Commentary

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Parallels and Differences in Buyer Relationships from a North American and Association Perspective

The National Institute of Governmental Purchasing (NIGP): The Institute for Public Procurement originated in the United States in 1944. We are an international, professional, member-based nonprofit organization that develops, supports, and promotes public procurement through education, research, networking, and technical support. Our reach includes 76 affiliate chapters and more than 2,600 public agencies representing federal, state, provincial, and local governments throughout the United States and Canada. These agencies represent more than 16,000 individuals serving the public procurement community.

NIGP has a long-established network of connections with academic research in public procurement internationally. Notably, we are one of the original sponsors of the International Research Study of Public Procurement in collaboration with the University of Bath (United Kingdom), University of Twente (Netherlands), Curtin University (Australia), and Florida Atlantic University. In partnership with Florida Atlantic University, NIGP is a cofounder of the Public Procurement Research Center, a lifelong sponsor of the Journal of Public Procurement and a consistent sponsor and host for the International Public Procurement Conference, where leading-edge academic research is presented.

The specific topic of collaborative procurement is of particular interest to the members of NIGP. The article by my esteemed academic colleagues Helen Walker, Fredo Schotanus, Elmer Bakker, and Christine Harland is focused primarily on a study of buyer–buyer relationships in the United Kingdom, while our experience is primarily centered in North America. There are some similarities and differences to be noted.

The article discusses obstacles facing the public sector, stating that collaborative public procurement is hindered by local politics and differing priorities, supplier resistance, reliance on suppliers for data, and a lack of common coding systems. We certainly agree on many of these points. Even though shared resources have demonstrated greater efficiency and economy for the tax dollar, we agree that the public sector is not quick to transfer its autonomy for the greater good because of political motivations and differing priorities.

There are two notable exceptions where formal consolidations of government have occurred. The first is in Canada, where urban metropolitan governments have relinquished their municipal autonomy to form regional governments. (A hybrid model exists in the United States through councils of governments.) The second is in the United States, where public school districts serving adjacent geographic boundaries have formed boards of cooperative educational services to collaborate on common services, including procurement, transportation, risk management, and food services. In both examples, it should be mentioned that procurement was not the only support function that was consolidated.

From an NIGP standpoint, we respectfully disagree that collaboration in public procurement is hindered by supplier resistance and a lack of common coding systems. The institute has fostered a number of relationships with the supplier community, including our NIGP Business Council. As we discuss ways to improve the buyer–supplier relationship, a top theme is the need to create standards and consistent practices within public procurement to include sourcing methodologies and solicitation thresholds. In our experience, suppliers would prefer consolidated procurements in order to simplify marketing, customer relationship management, contract administration, and logistics, and they would be willing to offer improved pricing as a result.

We also disagree on the lack of a common coding system. NIGP owns, markets, and maintains a Web-based commodity and service coding structure that integrates with leading e-procurement and enterprise resource planning systems. Additionally, the NIGP
Code has crosswalks to other supplier-based coding systems in an effort to create synergy among coding structures. And finally, NIGP has partnered with Spikes Analytics (based in the United Kingdom) to form the NIGP Observatory, which delivers multiple spend analytics and data management tools. The focus of the observatory is buyer–buyer relationships that enable collaboration based on spend data.

Perhaps the greatest movement toward collaboration has occurred at the informal level. Recognizing the value of aggregating spend, the public sector profession has been engaged in regional and local cooperatives for several decades. The vast majority of these cooperatives are voluntary, managed by public officials who are willing to serve as a lead public agency. Within this model, the governments may decide to aggregate their needs within specific commodities and quantities into a single solicitation, or they may decide that one agency will manage the solicitation with the understanding that other governments can procure through that contract (referred to as “piggybacking”).

While these informal relationships have thrived at the local level, it has been more difficult to cooperate at a national level because of legislative barriers, logistics, and suitable competition. However, in the late 1990s, a new concept of a nationally based cooperative was created by multiple leading associations with missions in public service (including NIGP). The U.S. Communities Purchasing Alliance currently engages 24 major suppliers in public contracts that are solicited, negotiated, and contractually managed by public agencies, with a spend of US$1.5 billion annually. The U.S. Communities model has been replicated by several national cooperative programs in the last 10 years. It should be noted that U.S. Communities has been assertive in working with the state and local legislative process to ensure that barriers to cooperative contracts are eliminated.

And finally, there is an important footnote on buyer–buyer relationships. For almost 70 years, NIGP’s most valued service has been the ability to link public sector officials together for knowledge sharing and networking. This capability has been enhanced through the Internet and social media tools that enable professionals to connect with each other and build a level of trust that is essential for collaboration. NIGP is not alone in this venture. Every nonprofit association has discovered that social interaction leads to professional cooperation, and failure to harness the power of technology will marginalize the effectiveness of the association to lead.

In closing, I appreciate the academic research produced on this important topic. While the article is clearly at the highest academic level, it is very practical in its topicality and treatment of the subject matter. Buyer–buyer collaboration will continue to be at the forefront of the public sector as we face economic constraints and capacity limitations.

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