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How the Pandemic is Disrupting Public Procurement (for the Better)

by Chris Penny, CEO and Co-Founder of Kinetic GPO

Many heroes emerged during the COVID-19 pandemic, including public procurement professionals. They were responsible for keeping their communities up and running in addition to sourcing critical supplies like PPE, respirators, and many other scarce items. This meant adapting practically overnight to find new ways to meet the needs - which were often a matter of life and death - of their communities.

Stephanie Dion, a strategic sourcing specialist for Manitoba Hydro recalled, "We were all engaged in a worldwide hunt for precious PPE and ventilators. This meant long workdays because we were vetting vendors from around the world across many time zones and also dealing with

changing priorities. If we had a lead, we followed it, regardless of the time of day or night. If it didn't work out for us, then we'd pass it on to other colleagues."

Dion's experience was not unique. Public procurement professionals across the country worked 12 to 15 hours a day and over weekends from makeshift home offices. And many, like Dion, went beyond their own roles to help out at the provincial level as well. The pandemic forced them to do things differently, and they rose to the occasion.

As a result, procurement was disrupted, and the status quo no longer exists. The good news is that these changes are positively transforming the world of public procurement.

Collaboration and **Knowledge Sharing**

One of the most significant changes is the increase in collaboration and knowledge sharing. Networking is not new to procurement, but it ramped up to unprecedented levels during the pandemic. People stepped up to lead collaboration efforts not just because they wanted to or even were forced to, but because it was the right thing to do.

Dion noticed an increase in this trend from day one. "The situation became very serious very fast. You could have all the money in the world, but you still could not buy essential items like masks. It was a different reality, and the level of desperation could be heartbreaking.



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However, it brought the procurement community together to try to help, including vendors and GPOs."

Recognizing the need to efficiently share knowledge and best practices,

weekly newsletters, including one dedicated to central sourcing and another specifically related to COVID-19. We tried to pump out as much information as we could from different levels of

"Everyone in the entire province gets the same price with a GPO, which is important because we can't keep increasing taxes at the municipal level. It's important to be efficient and maximize resources."

Dion asked the National Institute of Governmental Purchasing (NIGP) to create a virtual exchange site for COVID-related questions in early March. "It was important to have a central location for questions and also have a way to look back on what we struggled with to learn lessons on emergency preparedness."

government as well as nationally through municipal associations across the country," he said.

In Ontario, Al-Azhar Khalfan, president and CEO of Supply Chain Canada — Ontario Institute, partnered with procurement groups and Kinetic to bring officials across the public sector together to share best practices. His organization One of the organization's first live chats featured a director from the County of San Diego, California, who shared lessons learned from dealing with the wildfires in her area, particularly the importance of communication and collaboration. Those lessons were embraced in subsequent chats, where discussions about inventory led to trades among municipalities of items – like extra gloves for needed masks, for example.

The chats became so popular that they turned into a national platform. "The value extended well beyond our membership, both in geography and function. We had people from the private sector attend and share lessons too. At the end of the day, supply chain professionals all face the same pressures and the pandemic heightened that. To move forward, it was clear that we needed to collaborate and share knowledge," said Khalfan.

Partnering with GPOs

Another significant trend is the increasing use of GPOs to source critical supplies. Greg Spencer, leader of the North American Cooperative Program for Trane, said that his company saw a 25 percent increase from the prior year in



Jean-Marc Nadeau, CEO of the Municipalities of Saskatchewan (MuniSask), also saw the urgent need for information sharing. "We created several hosted highly attended weekly panel discussions, where it was not unusual to hear heroic stories of how communities tackled procurement challenges to keep their citizens safe.

the volume of co-operative business due to contracts.

Dion also observed an uptick in the use of GPOs. "We saw a quick change in



practices for how we looked for reliable sources of supply. Some smaller entities struggled to get what they needed, and GPOs were a good option."

Spencer noted that GPOs not only helped municipalities source critical supplies like PPE, but also offered a wide diversity of necessary products and services. "Group purchasing contracts have become very broad and allow agencies a comfort level in purchasing complex solutions, whether it is an agreement for the installation and maintenance of an air purification system or replacing a town's ice rink."

He added that GPOs also help keep money in municipalities' own backyards. "A village isn't just buying a product or system, but also someone to install and maintain that product or system. That often requires us to partner with local contractors that they already know and trust."

In addition, using a GPO speeds up the procurement process, which was critical during the pandemic. "If we were bidding on a building project directly with a municipality, it could take eight or more months to complete the project. However, if the municipality used a GPO, that time could be reduced to as little a month," said Spencer.

At Kinetic GPO, I saw this first-hand over Easter weekend when a province reached out with a need for a critical product line. We worked with a supplier over the weekend, set up the province in our system on Tuesday, and placed their orders on Wednesday. That whole process might have taken three months

or more without a GPO, but our team and supplier partner made it happen over a holiday weekend.

Keeping Costs in Check and Preparing for the **Next Emergency**

Dion noted that the buying power of GPOs was critical during the pandemic, particularly for smaller municipalities. "Vendors could sell critical supplies a hundred times over because of the huge demand. Having a relationship with a GPO provided a level of service and comfort that agencies will get what they need in a timely way and with the same prices as larger provinces."

Nadeau agreed that using a GPO helps keep costs in check. He explained, "Everyone in the entire province gets the same price with a GPO, which is important because we can't keep increasing taxes at the municipal level. It's important to be efficient and maximize resources."

Khalfan noted, "At the end of the day, public sector procurement officers are stewards of tax dollars. Once you have a trusted partner with a GPO, the ability to elevate your buying power is a compelling value proposition. There is value in using a GPO all of the time, but the urgency from the pandemic really highlighted the benefits."

We learned a lot of lessons during the COVID-19 pandemic, which have better prepared us for the next emergency - whether it is a natural disaster or epidemic. Public procurement is now in a much better position to handle whatever comes next given its commitment to collaboration and knowledge sharing. The pandemic also showed how the value of a GPO is worth far more than a contract on a piece of paper, broadening the tools available day-to-day as well as emergencies to better serve municipalities. ❖



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How to Consolidate and Maximize your Spend with Group Purchasing

by Chris Penny, CEO and Co-Founder of Kinetic GPO

Public procurement is a time-consuming process. Most municipalities have anywhere from 300 to over 1,000 contracts to manage. When you look at that from a sheer manpower and bandwidth perspective, that is a lot of work – and there are only so many hours in a day. Whether you are talking about critical supplies like PPE in a pandemic, the purchase and maintenance of air purification systems in a school district, or more routine needs like new tires on municipal cars, no one wants to wait months for what is needed.

That is why efficiency is one of the top reasons to work with a Cooperative Procurement Organization, commonly referred to as a Group Purchasing Organization (GPO). Why spend the time and resources soliciting suppliers and updating terms of contracts when

there is a solution you can pull off the shelf that can cover thousands of items?

A quick back-of-the-envelope calculation shows just how much a collaborative purchasing organization can reduce timelines. Without a GPO, there is automatically:

- a 30- to 45-day period for the notice of intent;
- time needed to write the RFx scope of work;
- followed by 45 days for the solicitation to appear in the marketplace;
- several weeks for an evaluation team to review responses; and
- then more time for the legal team to review the contract.

In a best-case scenario, conducting and awarding an RFx would take three to four months.

As for manpower hours, the process could take 40 to 60 hours for each solicitation. Multiply that by 300 to 1,000 contracts that commonly have a shelf life of three to five years. That is a lot of hours

Using a GPO saves procurement officers from all that work. The GPO has already gone through the solicitation, evaluation, and due diligence process. Staff and outside experts review each supplier before they are brought on board. And the GPO has met the legal requirements needed, which saves a lot of time.

Greg Spencer, leader of the North American Cooperative Program for Trane, points to the replacement of an ice rink as an example. "Without using a GPO, the process of bidding for a project to actual installation could take eight months. With a GPO, that



time could be reduced to as little as a month," he said.

Jean-Marc Nadeau, CEO of the Municipalities of Saskatchewan (MuniSask), agreed. "When a public works manager is running off their feet with work, the ability to access a standing offer is priceless. You do not have to run an RFP or obtain multiple quotes. Using a GPO is a huge time savings."

The efficiency goes beyond implementing a contract. The procurement team manages all stages of contracts on behalf of members, freeing up their time to focus on other duties.

Kinetic GPO Process

At Kinetic GPO, the average supplier contract is three years, with two one-year extension options. We hold business reviews with suppliers and obtain feedback from agencies on their performance, which enhances their value. We also include any updates to suppliers' catalogs of products and services to ensure that all terms are fair from shipping to payment.

Using this group purchasing also gets you a lot more bang for the buck. Whether you work on behalf of a town or a large city, members get aggregated national pricing. This means everyone

benefits from the same buying power and contracts, regardless of size. From a sheer savings standpoint, this can make a big difference.

Kinetic's relationship with AGCO Tractors is a good case in point. The Kinetic GPO/AGCO contract gives public entities deep discounts. A small village may be working with a smaller budget, so every percentage point saved through GPO pricing gives them more money to pay for services like police and firefighters. Furthermore, participating members have flexibility to choose from their full line of Massey Ferguson® compact, utility, and high-horsepower tractors

and attachments, as well as Challenger® midrange, high-horsepower, 4WD articulated and track tractors. Their equipment is sold through a network of independent dealers who are an integral part of the communities they serve. They are available when you need them to provide parts and service.

Nadeau noted that this is important for many municipalities in Saskatchewan. "Some small municipalities may not have as much buying power and the ability to use contracts like Kinetic offers is a significant benefit. At the end of the day, we have to stretch our dollars as far as possible."

"When a public works manager is running off their feet with work, the ability to access a standing offer is priceless. You do not have to run an RFP or obtain multiple quotes. Using a GPO is a huge time savings."



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Al-Azhar Khalfan, president and CEO of Supply Chain Canada - Ontario Institute, added, "Working with a trusted GPO elevates your buying power. That is perhaps the most compelling value proposition."

Compliance Ensures Integrity of Process

Compliance is another major benefit of working with a GPO. At Kinetic, our staff includes compliance, legal, and contract experts to ensure our agreements are "fair, open, and transparent," as required by International and Regional Trade Agreements. We also work with third-party organizations like Supply Chain Canada to learn

about new best practices and refine our procurement process, policies, and procedures - all of which help to drive efficiencies across the board.

Nadeau explained, "Compliance is important because businesses want to know they have a chance to compete. GPOs ensure that purchasing is done within the regulations and with integrity. It is important to know contracts comply with all of the rules in Canada, whether it is the Canada Free Trade Agreement or the U.S. Free Trade Partnership."

The bottom line is that GPOs are a useful tool to consolidate and maximize procurement. They can help even the playing field for smaller entities and provide everyone with off-the-shelf solutions to purchasing needs in a much shorter timeline than otherwise possible. Kinetic GPO provides national buying power, oftentimes with a local presence. Whether you are facing an emergency like a pandemic and need items ASAP from a trusted partner or are dealing with the daily needs of your city or village, group purchasing can save substantial time and money. ❖



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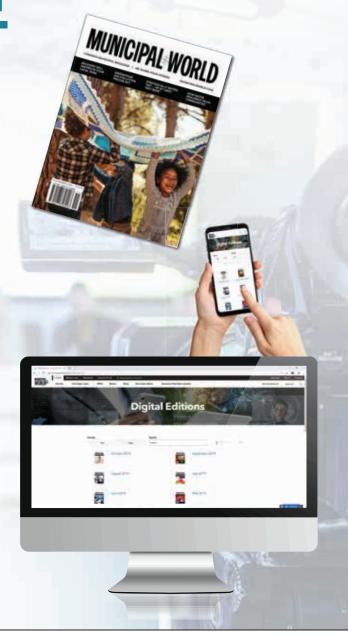












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