



STATE OF MICHIGAN
DEPARTMENT OF MANAGEMENT & BUDGET
LANSING

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DATE: June 17, 2005

TO: Matthew Trail
National Association of State Procurement Officials

FROM: Sean L. Carlson, Director
Acquisition Services

SUBJECT: 2005 Cronin Club Award Submission

The State of Michigan is pleased to submit the following information in consideration of the 2005 Cronin Club Award:

- 1) The name of the state procurement agency: MiDEAL Program (Michigan Delivering Extended Agreements Locally) run by the State of Michigan, Department of Management and Budget, Acquisition Services.
- 2) The category submission (Cronin Classic or Cronin IT): Cronin Classic.
- 3) The date of implementation: January 2004
- 4) The name and title of originator and those primarily responsible for implementation: Sean L. Carlson, Acquisition Services Director (originator) and Penny L. Saites, MiDEAL Program Coordinator (responsible for implementation).
- 5) A summary, not to exceed three (3) pages describing how the nomination is relevant to the significant improvement of the operation and/or efficiency of state government.

Ford **really** got this one right.

The 2005 Mustang has been described as “an instant classic” for its ability to combine the classic style of its early days with the needs of today’s drivers. Ford took a vehicle that saw success in its heyday and recognized the need to freshen it. Zowie – mission accomplished.

Those of us in the Motor City forget that the entire world doesn’t revolve around cars. We see the beauty – the simplicity – the personality of our vehicles. We name them, we clean them, we talk to them, we dote on them.

And, of course, we compare them to government purchasing programs.

In Michigan, our comparison is an easy one.
MiDEAL and Mustang both start with “M.”
MiDEAL and Mustang both needed an update to thrive.
MiDEAL and Mustang both got it right.

Okay, so MiDEAL doesn’t corner on a dime. But after a much needed makeover, it really performs.

In 1975, Michigan’s Extended Purchasing Program was born, allowing municipalities to leverage the state’s purchasing power by buying off of state contracts. In 2004, we realized the program needed to go back to the design team. Tough economic times – and time in general – required us to take a fresh look at a tired but solid program. Local governments wanted more from us, and we wanted more from ourselves.

The Design Team stripped the program to its axle and evaluated each piece to see what worked, what would work with revision, and what had to be sold as scrap metal. The Marketing Folks stepped in with visions of audience and testimonials from users. Product Development Leadership reminded that it has to integrate well with other product offerings.

The resulting program is MiDEAL, which stands for Michigan Delivering Extended Agreements Locally. MiDEAL has a new strategic focus that incorporates both programmatic and marketing goals.

The Design Team is happy – they have a feasible, effective program that has a true performance engine. The Marketing Folks are downright giddy – they immediately began conjuring up “MiDEAL is Ideal” one-liners and planning for the new logo and website enhancements. Leadership is optimistic about the potential but wants metrics. (What a shock.)

MiDEAL is more than a different name and new logo. It epitomizes simplicity and inclusion. Make the program work for users by bringing them into the decision making process and giving them tools for success.

MiDEAL end users include any city, village, township, county, school district, intermediate school district, non-profit hospital, higher education institution, community college, and junior college. The obvious audience, addressed by the previous program, consists of those responsible for purchasing within each of these organizations. The re-design process helped identify an audience we had been missing – elected and appointed officials whose feet are held to the fire regarding budget cuts and cost savings. This realization brought us to an expanded message, and innovative message delivery vehicles that include trade groups for these leaders.

Purchasing end users are MiDEAL's drivers – they are brought in on the front end to help mold MiDEAL. This early involvement allows us to combine their anticipated volumes with ours to obtain lower pricing, and helps us design the contracts to make them user-friendlier for all participants. End users have common-sense participation goals – they want speed and performance. They recognize the time involved in writing and updating specifications, keeping current on technical research, processing requisitions for bids, receiving, reviewing, and evaluating bids and making awards.

Elected and appointed officials are busy as well. They are under continuous pressure and scrutiny to not only find cost savings for taxpayers, but also promote the savings publicly. Recognizing the more external nature of their roles is crucial – the tools they need from us after implementing MiDEAL are different. They need more than product specifications – they need press releases and quarterly savings invoices.

Key points of MiDEAL include:

- Road show to educate and inform non-participants about the voluntary nature and the benefits of MiDEAL. These road shows incorporate testimonials from successful users, and a media aspect for increasing public awareness as well. In FY04, we logged 3,463 miles to promote MiDEAL, and we coordinated these visits for vendor outreach as well.
- Member communications include regular newsletters and a newly designed, user-friendly website, www.michigan.gov/mideal.
- Contract maintenance of a current list of all state contracts available to members, communicating the availability, and maintaining up-to-date information online for program members.
- Marketing through membership associations, recognizing the communication potential in trade groups for our end users. We participate in and present to various associations to market the program and to receive feedback from experts.
- Reporting back to the users on a regular basis is important. We survey current contractors for member activity on their contracts, and we survey MiDEAL members to determine ways we could improve the process.
- Contractor meetings to discuss potential changes/improvements in state processes, including making contracts user-friendlier for MiDEAL members.
- Process evaluation and review to make certain that user feedback results in improvements.

Because we built MiDEAL on the same platform of the original Extended Purchasing Program, the conversion to the new model did not incur significant additional start-up costs. Other purchasing entities can easily replicate MiDEAL. One full-time Departmental Specialist spends about 33% of her time coordinating and marketing the program; this specialist

maintains both the departmental website and the MiDEAL website to eliminate duplication of effort. Part-time support staff assists this employee with day-to-day functions. All Acquisition Services buyers, as part of the function of negotiating and awarding contracts, participate in finding savings for statewide participants in the program.

State statute requires this program to be maintained through fees. MiDEAL eased away from the flat rate annual fee used by the previous program, to a more activity-based fee negotiated on a small number of the available state contracts. The annual fee was reduced by 30% in FY04, with the goal of being totally eliminated by FY06. On selected contracts, bidders are required to submit a rebate – a nominal percentage is applied to contract purchases and submitted to the state to support the program. This funding mechanism is communicated to the membership, and it is seamless to them during their purchasing process. This is more readily accepted by the membership as a fair way to fund the program – those who use it more pay more.

The final aspect of the newly designed program is the continuous review. In addition to evaluating success by looking at the numbers, Michigan is committed to thinking big and evaluating constantly: What felt right about the program and what didn't? How do our user testimonials look? Who are they from? What might we be missing? This review process has already redefined how we promote and market MiDEAL – resulting in an expansion of our MiDEAL road show to include editorial boards and other media.

Cooperative purchasing is not new. Michigan's Extended Purchasing Program had already celebrated its 30th Birthday before it went back to the Design Team. The innovation and success of MiDEAL is steeped in simplistic style – we made it work for real people. Michigan did what every state purchasing office can do – we thought, we evaluated, and we used common sense. Instead of being immersed in “purchasing speak” and in our own world of acronyms and contract details, we looked at the world around us.

MiDEAL is truly a performance vehicle. FY04 saw member participation totaling over \$39 million in 225 different state contracts. Contract participation and user satisfaction are on the rise, and new contract areas have been added to accommodate needs. We partnered with three state universities to purchase energy at a drastically reduced cost. This initiative saved in excess of \$2.5 million. Current meetings with the “Big 4” local purchasers will result in newly designed aggregate and paper contracts for MiDEAL. The properly planned and executed contract for road salt allowed the state to negotiate savings based on 1,071,280 tons of road salt instead of the 367,950 that would have been used by the state alone. The Homeland Security Purchasing Project was recently rolled out, and in one month, participation has been unprecedented. This example highlights the success of MiDEAL – state purchasing is able to accommodate the needs of individual emergency departments across Michigan, allowing them to purchase urgent supplies quickly and at a cost savings.

The newly redesigned MiDEAL program has truly put Michigan back in the driver's seat. And we have a line-up of people – from local procurement folks to elected officials – vying to ride shotgun. MiDEAL's engine has been fine-tuned and maintained, and is revving with excitement.



To quote Ford's current Mustang ad campaign, “The Legend Lives.”



MEMBER TESTIMONIALS

“Two – three years ago, road salt was scarce. As members, we were able to purchase road salt through the [MiDEAL] program. Non-members had trouble getting bidders – when they did, the bid price came in even higher than the previous year. We were very fortunate.”

- St. Joseph County Road Commission

“We are able to save \$4,000 - \$5,000 on each police vehicle we purchase.”

- City of St. Louis

“The program provides its greatest benefit in terms of efficiency through administrative convenience. It [MiDEAL] eliminates the necessity for the city to develop and conduct all of the related bidding procedures.”

- City of Farmington

“Purchasing vehicles through the state saves on administrative expenses, also it helps us obtain competitive pricing for road salt and office supplies.”

- City of Kalamazoo

“It [MiDEAL] saves us the time and effort of putting a bid together and having to review it, because of the volume the state purchases we are able to obtain items for unbeatable prices.”

- Montcalm County Road Commission

“Our library was able to purchase a delivery van and saved over \$3,000. We also purchase computer software and save over 40% above the best offer from other contracts.”

- Woodlands Library Cooperative



Mi DEAL

Delivering Extended Agreements Locally



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An Official State of Michigan Web Site

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Local to Local Listserv



click to communicate and save

Homeland Security Purchasing

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MiDEAL

Join and Save!

- [About the MiDEAL Program \(AKA Extended Purchasing Program\)](#)
Acquisition Services extends its services to any city, village, county, township, school district, intermediate school district, non-profit hospital, institution of higher education, community or junior college. This joint purchasing effort is called the MiDEAL Program (formerly called Extended Purchasing Program).
- [Partner with Other Locals to Save on Products and Services!](#)
This section of the site is devoted to providing local governments with the means to communicate and connect with each other to leverage purchasing power. You can advertise your product and service needs and connect with other local government units who need the same and get better pricing. This site helps you to "Make the Connection!"

- ▶ [State Departments](#)
- ▶ [State Sponsored Sites](#)
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More Savings!

- [MiBid Internet Auction](#)
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