September 1990

If You're Hot You're Hot

Christian M. Boissonnas
Cornell University Library

Follow this and additional works at: <https://docs.lib.purdue.edu/atg>

Part of the [Library and Information Science Commons](#)

Recommended Citation

Boissonnas, Christian M. (1990) "If You're Hot You're Hot," *Against the Grain*: Vol. 2: Iss. 4, Article 16.
DOI: <https://doi.org/10.7771/2380-176X.2256>

This document has been made available through Purdue e-Pubs, a service of the Purdue University Libraries. Please contact epubs@purdue.edu for additional information.

If You're Hot You're Hot

FIRM ORDER BIDDING

The Cheapest Way to Buy Books?

by *Christian M. Boissonnas*

Acquisitions Librarian, Cornell University Library

Some states, Virginia and New York among them, require that some or all library books be obtained through a bidding process. Private universities do not, although they require it for other capital purchases. I have often thought that making vendors bid for our business was a sensible idea, if the process could be kept reasonably simple. Can all those people who require it be wrong? For the past year I have talked to many acquisitions librarians and vendors about this notion. None was ever able to give me convincing arguments why it couldn't or shouldn't be done. So, this spring, I decided to implement my own bidding system.

THE REQUEST FOR PROPOSALS

I asked eleven U.S. vendors to submit proposals for supplying Cornell on a firm order basis with in-print U.S. -published or -distributed monographs for at least a one-year period. My request for proposals told them what they could expect: the kinds of orders we would send, which publishers would not be covered because we will receive their output through approval plans, how much money was involved. It told them that two vendors would be selected, that they would receive equal shares

of the orders pie, and that their performance would be evaluated through a procedure which I outlined. Our requirements were spelled out. They covered pricing method and supporting documentation, fulfillment, reports on unfilled orders, invoicing, shipping, returns cancellations, binding and notification of price increases.

I asked to receive price quotes expressed on a cost plus service charge basis. I also said that I would not penalize a bid in which prices were quoted with discount as percentage of list price. I had a way to convert the latter into the former. I explained how we would evaluate the performance of the winners. We assume that since both vendors will have received similar mixes of orders throughout the year, their performances can be compared. After nine months we will examine the data for the following variables:

	Weight
Fill rate (Orders received/orders placed)	.2
Average turnaround time	.2
Claims sent/order	.1
Returns	.1
Errors in shipment	.1
Average charge (or discount)	.2
Quality of telephone contacts	.1

The numbers listed in the right column are the weight which we

give to each variable. In other words, fill rate and average turnaround time each are twice as important as returns or errors in shipment.

The data, except for the last variable, are extracted from our NOTIS system using a SAS report which is prepared for us quarterly. For data relating to the last variable, quality of telephone contact, we maintain logs of all our communications with the vendors involved and score them on a 1 to 5 scale.

The evaluation will show one of three things: First, that both vendors performed satisfactorily and approximately equally, in which case we will continue using them for another year. Second, one vendor will have performed significantly better than the other. In this case we will send an RFP to select one new vendor. Third, both vendors will have failed to meet our expectations, in which case we will repeat this year's process and select two new vendors. Vendors whom we discontinue will not be asked to bid again for five years. This was put in to discourage vendors with whom we have no experience from making unrealistically low bids to get their foot in the Cornell door.

continued on next page

THE BIDS

Eleven vendors bid. All bids were remarkably simple and easy to read. In size they ranged from one to five pages. A few vendors enclosed their pretty promotional literature which thickened the responses but did not improve them. Responses were clear, succinct, and generally followed the format of the RFP as I had suggested they might. All vendors agreed to our conditions. Most offered free shipping to us. On the issue of bidding on a cost plus or list less discount basis the results were interesting. Seven vendors bid cost plus, three list less discount, and one hedged his bets and bid both. The only significant differences were in returns policies and prices.

I had asked the bidders to state explicitly the conditions under which we could return books without seeking prior approvals. Most vendors spelled out their current policies in the response, which basically is: you may return anything unless it's marked non-returnable. Two vendors offered options that were different from the norm. One said to return everything. He would only bill us for unreturnable items which he couldn't manage to use in some way. He is one of the winners. Another said he would give us a \$5.00 credit for any book he sent in error or that was defective. I liked that a lot. Unfortunately he wasn't one of the winners. One vendor, the other winner, will make a distinction on his invoices between non-returnable and questionable items. He and I still need to

negotiate how this will work in practice.

The other major difference among the bids concerned the prices quoted. These ranged from cost plus 18% to cost plus 32% service charge per title. (These translate into 7% to 12.6% discounts.) The majority of the offers (6) were in the cost plus 22% to cost plus 25% range. One vendor bid on a sliding scale: Orders from one publisher amounting to less than \$20: cost plus 20%; orders from one publisher from \$20 to \$49.99: cost plus 19%; from \$50 to \$99.99: cost plus 18%; from \$100 to \$499.99: cost plus 17%; and over \$500: cost plus 16%.

THE WINNERS

We selected two winning vendors. One used cost plus the sliding scale of charges described above and the other used cost plus 18%, and the "return everything and we'll see what we can do policy". Had we had these quotes in 1988/89, when we spent \$410,00 for about 11,700 U.S. firm-ordered monographs, we would have been able to purchase an additional 700 titles, or 6% more, on the same money.

When I mentioned the names of the winning vendors to colleagues and booksellers at ALA in June, the almost universal reaction was a puzzled: "Who are they?" One has been a wholesaler of library materials for fifteen years specializing mostly in special libraries, but with some academic library customers. They are new to us. The second is a small bookseller with whom we have been doing business for seven years. We've had an approval plan with

them and started sending them firm orders three or four years ago.

AFTERTHOUGHTS

It is interesting, and should not be unexpected, that two relatively unknown vendors should offer significantly lower bids than vendors with whom we are more familiar. Consider the following: I have never seen ads for them in national publications; they do not go to ALA; they operate away from major metropolitan areas; they do not sell products like automation and notification slips. I strongly suspect that these have something to do with their ability to undercut vendors from whom we expect so much. And herein, I think, lies the rub: We are pretty inconsistent about what we expect from our vendors. We want the service which they provide us as intermediaries between the publishers and us, and we want a whole bunch of products, all of this wrapped into a neat package, as cheap as possible. I expect that, in more than one case, the vendor's effort to bring the goodies to us takes away from, or comes at the expense of, what we really expect from him: an uninterrupted, errorless, as cheap as possible, supply of books. The vendors who bid successfully for Cornell's business bid on supplying books. They did not include notification slips or other support services which we didn't ask for. All other vendors did. Providing libraries with as much possible is so deeply ingrained in their philosophies, business plans, and practices, that it is probably impossible for them to respond to an RFP which asks for a bid on a single service with four, and only four, components: Accept our purchase

orders, send us the books we ordered, report on the ones you can't supply or which will be late, and send us an invoice meeting certain requirements, all at a price for this service only. Our two winners did that, the others didn't. I suspect that there is no real need to go further to explain the discrepancies among the quotes.

A couple more observations: One vendor was really angry at me because he thought he would have a chance to re-bid. It didn't occur to me that this might happen. Naively, maybe, I thought that when a business bid, it gave its best shot the first time, as happened in all other bidding situations in which I have been involved.

There was a certain amount of inter-vendor back stabbing, more or less polite and veiled, in some covering letters that came with the bids. These vendors were implying that much lower quotes could only come from shady operators. This was mildly insulting. If I don't have the wherewithal to see through potential shenanigans, I shouldn't be in my job.

This has been a very worthwhile process for us. We should have done it years ago. It was easily done because we kept the RFP as simple as possible: no boiler-plate or legalese, and the vendors did not have to go through contortions to respond. It will work for us because we have the evaluation

mechanism to make it work. If we made a mistake in the choice of our winners, it will not be because of the bid process but because of a fault in our evaluation of the information available to us. I can't wait to see how this turns out. Neither can the vendors, I bet. 🐦

JERRY ALPER, INC.

Books - Periodicals - Library Consultants

271 Main Street

P.O. Box 218

Eastchester, New York 10707

(914) 793-2100

FAX: (914) 793-7811

We buy and sell Periodical and Serial Backfiles, sets, and Book Collections across all disciplines and languages. We:

- * Respond to want lists promptly from stock
- * Maintain world-wide searching capability
- * Consolidate retrospective serial orders
- * Purchase duplicates, gifts, or discards
- * Purchase or handle book collections on consignment
- * Exchange paper copy periodicals for microform
- * Supply standing orders for Conference Proceedings
- * Provide Flexible billing, payment, and deposit arrangements

Call on us for:

- * Information and knowledge
- * Years of professional experience in collection building
- * Budget planning for retrospective materials
- * On-line or in-house searching of library databases & catalogs
- * Suggestions of core periodical titles

Please visit us at our offices or at exhibits during major library conferences, meet our staff, and familiarize yourself with our services. We look forward to your inquiries and orders. References supplied on request.