

The basics of the NIGP Code

By John Walters

Some years ago, I read an excellent book, *Made to Stick*, by Chip and Dan Heath. The premise was that, in order for an endeavor or product to survive and thrive, it must become “sticky” in the mind of the consumer. “Sticky” concepts and products fill our lives, from urban legends that just won’t die (Google the kidney heist) to products you seemingly can’t live without (Checked your Facebook today?).

I was reminded in a recent conversation that oftentimes we underestimate the dissemination and understanding of information related to the NIGP Code. My conversation revealed that even though the Code is one of the most widely used taxonomies for classifying the products and services procured by state and local governments, our job to educate never ends. My task is, “How do I make the NIGP Code sticky?”

Organizations are apt to forget that new people – outstanding professionals in their own right – enter the procurement profession without a full grasp of what the NIGP Code is or how it serves the public procurement profession. So, as an introduction, here is the NIGP Code in a nutshell:

NIGP Code overview

The NIGP Commodity/Services Code is an acronym for the National Institute of Governmental Purchasing’s Commodity/Services Code. The NIGP Code is a coding taxonomy used primarily to classify products and services procured by state and local governments in the United States.



The classification system was developed in the mid-1980s as a result of efforts by public procurement officials in Texas, Oklahoma, Florida, Illinois and other states, cities and counties to provide a mechanism to classify the products and services used in public procurement. Led by Homer Forrester, the director of General Services in Texas, the group produced the initial codeset in 1983.

The copyright for the data file was transferred to the National Institute of Governmental Purchasing (NIGP), and the NIGP Code was born. The NIGP Code is now the standard classification taxonomy for 33 states and thousands of local entities within North America.

The NIGP Code is most commonly used to classify vendors and to track spend data for use in strategic sourcing and spending analysis. The database is often incorporated into the procurement software utilized by an entity for use in e-procurement. The NIGP Code currently exists in English and Spanish versions. Cross references have been created for the NAICS, UNSPSC and MCC codesets. Version 21 is the current release.

Codes are not deleted, which means if you have the 10th edition or later, all codes still remain in the codeset. We are now on the 21st edition.

If an agency has developed its own coding structure, the Code Services team stands ready to convert the structure to the standard NIGP Code.

NIGP Code structure

The NIGP Code is structured as follows:

3-Digit Class Code – The 3-Digit Class Code has a brief general description. This level contains 212 Commodity (Product) Classes and 55 Service Classes totaling 267 Classes. The 3-Digit Code is primarily used to generate periodic expenditure history by department for fiscal planning, budget execution and accounting.

5-Digit Class-Item Code – The 5-Digit Class-Item Code is an expanded version of the 3-Digit Class Code. Currently, it contains more than 8,500 descriptions. This level categorizes vendors by class-item to allow procurement software to automate bidder selection, produce no-bid response reports, vendor performance reports, and minority business and HUB reports by Code. Purchase history can be captured at this level as well.

7-Digit Class-Item-Group Code – The 7-Digit Code provides an additional level

Code Structure	Sample Code	Sample Description
3-Digit (Class) Code	620	Office Supplies: Erasers, Inks, Leads, Pens, Pencils, etc.
5-Digit (Class-Item) Code	620-80	Pens (General Writing Types): Ball Point, Nylon Tip, etc.
7-Digit (Class-Item-Group) Code	620-80-21	Pens, Ball Point, Retractable, Refillable, All Plastic Barrel W/ Metal Pocket Clip
11-Digit (Class-Item-Group-Detail) Code	620-80-21-035-4	Fine Point, Black Ink, 12/Box
	620-80-21-045-3	Fine Point, Blue Ink, 12/Box
	620-80-21-065-1	Fine Point, Green Ink, 12/Box
	620-80-21-075-0	Fine Point, Red Ink, 12/Box

of purchase description. It contains more than 36,000 descriptions. It can be used to develop a specification file and is employed with the 11-Digit Code to create a comprehensive purchase description.

11-Digit Class-Item-Group-Detail Code – The 11-Digit Code is generally used to create, manage and maintain line-item term contracts. It is also used to identify stock items in inventory. This level of the Code currently contains more than 490,000 descriptions that provide a great amount of flexibility when creating contracts and tracking inventory.

The table on the previous page shows examples.

NIGP Code access

The NIGP Code can be accessed in several ways. The most common is via the NIGP Code web search tool, the NIGP Living Code, which hosts a search engine of the Code for end-users. The site also has a download section, which provides for end-user download of the entire codeset or modifications to the codeset since the last download by the user. The download file can be formatted as an Excel, tab-delimited or csv file. In addition, the Code is available via printed format in the Alphabetical Index Book and the Class Item Index.

NIGP Code maintenance

Maintenance and additions/clarifications to the Code come from three primary sources: codes generated by direct customer requests, codes identified as part of coding services

and codes identified from seated working groups. Additions/clarifications at the 3- and 5-digit levels are typically processed within 24 hours. Code requests targeted at the 7- and 11-digit levels typically are processed within two to three days, although codes can be generated within 24 hours under certain circumstances.

Updates to the Code are published weekly to the nigp.com site for download by users. Codes requested directly from users are typically delivered via extract files to the user, with general release of the new codes in the weekly website update.

As we endeavor to make and keep the NIGP Code central to public procurement, our goal is to make the Code “sticky” within your organization. By providing the backbone for vendor registration, req-to-check tracking, inventory management and spend analysis/strategic sourcing capabilities, it is our aim that the NIGP Code provide the features and functions to become an irreplaceable component for public procurement.

About the author

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