



Purchasing Sense

Princeton University's Purchasing E-Newsletter



2004 NPI Award Recipient

Welcome

The Purchasing Department presents this e-newsletter to the Princeton University community with the goal of providing timely and effective information to assist you with your procurement needs. We welcome any comments or suggestions for future articles.

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“How to Buy” Session

The Purchasing Department has the responsibility for obligating the University and for making the final decision on the source of supply and bidding/price negotiations, consistent with University policy, state and federal acquisition regulations, and sound purchasing practices. A comprehensive “*How to Buy*” information session was conducted in January in conjunction with the Treasurer’s Office training sessions. The presentation may be [downloaded from the Purchasing website](#). Departments may contact the Purchasing Department to set up individual appointments.

Travel Portal

A number of changes have been made to the University’s Travel Portal. Please feel free to share your comments and/or suggestions with regard to enhancing the portal. <http://www.campustravel.com/university/princeton/>. Training on the use of the Travel Portal is available upon request.

Science Fair

The Purchasing Department and Fisher Scientific will be organizing a Science Fair to be held from 10:00 AM – 2:00 PM on Wednesday, May 18th in the Multipurpose Room in the Frist Campus Center. Over 25 science vendors will be represented at this event. All campus users are invited.

Gas Cylinder Rentals

Gas cylinders are difficult to track on campus because they are often relocated between labs and result in on-going demurrage charges. The Purchasing Department has compiled [information on the most cost-effective method to handle gas cylinder rentals](#).

New Cylinders - We recommend paying for new cylinders with department credit cards instead of issuing purchase orders or paying with check vouchers. Cylinder rental fees are acceptable credit card expenses and it is a more efficient means for processing reoccurring rental charges.

Old Cylinders - In many cases, departments have been paying monthly cylinder rental charges for cylinders that may be lost, returned or moved to another department. We recommend that in cases where departments are unsure of the status, that it may be more cost-effective to pay the lost cylinder fee instead of continuing to pay the monthly rental fees.

Annual Billing - In each case, for both old and new cylinders, it may be more cost effective to pay a one-time, annual cylinder rental fee instead of managing the monthly demurrage charges depending upon the length of time you will need the cylinder.

Contact your sales representative for more information.

Shipping Study

In the fall of 2004, the Purchasing Department, in partnership with the Firestone Library Shipping and Receiving Department, performed a comparative analysis of the three delivery service vendors used on the Princeton University Campus: DHL, FedEx, and UPS. The purpose of this study was to directly compare both the rates and service to identify the best value and carrier for each type of overnight express next-day delivery and ground service and to develop recommendations for the campus community.

The intent of this study was to simply test whether the industry perceptions are true by sending the same package via the three different contract couriers to see who is cheaper and which packages arrive first. Firestone Library selected four addresses that are used for regular shipments of inter-library loan books and international and both U.S. Midwest and U.S. West coast addresses were chosen specifically to test the upper limits of the pricing categories, as experience has shown that the campus community opts to send packages to East Coast destinations in more economical ways.

The study found that while United Parcel Service was the most economical overall carrier for both express delivery and ground service, there is a considerable advantage in using not one, but several carriers, depending upon the specific type of service, package and destination. [The complete study, including the comparative data, may be retrieved from the Purchasing website.](#) A follow-up will be conducted soon.

Vendor Fair

All faculty and staff are invited to join us on Tuesday, November 1, 2005 between 10:00 AM and 2:00 PM in Dillon Gym for the annual Vendor Fair. Come see the many products and services offered by our contract vendors and their product displays and exhibits. More details to come this summer.

Document Destruction

As stewards of confidential records, managers have an obligation to ensure that all records pertaining to faculty, staff, or students are held in strict confidence and that they be properly disposed of consistent with Federal and State regulations, and University policy.

The Purchasing Department has compiled [information on the various document destruction options](#) that are currently available in support of the University's policy on Information Security. This site is not intended to provide policy specifics on how long records must be retained, but rather outlines the three options that are available for the proper disposal of such information. Departments should continue to follow procedures previously established.

Purchasing Facts

Each year, Purchasing manages:

- Over 40,000 purchase orders ~ \$80 million
- Over 50,000 e-transactions ~ \$7 million
- Over 50,000 p-card transactions ~ \$9 million
- Over 400 contracts ~ \$2 million in cost savings
- Over 5,000 capital assets and over 18,000 surplus items

Signature Authority

The Purchasing Department was established, under the direction of the Director of Purchasing, to assure that all purchasing activities are carried out in accordance with all applicable laws, directives from the Board of Trustees, and sound business practices. Only the Purchasing Department has the authority to enter into a contract or lease, or to obligate the University in any way unless: (1) the Trustees have specifically authorized an individual to do so in writing, or (2) the Director of Purchasing has delegated purchasing authority to specific individuals for a specific term or purpose. Individual faculty and staff members are not authorized to sign on behalf of the University, or to bind the University in any manner. New Jersey Law provides that individuals who do not have delegated authority, and who enter into unauthorized agreements, may be held personally responsible for the cost of the goods or services purchased. Accordingly, any, and all, vendor forms of agreement such as, quotations, contracts, leases, agreements, etc., should be sent to the Purchasing Department for review and signature.

Conflict of Interest

Employees of Princeton University who act on its behalf have an obligation to avoid activities or situations which may result in a conflict of interest or the appearance of conflict of interest. Employees must not use their University positions to influence outside organizations or individuals for the direct financial, personal or professional benefit of themselves, members of their families or others with whom there is a personal relationship.

Proper Documentation

All University purchases are made in accordance with the University Purchasing policies regardless of the source of funds. A standard set of bid and justification procedures are required to properly document all purchases to comply with Federal, State and University requirements. This documentation shall be sufficient to constitute a complete history of the actions associated with the establishment of the order for the purpose of: 1. providing a complete background/history on the order; 2. supporting any actions taken; 3. providing information for review and investigation; and 4. furnishing essential facts in the event of a dispute.

Minimum Bid Threshold

Bids should be solicited whenever the items can be purchased from multiple sources to promote competitive bidding. Quotations, either verbal or written, are recommended for requirements totaling up to \$2,499 in value. A minimum of at least three written quotations for requirements totaling \$2,500 or more. Those items considered sole/single source or proprietary must be properly justified. Quotations for requirements over \$2,500 must be in written form. All pricing and other information furnished by the vendor during the competitive bidding process must remain confidential. Purchasing has a commitment to provide support for small business concerns of all types, and to ensure that the University includes the maximum practical number of small businesses in the competitive bidding process to comply with federal reporting requirements.

Sole Source Justification

A sole source purchase is one where there is only one vendor capable of providing an item or service, and therefore it is not possible to obtain competitive bids. A single source purchase is one where there are multiple sources of supply, but for specific reasons the item or service must be purchased from a specified vendor. For purchase transactions exceeding \$2,500 in total value when it is deemed that there is only one viable source for the item or service that is essential to the needs of the University, and it has been determined that competitive bidding is not possible, the requisitioning department will be required to complete the Sole Source Justification Form. An order will not be placed without proper documentation, including a written quotation from the awarded vendor. Purchasing has the authority to review and challenge any order.

Prepayments

It is not recommended to prepay for goods or services, especially for goods or services of a high dollar value or ones that require installation or set-up work. Prepaying in some instances may remove the incentive or leverage to get a vendor to ultimately perform their obligation. If it is essential that the vendor receive a portion of the purchase price in advance, Purchasing recommends that no more than 50% be paid in advance. "Receiving" on the purchase signifies acceptance and will initiate payment after the goods or services have been deemed acceptable by the end user.

Small Business Spotlight

This month, we are pleased to highlight Computer Management Corporation (CMC). CMC is our preferred contract vendor for all our Hewlett-Packard and Xerox Printer purchases. CMC is a Minority, Women-Owned business that was established in 1991 and became an official Purchasing contract vendor in 2001.

Being a smaller business, CMC has been able to provide the Princeton campus with a "personal" touch. CMC can handle special delivery requests, custom websites for Princeton-specific pricing (see below), and in most cases they can provide desktop delivery and setup for our user community. These services, combined with their very competitive pricing, have made CMC one of our featured vendors.

- <http://www.cmcusa.com/princetonuniv/ptrs/hp.htm>
- <http://www.cmcusa.com/princetonuniv/ptrs/xerox.htm>

In a recent bid solicitation against five other printer vendors, CMC came in 10% cheaper than the other competitors, making them the most affordable source.

The Purchasing Department coordinates small, disadvantaged business mentoring and training sessions to assist such businesses with the bid process. A complete list of other [Small, Disadvantaged Businesses](#) with whom the Purchasing Department has contracts with is also available online.

Nothing is "Free"

The following has been condensed from an NAEB article to remind us that nothing is for "free".

In today's high-tech world, the basic problem confronting us is that we'd like to think we know everything about everything, but in reality, very few of us do. Sooner or later, when we've run out of resources - the client department doesn't know, there are no specs in our immediate vicinity, the Web comes up empty - so we resort to vendor-provided specifications.

It is not uncommon for schools to invite vendors to plan their system. In many cases, the institution can't afford a high-priced consultant or the time required to go through a personal-services selection process. At that point, our only resources are vendors.

Most vendors have a single objective - persuading administrators to choose their particular solution. Thus, they will usually do cartwheels to design a system, write specifications, and even assist with bidding and evaluation, in hopes of becoming the chosen contractor. After all, becoming the contractor of choice is their sole reason for being in business. If they are not the contractor of choice, they have gained nothing.

However, "free" help may not be in the institution's best interest. Consider these predispositions:

- Most vendors are not educators and typically do not know the role their product plays in teaching and learning, let alone administering an institution of higher education.

- Almost all vendors typically have a single solution that fits their specific hardware and software products.
- All vendors have a vested interest in what they are trying to sell rather than in the success of the institution.
- Most vendors do not have trained educators within their firms to provide staff-development training and ongoing support, thus, they know little of these functions, especially in an academic environment.

Nevertheless, many administrators and purchasing professionals put too much design and specification responsibility in the hands of vendors - primarily because vendors will do it all "free."

The result can be that institutions have let profit-seeking, high-pressure, single-product vendors influence what they buy, rather than making informed decisions based on actual needs. Over-reliance on vendor solutions can leave many institutions with equipment that is inappropriate, costly, and sometimes even obsolete and without the long-term support that is so necessary for a successful solution.

This conflict is part and parcel of the purchasing profession.

Handled well, the use of vendors to assist with specifications can result in a sterling solicitation. Handled poorly, it can result in a botched procurement, fraught with addenda and laden with protest - and in a contract with endless amendments and years of misery.

New Contracts

- Atrium Staffing (*Temp Staffing*)
- B & H Photo (*Photographic Supplies*)
- Blue Raccoon (*Furniture*)
- Brandon Furniture (*Furniture*)
- Chamberlin & Barclay (*Fertilizer*)
- Comm Solutions (*Cisco Routers/Equipment*)
- Corporate Express (*Backup Tapes*)
- Fifth Avenue Limo (*Limo Services*)
- Gasiors Furniture (*Furniture*)
- GovConnection (*Computer Peripherals*)
- Leisure Fitness (*Fitness Equipment*)
- Lloyds Furniture (*Furniture*)
- Miller Rental & Sales (*Tent Rentals*)
- Monday Morning Balloons (*Flowers & Balloons*)
- Motorola Inc. (*2-Way Radios/Equipment*)
- Nassau Interiors (*Furniture*)
- Philadelphia Turf (*Turf & Irrigation Service*)
- Prism Color Corp. (*Brochure Printing*)
- Suburban Fence (*Fencing*)
- University Sleep Products (*Dorm Mattresses*)
- Winzer Corp. (*Nuts/Bolts*)

Upcoming Events

- ShoeMobile, *April 22, 2005*
- Science Fair, *May 18, 2005*
- Capital Inventory, *Summer 2005*
- ShoeMobile, *October 21, 2005*
- Princeton University's Annual Vendor Fair, *November 1, 2005*

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