You’d Better Shop Around

It can be advantageous to the bottom line if your campus purchasing department has a process in place to invite new vendors to the table to bid on providing goods and supplies.

BY MARK ROWH

ON EVERY CAMPUS, procurement and purchasing staff are expected to find the best products and services at the optimum price. But if the list of suppliers is outdated, meeting this goal may be a challenge. Taking some basic steps to add new vendors to the pool will take the struggle out of this process. In fact, such measures may be seen as an imperative.

“Having a process to investigate and potentially approve new sources of supply is critical to the health of an organization's supply chain,” says Ralph Maier, vice president at E&I Consulting Group. “With ever-changing business requirements, it’s vital to determine if there are new products and services out in the market that may enhance your organization and the high-quality suppliers to provide them to you and your internal customers.” He says that since the supplier community is routinely the best source of innovation and process improvements, engaging them in ongoing discussions is critical.

Such measures work best when they grow out of strategic planning, according to Elizabeth Moss, director of procurement at Howard Community College in Columbia, MD. She notes that in some instances, situations arise that require an immediate response, but there is insufficient time to properly research the available products in the marketplace and ensure that what is being purchased is the best fit and the best value for the institution. At the same time, suppliers are also more likely to take advantage of the institution by supplying goods that are unnecessary or do not offer the best value.

“Strategic planning in advance provides the space and time to effectively research the available options in the marketplace, ensure the buy-in from the proper approving authority, and
establish a collaborative relationship with the supplier,” she says. “Having all of these factors in place increases the likelihood of successful outcomes.”

Cory L. Harms, interim director of purchasing at Iowa State University, says identifying new vendors increases competition while expanding options for the campus community.

“We need to ensure that we are looking for vendors that may offer the most recent technology, enhancements or capabilities and allow our campus clients to have the best possible choices when looking for supplies or equipment that could be either routine or unique,” he says.

**Expanding Options**

When a need is identified but it’s difficult to quantify the potential amount that will be spent with a supplier, a helpful strategy is to establish an indefinite delivery/indefinite quantity contract and consider whether it is appropriate to award to multiple suppliers, Moss advises.

“This allows the institution to start to track their needs and provides an opportunity for suppliers to establish a relationship with the institution,” she says. “Institutions should also utilize cooperative contracts that have been established to learn about new firms and see how they perform.”

Harms recommends developing an ongoing vendor orientation or on-boarding process.

“This is valuable to not only educate vendors on the best way to do business with your entity, but also to invite vendors that you may not be currently doing business with to come and meet your procurement agents to provide background on their offerings,” he says.

At Iowa State, staff participate in a variety of other outreach efforts to identify new sources of supply. These include conferences that have vendor shows, small business events and specialized vendor shows for technology, science, furniture and travel. “All of these sources provide us an opportunity to meet new and established vendors that may be able to serve our university,” Harms says.

He adds that a robust vendor outreach program can be a great asset in many ways.

“We’ve found many new sources of suppliers for goods and services, from tortillas for our dining operation to specialized translators,” he says. Over the past eight years, his department has provided a vendor orientation that attracts about 20 companies each month. Attendees often pass the information on to other vendors who then begin attending.

“This is one of our most valuable sources for meeting prospective vendors,” he says.

Moss notes that it’s also important to check references of new firms, particularly other institutional references.

“Higher education is a unique environment with a number of regulatory requirements,” she says. “Firms that have experience...
working in the higher education arena should require less hand-holding in adapting to the campus requirements.”

She adds that if the supplier is going to be providing a high volume of products, the financial stability of the firm should also be reviewed. A key question to explore: Is the firm large enough to handle the business from your institution and meet the expectations in a timely manner?

**Bidding and More**

While bidding procedures can be unwieldy, Harms points out a number of pluses.

“The bid process can be very effective and is not as time consuming as people think,” he says. “Many bids can be completed in weeks rather than months, and can be expedited when necessary while still maintaining fairness and garnering competition.” He notes that the process frequently reveals options that the requestor did not know of, and may bring savings in addition to what a department or unit has already negotiated. Often, the simple fact that the procurement office is involved will prompt vendors to sharpen their offer.

In managing the bidding process, it is imperative that sourcing professionals use all of the available tools in their purchasing toolbox, Maier says.

“Use of reverse auction technology is a game changer,” he says. “This technology significantly ramps up your bidding capability, results in higher quality RFPs, openings for new suppliers and drives competitive pricing pressure like no other sourcing tool in the market.”

Just as with other vital functions, purchasing can be most effective when advance planning is complemented by a continuous improvement approach.

“Think about purchases from a strategic focus,” Moss says. “Firms are not usually just providing goods anymore. What services can they provide and how do these services supplement the work being performed by employees at the institution?” It’s important to focus on the best value for the institution and not just the lowest price, she adds.

*Mark Rowh is a Virginia-based freelance writer specializing in higher education and business topics.*

**DON'T FORGET SUPPLIER DIVERSITY**

Supplier diversity programs are in place in many campus procurement departments at both large and small, public and private institutions, in order to encourage buying from a wide variety of suppliers, including small suppliers and businesses owned by people from demographic groups that have been historically discriminated against.

At the City University of New York (CUNY), for example, the university has an overall 30 percent MWBE (minority- and women-owned businesses) participation goal and 6 percent SDVOB (service-disabled veteran owned businesses) participation goal. Every CUNY campus (senior colleges, community colleges, honors and professional schools) is required to make a good faith effort to achieve the university’s MWBE and SDVOB goal.

At the University of Washington in Seattle, Purchasing Services is committed to ensuring that minority-owned, women-owned, small, disadvantaged, HUD Zone (historically underutilized business zones), veteran-owned and service-disabled-veteran owned businesses have the maximum practicable opportunity to participate in purchasing and contracting at the university of Washington.

Sinclair Community College in Dayton, OH, states a long-term objective to attain 15 percent of its annual volume in Tier I minority- and woman-owned spend.

Purdue University in West Lafayette, IN, is known as one of the premier supplier diversity programs in higher education in the U.S. The university has received numerous awards for its work to develop a diverse supplier base and to increase the contracts awarded to Indiana women and minority businesses. Information on Purdue’s commitment and processes can be explored at www.purdue.edu/supplierdiversity.