

# Don't Be Fooled

## Cooperative Purchasing Won't Save You Money

Wow! Did you see that new pike pole/wrecking bar advertised on the Internet? It has a built-in electrical wire detector that alerts you to hidden cables. Heck, it even has a built-in heat sensor that tells you where the hot spots are and a 5,000-candlepower light on it, too. The ad says it telescopes from 1' to 20' and can double as a 100,000-volt hot stick for lifting downed high voltage lines. You can see one demonstrated at the state convention in June or you can see a demo at Cottrell Supply over in Raleigh, N.C. Jim said he'd bring one over to tomorrow night's drill, they have three in stock—one is a loaner; Jim says we can keep it for a week or two to check it out. The guy that invented it is a firefighter who's an electrical whiz. He can't afford full-time sales guys, so he hired a manufacturer's rep to introduce the product to local dealers and make the rounds with it to state and local shows. If the inventor can sell enough of them, he has a couple of other ideas up his sleeve that can make the job a lot easier and safer.

**T**he dialogue above is an example of how new ideas and products have made it into the fire and emergency services industry since the beginning of time.

There is a federal law scheduled to go into effect in August that will make it difficult for fire and rescue services to take advantage of new ideas and innovative products in the early stages of introduction. It's called the Federal Acquisition Act of 1994, and it will permit local, county and state government agencies to purchase firefighting and rescue equipment through the federal government at prices that will be, by law, at or less than your local distributor's cost.

In exchange for selling through the federal supply schedule, fire equipment manufacturers will be obliged to pay the General Services Administration (GSA) a commission

fee, which is to start at 1 or 2 percent. Ultimately, this commission fee is paid by the end user because it must be built into a new GSA contract pricing schedule. This commission arrangement is called an industrial funding fee—a politically correct term for a user tax.

Up front, it all sounds like a deal and a half for the fire service, but consider the following scenario: You call a widget manufacturer listed as a federal supply contractor

The way it has worked in the past is that federal agencies who need new products and ideas as badly as we do have looked at what the private sector (municipal fire service) has. They work a volume-price deal with manufacturers who supply new products and ideas to local fire and rescue agencies. The GSA gets a volume price, which is nice, but who paid for research and development? The product already existed in an incentive-rich free market. Under the new system, no

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and say you want to purchase an important widget you lost in a fire last night. The person at the other end of the phone processes the order, and you get the widget. But when do you get it? Remember, it's not in stock down the street because the widget dealer that used to be there can't afford to sell widgets anymore. So you get in line behind everyone else who has a bigger order to place. Three weeks later, still no widget. No problem, you call the next manufacturer on the list, place your order at the rock-bottom price. Again, three weeks later, no widget. You can't jump in the car and raise face-to-face hell with anyone because they may now be 3,000 miles and two time zones away.

What do you think the price for widgets is going to be three years down the road when the GSA has raised its industrial funding fee to God-knows-what, and the folks bidding the contracts own 80 percent of the world's low-cost widget manufacturing capacity? How many bidders do you think will be around in five years when the system is fully ramped up? By the way, nothing says widgets need to be made or serviced in America.

one is going to spend the research and development cash if the biggest customer only takes the low bid. I know this because I'm one of the guys who makes a living marketing and developing new products. High-quality low-bid lasts about as long as a tick of the product's clock. When was the last time you saw a new product come from a low-bid, international giant? There is no such thing as a new commodity product.

It's my understanding that the price for a nozzle or adapter will rise at least 10 percent in the first year and likely more in the future. Remember, the original federal income tax was only 1 percent. As I said, once the user taxes start rising, there's no telling how far out of sight your cost will go. Uncle Sam will hold the keys to the kingdom in terms of the price you pay, how and when you learn about new technology and where you get your parts and service. This is but one example of what's wrong with federal government doing us local folks a favor.

In case you're wondering how such a thing could have happened without us knowing, it did—with one quiet, public hearing held by the House Small Business

Committee on Aug. 3, 1995. In the hearing, industry witnesses vigorously opposed the plan. It was defended by a bureaucrat from the Office of Federal Procurement Policy. Guess who won? A moratorium on enacting section 1555 runs out in August, after which the GSA is free to do as it pleases in terms of picking and choosing who stays and who goes on the supply schedule. This isn't just going to affect new ideas and products in the fire service. It's about police equipment, ambulances, chiefs' cars, tires, furniture, stationery, printing, you name it.

Who do you complain to at city hall when you are stonewalled by a GSA contractor? Chances are there will be no purchasing agents for you to fuss at because they will have left town for the new purchasing agent jobs being offered by your user-friendly federal government. Come to think of it, how long will these guys be around when local

widgets they manufacture, while supporting your local event?

How many people walking around the floor of FDIC, IAFC, New York Chief's or California Fire Instructor's are dealer-folk who use these shows to network with manufacturers and come see what new products are available for next year's show-and-tell season? They'll be gone, along with their expense accounts.

In February, federal officials charged with studying this issue recommended that GSA remove fire apparatus from the federal supply schedule. This action, which was taken behind closed doors, helped divide the more

powerful fire apparatus manufacturers from smaller equipment dealers.

Do not be fooled! If the GSA can hold a meeting out of the public view to remove these manufacturers from the list, it can just as easily (if not more so after implementation) hold another closed-door meeting to add these manufacturers to the list again. This looks to me like a last-ditch effort by the "system" to short-circuit a grassroots campaign to get the word out and stop this federally mandated assault on small businesses, most of which are owned and staffed by firefighters, former firefighters and their families.

The fuse was quietly lit on this bomb back



#### What the best dressed wore at FDIC.

bean counters realize they don't need purchasing agents anymore? How about the feds and some multinational security company come up with a formula to sell low-bid, "contract" emergency service employees to local governments? They already exist, you know. This may be just what the doctor ordered to get around local, home rule laws.

You might be kissing the chiefs' and firefighters' convention goodbye, too, because most of the widget dealers and manufacturers reps will no longer be around to buy booth space and or make donations to the association. How can you come down on a small, financially strapped widget manufacturer who is forced by this outrage to our free enterprise system to pull support from your association simply because there is no way in hell they can afford a half dozen or so direct sales reps with company cars, cell phones and expense accounts to service the

in 1994 when it was politically cool to talk about downsizing the federal government. Hell, many of the bill's supporters were not elected in November of 1994. It appears now that small business and your budgets are going to pay the fee for a streamlined, downsized, self-supporting GSA.

The only solution to this problem is to make Section 1555 (Cooperative Purchasing) of Public Law 103-355, Federal Acquisition Act of 1994, go away. It is painfully obvious that the GSA feels free to do exactly as it sees fit, and this is before the law is implemented. Imagine what will happen afterward, when it will be all-powerful and still

won't have to answer to the public? What will happen with the political-protest power-base grounded in an industry not only neutralized, but no longer in existence?

We still have time to head this off, but perhaps only weeks now. This issue has many implications and, therefore, there are many organizations that have an interest, including GSA, fire equipment manufacturers, fire equipment dealers and you—the fire service. Our elected officials must be made to understand what is at stake here.

My recommendation is to call a congressman, now. The fire service leader in today's U.S. Congress is Congressman Curt Weldon

(R-Pa. and firefighter). His office number is 202/225-2011; fax 202/225-8137. Pick up the phone and give him a call. He usually listens and acts. He always has. Don't forget your local congressman and senators. They represent you, too. Personally, I've been reaching out to U.S. Sen. Jessie Helms and Sen. Lauch Faircloth in North Carolina. It sounds as if they might be giving this one some serious thought.

How do you contact your local congressman? Check your phone book, look under government, federal, or check their web site at [www.clerkweb.house.gov/members](http://www.clerkweb.house.gov/members)

Another source for information on this issue is the National Emergency Equipment

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Dealer's Association (NEEDA). Call Kenton Pattie or Pat Griffin at 703/280-4622; fax 703/280-0942. Catch them on the Internet at [www.needa.org](http://www.needa.org)

As of this writing, several state and national fire service organizations have voiced written protests to their elected officials in Washington, D.C. It is beginning to make a difference, as several agencies have scheduled meetings with our spokespersons from NEEDA. We are being heard, but still need your organized support if we are to keep Big Brother out of the fire and EMS business. ☺

*A manufacturer's representative and product development specialist, located in Fuquay-Varina, N.C., Jim Cottrell was a firefighter and fire marshal in New Jersey. He came to the fire equipment industry in 1981; in 1987, he formed a business alliance with Task Force Tips, National Foam and Kochek Co.*