The savings obtained as noted

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GPO's (CONT.)

previously were obtained through this GPO. Another GPO used in the re-roofing of Blocker Hall was PA Education Joint Purchasing Council.

Also used in the procurement of janitorial supplies is Amerinet. HACC is also members with Hori-

zon Resource Group and US Communities.

The Purchasing Department will continue to look at commodity groupings and dollar spends in obtaining additional savings for the College by using these GPOs.

"If you always do what you always done you'll always get what you always got" Unknown

DEFINITION: WHAT IS REVERSE AUCTION

HACC's Purchasing Department has been using a tool called Reverse Auctioning for the past 3-1/2 years. Tom Fogarty brought this procurement tool on board in 2004.

In a reverse auction, multiple sellers are bidding for the opportunity to SUPPLY something to the auctioning buyer. The competition among the sellers produces lower prices of the goods and services being auctioned.

HACC has an agreement with a an online firm called eDynaQuote. A team within eBizITPA created eDynaQuote in 2003. eDynaQuote was created by the Center of eBusiness and Advanced Information Technology, a Pennsylvania resource initiative begun in 2002 and designed to

enable organizations to apply e-business technology to business processes, increase efficiency and become more competitive.

Some commodity saving percentages that Purchasing has been able to obtain are through the use of reverse auctions are:

- AV Equipment—8%
- Catalogs—9%
- Computer Equip—82%
- Envelopes—22%
- Mailers—8%
- Equipment Maint—11%
- Software—4%
- Tabloids—5%
- Transportation Equip—1%

These percentages equate to dollars saved per fiscal year:

- FY05—\$88,431
- FY06—\$45,354
- FY07—\$564,536

Reverse Auctioning has become a very effective tool establishing true market value for goods and services acquired over the last few years.

Some other companies using reverse auctions are Penn State, Highmark, Dell Computers, and even the state government. Vendors like eDynaQuote are also negotiating with municipal governments to allow this type of procurement to be used in the local governments.

DID YOU KNOW?

DO YOU KNOW WHAT IT COST TO CREATE A PURCHASE ORDER? Industry average is \$100.00. This includes the creation of the requisition, all the approvals, computer usage, receipt of the items, payment of the invoice, etc. The next time you create a requisition for \$32.89—your transaction cost you \$132.00. When placing the requisition, you may want to increase your order size or use the PCard.

The cost to use the PCard per transactions

is \$15.00 to \$20.00.

DO YOU KNOW THAT ALL CONTRACTS NEED TO BE REVIEWED BY PURCHASING / LEGAL? When a vendor gives HACC a contract to do business, most of the time, the terms and conditions are one-sided favoring the vendor. Thus, Legal needs to review. All contracts must be given to the CFO, or his/her designee, for signature approval.

"The emphasis should be on why we do a job."

W. Edward Deming

DANISH STUDENTS COME TO HACC

HACC once again hosted students and faculty from Minerva Business College (formerly Randers Business College), in Randers, Denmark, this past September. Students were accompanied by their faculty and spent 2.5 weeks on campus studying, touring area businesses, and meeting with business, industry and government officials. Part of their course of study included working with HACC faculty Marty Wise, Senior Professor, Marketing and his International Business students. The College had volunteered to assist in identifying host families for the 24 students. Linda Lefevre, Associate Dean, BHET asked staff and faculty to consider this opportunity. The students ranged in age 16 through 21 and all were fluent in English.

Garry Crider, Director of Purchasing, along with his wife

Mae, decided to volunteer their time. Do to the space made available when his own two children started their own lives, Garry and Mae felt that by hosting two, they could support each other while away from home. Within 5 days, their number of students grew to 3.

"Our three young ladies were perfect guests" stated Garry. Their names are:



Christina Mikkelsen

"If you really want to participate in an extremely rewarding experience, I recommend

that when asked to host students from another part of the world, considerate it. Mae and I learned so much. And we now have become friends with three wonderful families from another part of this small world.", said Garry.



Betina Bjoern



Malene Soerensen

"And we now have become friends with three wonderful families from another part of this small world.", said Garry.

BANNER CONNECTION

TIPS OF THE TRADE

To build on the last newsletter referencing Requisitions and Purchase Orders—

Requisitions are internal documents detailing the requested good or service; and Purchase Orders are the legal documents detailing the scope and description of the buy between the Supplier and HACC.

When navigating through Banner looking for a requisition, or a purchase order, or a Capital purchase order—you

are confronted with different types of documents. The following will help you through this maze of purchase order lingo:

- All Requisitions and Purchase Orders have "8" letters and numbers
- Requisition documents begin with "R"
- Regular Purchase Orders begin with "P" followed with number zero (0), not the letter "O"
- Blanket Purchase Orders begin with "PB"
- Purchase Orders for Leases begin with "PL"
- Purchase Orders for Maintenance Orders (equipment and facilities) begin with "PM"
- Purchase Orders for Software Maintenance begin with "PS"
- Purchase Orders for Capital, Grants, and Plant Funds begin with "PA"

BANNER TRAINING: Requisition/Receiving

Location: Stabler 102—
Video Conferencing all
Campuses

Dates:
November 08, 2007
February 08, 2008
May 05, 2008
August 15, 2008

Time: 10:30am to Noon

No pre-registration required.

SCAM—WHAT YOU NEED TO KNOW

One HACC Drive
Harrisburg, PA 17110

Phone: 717-780-1164
Fax: 717-780-2325
E-mail: cgcrider@hacc.edu

**WE'RE ON THE
WEB. GO TO
WWW.HACC.EDU
UNDER "BUSINESS
& COMMUNITY"**

The typical office supply scam involves goods or services that you routinely order: copier paper, toner and maintenance supplies, equipment maintenance contracts, or classified advertising. When fraudulent telemarketers call, they often lie to get you to pay for items you didn't order, or to get you to pay more than you agreed to. How? The caller may falsely claim to be your "regular supplier" or to tell you that the offer is "special" or "good for a limited time only." Con artists take advantage of

unsuspecting employees who may not be aware of office practices. What's worse, the office supplies peddled by these bogus firms often are overpriced and of poor quality; the services usually are worthless.

Just remember, in almost all cases, toner cartridges are part of maintenance agreements with Harrisburg Copiers that are part of all copiers at HACC. And all copy paper is bought through OfficeMax.

Make sure that when you or

a member of your department receives that unsuspecting phone call on a deal that you cannot pass up—tell them to call the Purchasing Department. Never—Never give these callers any information whatsoever concerning your copier, fax, or printers in your departments. If these callers are employees of our vendor base, they will be calling purchasing—not the departments.

When in doubt, respond in a cautious manner, send them Purchasing's way.

VENDOR PLOY—ARE YOU A VICTIM?

Ah, what is a vendor ploy? Have you ever been a victim of a vendor ploy? Have you ever heard any of these statements from the trusted salesman?

- "There is a price increase coming; we cannot offer you any protection after the end of this month."
- "You need a one hour response time to your maintenance call—no problem,

we can handle that!"

- "My company will guarantee delivery when you need it!"
- "It is the end of our quarter and we can offer this exceptional deal, but the deal goes off the table after this month!"
- "You need to know from some very reliable sources that my competition (names supplier by name) is having some product availability issues."

The hour response time and the guarantee delivery—make sure that these requirements are stated clearly in the Purchase Order and/or Contract.

Remember—"If it is not in the Contract, it is not part of the deal."

When you hear the quarter ploy, the salesman is doing everything he/she can to make quarterly quotas. This should never be of our concern and quick decisions should never be made because of this situation.

There are some sales personnel that will do and say anything to make a sale.

The price increase bullet is very common in the market place. Experience shows that pricing may very well stay the same or a better price can be negotiated after the end of the month.

And the last bullet about sharing negative comments concerning competition—indicates that the supplier is really worried that he/she is on the verge of losing the deal or the business.

Always keep in mind that if the statements sound to good to be true, they most likely are!

