

Welcome And Guest Introduction

Julia McIlroy 0:03

Hi everyone, and welcome to NASPO's Pulse, the podcast that focuses on current topics in public procurement. I'm your host, Julia McIlroy. Today I'm sitting down with Michelle Potts, Chief Procurement Officer and General Counsel from the great state of Nebraska. We'll discuss how Nebraska is managing their hybrid procurement model and the challenges and opportunities of being a large landmass state with limited resources. Hi, Michelle, welcome to Pulse.

Michelle Potts 0:33

Hello, thanks for having me.

From Agronomy To CPO

Julia McIlroy 0:35

I'm so glad you're here. So to begin, I'd love to hear about your professional background and what led you to public procurement.

Michelle Potts 0:43

Yeah, if you really want to know the answers to that question, it pretty much was an accident that I got into public procurement. So my undergrad is actually in agronomy and ag economics. So I kind of took a non-traditional route prior to law school and did something I'd grown up in working on a farm for my parents my entire life. Uh worked a couple years in agriculture and kind of found myself if I don't go back to school, I don't know if I will ever make it back. So went uh back for law school and also did my master's in finance during the evenings uh while I was in law school. After that, I planned on being a tax attorney. So procurement didn't even cross my mind. I probably didn't know what procurement meant at that time. Ultimately, I found myself actually becoming a criminal defense attorney. So, to my surprise, not a tax attorney. Uh spent a few years in the courtroom doing private criminal defense work out in western South Dakota. And after about two years of doing kind of federal reservation work, a bunch of different cases kind of around the Sturgis Motorcycle Rally, Deadwood, South Dakota, which is pretty much a little Vegas, I decided I'll take any job. I just need a change. And really, the next job I found was working for the state of Nebraska in facilities and being a contract administrator for our state building division that handles all owned and leased state property. So that's how I got to the Department of Administrative Services, uh, ended up being the maternity leave fill-in for our current CPO at the time. So I spent about three and a half months in her role, kind of

got a preview of it. Uh, and then about three years later is when I found myself in the CPO role, and I've been here for just over two years now in this role.

Julia McIlroy 2:39

Wow, that is a varied background. Ag/Econ is such an interesting area, and then criminal defense attorney. That's just incredible. What a background. And congratulations on your recent award. You were one of the recipients of the 2026 NASCA top 20 under 40 awards. So congratulations.

Michelle Potts 3:02

Thank you. Yeah, it was a real honor uh for NASPO to nominate me. Uh, I was able to go to the leadership conference they had, and it was a really great event.

How Nebraska Centralizes Purchasing

Julia McIlroy 3:12

So let's talk about Nebraska's centralized procurement model for a moment. It's administered through the Department of Administrative Services. Can you walk us through how that structure works in practice and share some of the biggest advantages it provides to state agencies? Additionally, on the flip side, what challenges have you encountered in balancing statewide consistency with unique needs of individual agencies?

Michelle Potts 3:37

So, the Department of Administrative Services, I like to tell people that we're really the back office for our state agencies. You know, we don't face the taxpayers, we don't engage with them on a regular basis. Our customers are really our agencies. And through the materiel division of the Department of Administrative Services, we have State Purchasing Bureau. And that is really the facilitator for all state procurement. So we have a pretty centralized authority when it comes to goods or personal property. Any state agency that is wanting to buy a good or personal property item has to go through my office if it's \$50,000 and above. Anything below \$50,000, we allow agencies to make those purchases on their own. But anything we're going to competitively bid out for a good has to run through my office. That really allows us to work with our agencies to get some of our master contracts in place that multiple agencies are going to be utilizing. We can have high volume, larger discounts, better utilization of those contracts, and it really provides a benefit to all agencies that are going to use those. I mean, if you think of a state agency buying office supplies, one state agency's budget for office supplies may be \$40 because they have like three staff members. But then our big agencies like Department of Correctional Services, they could be spending hundreds of thousands on office supplies because they have so many

locations, so many staff spread out across the state. When we can utilize a master contract for those large agencies, we're really going to get that bulk discount. Kind of on the flip side then is going to be our services. So we still hold the power to run solicitations for all state agencies when it's 50,000 above for services, but we also give the agencies that authority to do their own. They still have to send everything to us. We give it a lookover before it's going to go public. But we utilize some of those bigger agencies like DHHS, correctional services, game in parks, they're going to have their own procurement staff. They're going to run those solicitations. We're just going to be along to help them advise on what is required by statute, make sure things are compliant, and hopefully get a great procurement for them.

Julia McIlroy 6:01

So do the buyers in, say, DOT have a dotted line up to you and to your office?

Michelle Potts 6:09

So NDOT is one of our unique agencies. They have their own authority for contracting. So they don't really have to engage with my office on a daily basis. But if they want to use, say, a cooperative agreement such as NASPO, they have to come and request it through my office, and we're actually going to be the ones to set that up. But through their authority, they can do a lot of their contracting on their own.

Julia McIlroy 6:35

So really having this model, as you mentioned, an office that maybe spends \$40 on office products, it maximizes cost savings throughout the entire state.

Michelle Potts 6:47

Yes. And it really makes us look at contracts that are going to provide shipping to our entire state. As a state that has a lower population compared to others, but a huge landmass. Shipping is something I never thought I would talk so much about.

Julia McIlroy 7:03

And especially now, right? And you're looking at all of those contracts and seeing additional charges for shipping. So

Leading As CPO And General Counsel

Julia McIlroy 7:12

you serve in the unique role of both chief procurement officer and general counsel. Those responsibilities often intersect, but they can also pull you in different directions. How is holding both positions shaped your approach to procurement leadership? And what

opportunities or challenges come with wearing both hats when navigating complex procurement decisions?

Michelle Potts 7:33

Well, Julie, I have to give you a little backstory. My first NASPO conference I ever went to was the Law Institute. And I was our acting chief procurement officer. As I said previously, our CPO was out on maternity leave, so I was able to attend a NASPO event. And the first session was an attorney, and he got on stage and said, if I can tell you like one thing to remember, your CPO and your general counsel should not be the same person. And at the time it wasn't, so I didn't really think that much about it. And then when I was offered general counsel while being CPO, I feel like that flashed in my mind. And I was like, Am I crossing some like sacred boundary where I shouldn't be going? Uh, but really, I hate to say it, it's worked out really well for the state of Nebraska, I think. Um, I've always taken an approach to being a CPO as I am an attorney, and I need to be able to legally defend everything I do and make sure it's by the book. Whether it's a solicitations, specifications that we could see a protest on potentially, whether it's negotiating a contract that even though my team has done the bidding on that, I need to have a keen eye for the negotiation portions of it to make sure we're getting the best terms and conditions that are going to favor not only one agency within my state, but all agencies that are going to try to utilize those contracts. It's been a little difficult because a lot of agencies will reach out asking for purchasing advice, and then they will go back to their directors and say, Well, general counsel told me we could do this. And I was like, Well, that was CPO giving you advice, not general counsel, Michelle, because you're not my client. So that has probably been the biggest learning curve. But for Department of Administrative Services, I work with really great leaders who understand when they walk in my door, they have to be very clear. Am I asking her a purchasing question? Am I asking her a legal question? Or are we somewhere in that gray area of both?

Julia McIlroy 9:46

And you went to the University of Nebraska for law school?

Michelle Potts 9:49

I actually went to the University of Nebraska for undergrad, but I went to Creighton University in Omaha for law school.

Julia McIlroy 9:56

So you do have a soft spot in your heart for big red, right?

Michelle Potts 10:01

I do, yes.

Julia McIlroy 10:02

So I think that your staff needs to get you two red hats, one that has the initial CPO on it, and the other one GC, and then you'll put on the appropriate hat when you're giving advice.

Michelle Potts 10:14

That's pretty much what I picture in my mind.

Julia McIlroy 10:17

Yeah, yeah, I bet. And the Law Institute, great conference for your first attendee. So Nebraska operates with a blend of centralized oversight and agency level procurement authority. How

Fixing The Agency Communication Gap

Julia McIlroy 10:33

do you strike the right balance between empowering agencies to meet their mission-specific needs while still maintaining consistency, compliance, and accountability across government? And also, what lessons have you learned that other states might find valuable?

Michelle Potts 10:47

When I came to the office, I really found a huge disconnect between my centralized procurement group and the agencies. We had kind of operated on this model of we put out the guidance, we put out the templates, agencies, you need to use it and abide by our rules, but we really didn't explain how they were to do that or provide that level of customer service. So we had a lot of agencies that were doing things incorrectly. They just weren't advised on how to follow our procedure properly. And then there would be this fight of, well, you didn't advise me, you didn't explain it. And then our office would say, Well, you didn't do it correctly, so we have to start over. And there's just really this push and pull that was from a communication disconnect. So I have really made it my mission to communicate with our agency customers. We try and put out a lot of different trainings throughout the year. We have monthly or every other month meetings that we call PUGS, procurement user group meetings. We offer them live as well as virtual, where people can send in topics we can cover. I give a lot of information around our competitive bidding when it's needed, how to get around it legally and still be in compliance. So it's really become all about communication. If we are advising the agencies and giving them the information they need,

I think their procurements are going to be better. They're going to be transparent, compliant with statute, which in the end is going to make my life a lot easier.

Julia McIlroy 12:23

I'm sure you've found that most folks want to follow the rules. They just need to know what it is, right? And that is through constant education, which it sounds like your department is really focusing on, as well as providing great customer service. So that's fantastic. Additionally, I love the PUG name. If only you could find a great acronym for Corgi, right? You need to work on that, Michelle. What's your beloved Corgi's name?

Michelle Potts 12:50

Uh my Corgi's name is Rupert, and I include him in my monthly newsletter. And for instance, this last month, I didn't do one because we're headed into our fiscal year end, so we're kind of ramping up for the new fiscal year. And I had multiple emails from people in procurement, people outside procurement saying, How do I get my Rupert update if there is no newsletter?

Julia McIlroy 13:12

Great point. Maybe instead of Corgi is the acronym, maybe it's Rupert because you have a P in there for procurement. So let's work on that.

Michelle Potts 13:20

True. I will say we had a great training coordinator who made a pug logo, which is actually the dog pug for those meetings. So it does give people a good laugh.

Julia McIlroy 13:32

Oh, that's great. Bring in a little humor, right? So that's that's wonderful.

Using The 2024 Procurement Act Flexibility

Julia McIlroy 13:38

So the Nebraska Procurement Act provides the legal framework for public purchasing, but procurement professionals are constantly being asked to respond to new technologies, evolving supplier markets, and changing constituent expectations. How does the act support innovation? And where do procurement leaders find flexibility in thinking creatively while still operating within statutory requirements?

Michelle Potts 14:04

So our Procurement Act had a huge overhaul and completely rewrote back in June of 2024. We rolled it out. And really, that changed how people viewed our statutes. Before, I hate to say it, but we were a little archaic. We were a little behind in the times, we had really low thresholds, and even some states think our thresholds are low today. But I think with the new act, it allowed me to educate agencies on what our exemptions from competitive bidding are, what our exceptions are, and how to utilize all the options they have. I think in the past it was like we either have to RFP it or we have one option. And I've really tried to educate agencies, look at other states' RFPs, look at cooperative contracts, is a sole source a valid pathway for us to go down. There's so many options that we have. We can utilize GSA pricing, we can utilize other political subdivisions contracts in other states. And I've really tried to work with agencies to identify all the options they have right at the front of their thinking for their procurement so that maybe an RFP isn't the route we have to go down. Otherwise, if we do our RFP route, I really encourage agencies to look at our specifications and write them as broad as possible. That's going to allow those companies to give you exactly what you need or provide you with options that maybe you didn't even know existed out there and could better fit your agency's needs.

Julia McIlroy 15:44

I love that you have a focus on these are all the tools in the toolbox. Let's find the right tool. So it's not always an RFP, perhaps it's a sole source or looking at cooperative contracts. So I think it's great that you're looking at the full spectrum of possibilities.

Michelle Potts 16:02

Yeah, I tell agencies it's my job to know the procurement laws inside and out. So just because they don't see something as an option, still come to me. Let's have a conversation about it. And there could be pathways that they have never used before that could really help them with a procurement.

Julia McIlroy 16:20

So true.

Transparency Without E-Procurement

Julia McIlroy 16:22

So many governments rely heavily on e-procurement systems to drive transparency and supplier participation. NASPO's 2024 survey of states shows that 87% of respondents utilize an ePro system. Now Nebraska's taken a different approach. How do you ensure suppliers have visibility into opportunities, maintain a competitive marketplace, and foster

meaningful supplier engagement without a comprehensive e-procurement platform? And have you had any unexpected benefits or challenges associated with your approach?

Michelle Potts 16:58

So I understand the 87% out there that are utilizing their e-procurement, but I will tell you, everyone I talk to that is from a different state, they want to tell me about their e-procurement platform. They spend about two minutes telling me how great it is, and then about the next 18 minutes telling me all the issues they've had with e-procurement and their complaints. I'm like, how are you trying to sell me on this? But in reality, the state of Nebraska, we're in a budget deficit right now. It's all hands on deck for trying to cut costs, lower our budget and our needs for spending. And to be honest, we just don't have the funding to go out and get an e-procurement system right now. I am personally not interested in a self-funded system. I see the large amount of dollars going to that vendor, and maybe not always the large amount in return to our taxpayers. And so I just can't argue that a self-funded is where we need to be. I think Nebraska, we have great staff that have continued the same processes for a long amount of time. They are willing to be very clear and transparent. We've used the same website for posting. We keep our vendors in the loop. We utilize agencies to create potential vendor lists that we can reach out to when a procurement goes live. We're up for anything when it comes to transparency, getting people to the marketplace. We're just not up for e-procurement at the moment.

Julia McIlroy 18:33

So you're saying that e-procurement systems aren't all wine and roses, right?

Michelle Potts 18:37

I well, if you're talking to the vendors, it's the next best thing from slice bread. If you're talking to the users, I think they're enjoying it, but there are a lot of kinks in the system.

Julia McIlroy 18:48

Well, it sounds like Nebraska is making it work that this is that you don't have that system, but what you do have is working well. So kudos to all of

Making Space For Local Small Vendors

Julia McIlroy 18:57

you. So many states are looking for ways to expand participation among small, local, and historically underutilized businesses. What strategies has Nebraska implemented to make state contracting more accessible to these suppliers? And what have you learned about reducing barriers to entry while still ensuring fair and competitive procurement processes?

Michelle Potts 19:18

So one of the biggest complaints I heard when I came into the CPO role is we want to go to our local dealers or suppliers and just make small purchases. We can't do that because the state has these huge contracts that we have to purchase off and get it shipped to. So when you think about the state of Nebraska, I mean we are huge in our size, and the majority of my customers are going to be in the rural parts of Nebraska. So if they aren't able to utilize their small local providers, they are at a loss when it comes to getting products and items shipped to them because it's going to take a large amount of time. So we actually partnered and put together a letter that gives the authority back to the agencies when it's making small purchases under \$500, that they can just go to a local vendor. Say a maintenance guy out in Scottsbluff, Nebraska, needs to go to a hardware store. They don't need to utilize our huge Menards contract that covers the entire state because the closest Menards is likely in Colorado. They can just go out, make a purchase at a local vendor, and continue on with their day without having to do any extra step in documentation. But what it does is it supports those community businesses that when they see our employees in their uniforms walking into the store making those purchases, they really feel like the state of Nebraska is contributing to the success of their business. Another item that we encourage is our direct purchase authority. What this allows is agencies can come to me for personal products or goods and basically ask for direct purchase authority instead of going out to the market. For example, Department of Veterans Affairs, they have nursing homes across the states for our veterans when they reach that age where they need a little bit of assistance. Those facilities are utilizing our massive food contracts, but they can come to me for direct purchase authority if they want to purchase donuts from a local business for a year so that those people receiving the services can utilize the local business and have those ties to the community. We've just really found that our small towns thrive on those small businesses, the mom and pop shops, the local one offs. And if we can support them, we will do anything we can to make sure those vendors feel our love.

Julia McIlroy 21:46

That's fantastic that you are focusing on keeping those local dollars local and giving the authority that those agencies need. So they can go, as you said, to that local donut shop. And there's nothing better than a local. Donut shop, by the way.

Michelle Potts 22:01

Correct.

Julia McIlroy 22:02

I do love Krispy Kreams, not gonna lie, but there's nothing like a locally made donut. I don't know if I mentioned to you, Michelle, but I have a real soft spot in my heart for Nebraska because when my parents came to the United States, the first place they went is to a tree farm just I think south of Omaha. And they were very happy to be in the U.S., um, very happy to be working, and then an Omaha winter hit, and that's when they decided it's time to get a catch a bus and go to Los Angeles.

Michelle Potts 22:35

Yeah, Nebraska. I mean, we have zero degree days part of the year, and then we have 90, 100 plus with 70% humidity. So living in Nebraska is not for the faint of heart.

Julia McIlroy 22:49

Yeah, for sure. My husband um completed his postdoc first PhD at the University of Nebraska Physics, go big red. And when we were living in Idaho, he said, you don't know cold until you've experienced Nebraska cold.

Michelle Potts 23:06

I would agree with that.

Training And Retention By Meeting People

Julia McIlroy 23:08

So workforce development has become a major topic across the procurement profession. From recruiting new talent to retaining experienced professionals, what workforce challenges are you seeing in Nebraska today? And how are you approaching training, career development, and secession planning to ensure the state has the procurement expertise it'll need in the years ahead?

Michelle Potts 23:29

I feel really special with this question because I don't have a workforce challenge right now. We are in a position where we have great staff. We've really worked to kind of streamline, we have entry-level procurement staff, we have mid-level, we have then supervisors that are still procurement related, and then of course, all the way up to myself. We've tried to make it so that we can meet people where they're at. I never thought being a supervisor, I would have to encourage people to want to go into management. Maybe now that I am a manager, I understand, but I have a lot of staff. Their goal is to come to work, get their job done, and go home. They don't have plans to move up in the system. They just want to do their job well and then go live their lives. And I want to meet them where they're at. I don't want to force anyone to go to a conference, I don't want to force them to take a leadership

class. And those people are really the backbone sometimes of my procurement team. But then on the other hand, I also have those people that are striving for more opportunities, right? They want to go to every conference they can, they want to take every training, they're up for management positions, promotions, and they are just a completely different group of people that I have to treat differently. And I found if I can meet people where they're at and understand what their goals are, they stay longer, they're happier, and they get so much more fulfillment out of their positions with us.

Julia McIlroy 25:06

It sounds like you've developed a great strategy. I completely agree with you that you need to meet folks where they're at. I know for myself and probably you as well, we're the folks raising our hands. Yes, send me to a conference. Yes, I'm interested in leadership positions. And it's sometimes hard to understand that there are folks that are not interested in being supervisors, right? Or not interested in going to conferences, but also serve a valuable role within the organization. So I think it's fantastic that you're looking across that landscape and meeting folks where they're at. And also kudos to you that you have no workforce challenges. I love that.

Michelle Potts 25:48

I feel like it now that I said that, something's gonna drop and I'm gonna be in trouble. But I really feel honored to work with the people I do. They are a great team. I see so many other teams struggle to get new people, get them trained, get them to stick around for a period of time. I mean, I have staff that have been here for more than 20 years, and I have staff that have been here less than six months. And it really feels like an environment where if you want to stay, we're so happy to have you. But if you want to go off and develop into another field, we also want to see you succeed and do well.

Julia McIlroy 26:24

So it sounds like you and Nebraskas are you're doing something right. So kudos.

AI And Fast-Moving Legislative Change

Julia McIlroy 26:31

So as you look forward to the future of public procurement in Nebraska, what trends, opportunities, or challenges are top of mind, whether it's technology, workforce development, supplier engagement, or legislative changes, where do you see the greatest potential for procurement to deliver value to the state and taxpayers over the next five to ten years?

Michelle Potts 26:53

Probably two challenges, I think we'll see. One, of course, is AI. Everyone's talking about it. Even if we don't really know what we're saying, we're still talking about AI. For us, we follow a lot of the bigger states when they lead the way in technology. We kind of react after they put things in place. I'll say, for example, Michigan. They always seem to be kind of on the front end of procurement technology, getting new terms and conditions negotiated, really protecting their state. I love to watch Michigan see what they're doing, utilize some of the things that they put in place that we can also transfer to Nebraska. So I always watch some of those states that we know they dive into technology first, and lack of better terms, they kind of cut the path for us to follow. The other challenge we have in Nebraska is the legislature, which I'm sure every state has the same feeling. But Nebraska is unique in that we're unicameral. We have one house. Bills can pass really quickly here. I mean, our floor debate can drag on, don't get me wrong, but bills can come up in a session and get approved, signed, and we have to react in real time. Where a lot of other states have two houses to go through, you know, house, a senate, whatever terms they name them, but we just don't have that. So the legislature is always top of mind for me. If a new senator has ideas of how we can be more transparent, they maybe don't always know our system. And in the end, it's just more work for us to be doing what we're already doing. So my goal is to always make sure I understand what bills are hitting the floor when a new session is available, that I'm talking to lobbyists or senators about how we can improve our system, but also making sure that they're just educated on what we're already doing. So we're not reinventing the wheel.

Julia McIlroy 28:55

Yeah, that education component must be critical during the legislative session. And I bet you're super busy during that period as well.

Michelle Potts 29:05

Yes, the legislature is always on in my office, and I think sometimes it drives my staff crazy, but any given day, things can change at a rapid pace, and I always try and make sure that I'm following along as closely as I can.

Julia McIlroy 29:23

We we truly are, I mean, it has been around for many years, but not in its current iteration. And so we're at the beginning of what feels like the internet. Like who would have known we'd be able to describe, oh, someday if you want a new pair of running socks, for example, you'll just go online, click, click, and it'll arrive to your house the next day, and that's what at least part of the internet is. So it's it's difficult to articulate uh what AI is or will be two years

from now or five years from now. We know it will be impacting procurement, but exactly how is TBD, right?

Final Takeaways And Sign-Off

Julia McIlroy 30:02

Michelle, thanks for joining me today. I very much appreciate it.

Michelle Potts 30:06

Thanks for having me. It's been great.

Julia McIlroy 30:09

And to our listeners, until next time, keep asking questions, improving processes, and moving procurement forward. And remember, we work in the sunshine. Bye for now.