

NASPO (National Association of State Procurement Officials) Award

SUBMISSION 2 - Reductions in Purchase Order Processing Times Executive Summary

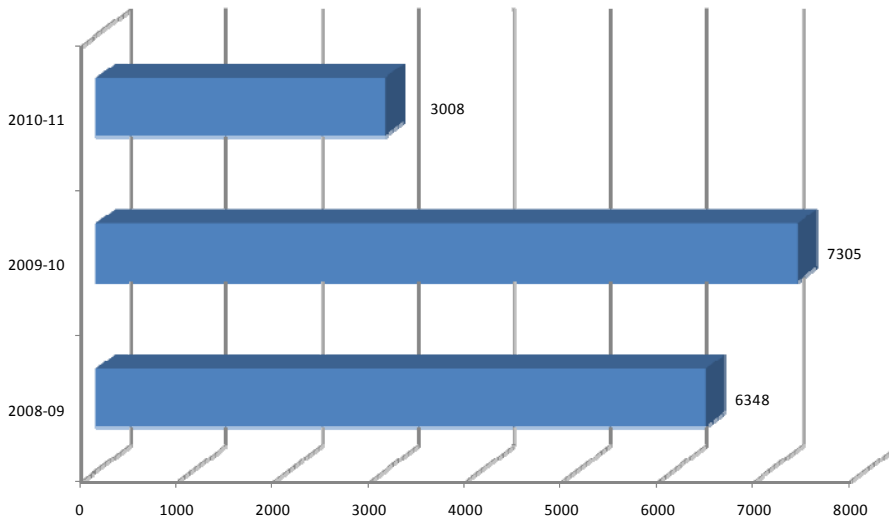
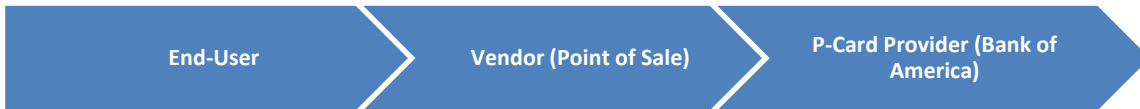
Atlanta Public Schools (APS) is accountable to the children in Fulton County where the majority of the children in this district are from impoverished families therefore every dollar spent on behalf of the district must be spent taking into consideration potential long-term savings. It is important that the majority of the money isn't used for operational support, but in support of instructional programs that provide every available opportunity to the children of Atlanta so they can compete today and in the future.

Meeting this objective requires process changes which create measurable efficiencies thereby providing true benefits for the District. One such example is the Department's reduction in purchase order processing. The District's policies regarding the spend thresholds¹ drive a large part of the purchase order processing through the Buyers within the Department. They find themselves processing a number of low-value purchase orders which could actually be purchased with the District's Purchase Card (p-card), while at the same time encouraging the behavior change with process triggers that manage purchases that qualify for p-card purchases. These changes provide true savings in the form of soft cost reductions:

From transactional costs of \$135/transaction to process purchase orders with multiple stakeholders in the process lifecycle and numerous manual processes.²



To a reduced cost of \$67/transaction for p-card transactions with fewer participants and electronic processing, thereby freeing up time for the Buyers to focus on more value-added transactions.



The following chart supports the reduction of low-value transaction processing within the Department showing a significant drop from FY 2008-09 to 2010-11.

The difference is recognized not in reduced spend, but in the transfer of that spend where the District can reap benefits from the transactions...in rebates.

These rebates come back to the District and are allocated to the general fund for further educational needs. This provides true benefit for the District as we continue to look for additional processes efficiencies and reduce storage needs within the District. The customer, vendor and the Procurement Department has a reduction in paper processes as we all support green initiatives. Everyone wins.

This innovative approach continues to provide ongoing support to the District as a strategic partner and setting expectations to help them provide for the children of Atlanta.

¹ The District's dollar threshold for p-card purchases is under \$2,000.

² Based upon Aberdeen Group Research Data