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Selecting a Vendor: The Request for Proposal (RFP) from Library and Vendor Perspectives

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Presenters

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Recorder

In this session, a serials librarian and a regional sales manager for a subscription agent discussed their perspectives on engaging in a request for proposal (RFP) process for subscription services. Addressed were the reasons for conducting or participating in an RFP, vendor demonstrations, information to include in the RFP, writing the RFP, appropriate communication with vendors during the RFP process, evaluating the RFP responses, finalizing and communicating the awarding of the contract, and providing feedback to all respondents as requested.

KEYWORDS *request for proposal (RFP), subscription services, vendor selection, purchasing department, subscription agent*

THE NEED FOR AND EXPECTATIONS OF AN RFP

In 2009, the University of Tennessee–Knoxville Libraries (“the Library”) was required to write a request for proposal (RFP) for a periodicals subscription agent (“vendor”). The major reason for this was a new fiscal policy interpretation for ordering subscriptions. Although academic department subscriptions would still be exempt from contracts and purchasing policy, the Library’s subscriptions would no longer have this exemption and would need to be bid via an RFP.

Micheline Westfall, Head of Electronic Resources & Serials Management, and her staff at Hodges Library felt that an RFP would be a waste of time. They did not desire an RFP process because they had little to no experience with writing RFPs, they did not want to get into a five-year bid cycle, and they did not think that the University’s Purchasing Department understood the Library’s purchasing decisions. Additionally, they thought that their existing

decision process was more expert than using an RFP to decide how to satisfy the Library's goals to move subscriptions to a single vendor and to switch subscriptions from print or print and online to online only.

Before the RFP was conducted, the Library had about 8,000 journal subscriptions (of which 4,500 were print only) and five "Big Deals." These subscriptions were ordered predominantly from three subscription vendors, but some subscriptions were ordered directly from publishers. The vendor service charges ranged from 2–5%, the direct orders could not provide electronic data interchange (EDI) invoicing, and the "Big Deal" title changes were difficult for the Library to manage.

The Library's expectations of benefits resulting from an RFP were to switch efficiently from print to electronic subscriptions, to attain a common expiration date, to increase internal efficiencies, and to have more accurate invoicing. The Library's administration wanted to request everything one could possibly wish to obtain from an RFP, such as uploading data into an electronic resource management (ERM) system, helping with the transfer of titles in the "Big Deal" packages, obtaining additional services from the agents, and having lower service charges. The Library staff were surprised to discover that almost all of the RFP responders offered low service charges (e.g., some had no fee throughout the term of the contract, some had no fee during year one of the contract, and some charged reduced fees over the entire contract) in addition to offering extra options such as statistics products and ERM system compatibilities.

Staff in the Library and in Purchasing learned to work together on this project and, in the end, found that going through the RFP process was a valuable experience that resulted in some tangible benefits. The Library learned more about efficiencies to be gained, became familiar with the University's fiscal and purchasing policies, and developed a closer relationship with the University's Purchasing Office.

VENDOR CONSIDERATION OF A RESPONSE TO AN RFP

Justin Clarke, a Regional Sales Manager for Otto Harrassowitz Booksellers & Subscription Agents, presented a number of questions a vendor would consider before deciding to respond to an RFP. He discussed the following questions:

- *Does anything in the RFP immediately disqualify the vendor?* Requirements to maintain an address in the state or the inclusion of women or minorities being part owners are examples of criteria that might disqualify a vendor.
- *Is the timeline too short?* Vendors usually need at least four to six weeks to prepare a response. As RFPs often occur in spring when vendors'

staff attend conferences, consideration of an appropriate timeline for the response is important; sometimes libraries do not allow enough time.

- *Is the RFP announced too late?* It is best to start preparation for an RFP as soon after renewals as possible. Late spring (e.g., May) really is too late to begin the process for a change of vendors for the next subscription year.
- *Are there any unrealistic requirements in the RFP?* For example, it is unlikely that a vendor will fly a number of library staff to the vendor site.
- *Is the RFP clearly written to favor one specific vendor?* If this is true, save everyone time and money and do not use an RFP. An example of favoritism would be detailing a specific invoice format. Instead, write the RFP requirements so that multiple vendors can and will respond. Also, it might be more useful to ask for a Request for Information (RFI) at this point, which can provide information that can be used to prepare for an RFP.

VENDOR DEMONSTRATIONS

The Library decided to hold vendor demonstrations, which outline a vendor's services, prior to writing their RFP. Since the Library had little experience with the RFP process, it used the demonstrations to find out what the vendors might be able to offer and to learn more about each company. Because the Library now has a basis for the RFP process, it would probably hold future vendor demonstrations after the RFP has been issued. This would help the Library review requests that are unrealistic or clarify components of the RFP for the vendors. Even though the Library's administration wanted the RFP to include anything and everything that the Library could possibly need or want, it is important to remember that the more services one requests or requires, the greater the vendor service fee is likely to be, so, it is definitely better to exclude unrealistic expectations and request only those services that are required to meet the Libraries' most important needs.

Ground rules for the vendor demonstrations were that the Library would select only one agent, there would be no negotiation after the RFP was awarded, the service charge would be based on publisher prices without added fees, the service charge would be a critical factor but the ability to provide necessary services would be weighted most heavily, and no service charge would be permitted for managing the "Big Deal" packages.

The vendor demonstrations were held at the Library in December and January. All Library staff and University Purchasing staff were invited to attend. Questions to ask the agents, if not included in their demonstrations, included descriptions of management reports, support tools for managing subscriptions, pricing and service models, ways to integrate data in an ERM system (this was important to the Library because an RFP was forthcoming

for an ERM system), whether additional services presented were free or had a cost, whether additional services were already available or forthcoming, and the transition process for switching all subscriptions from multiple vendors and publishers to a single vendor.

From the vendor perspective, vendors greatly appreciate the opportunity to present. Usually, a vendor offers a demonstration after the RFP is issued. This allows the opportunity to clarify and expound on the written response and to show tools and services. Libraries need to consider the amount of advance notice needed for vendors to prepare and to offer several dates to the vendors, since they need to arrange travel plans. Also, libraries should provide an agenda at least one week prior to the demonstration date so the vendors can formulate their presentations to meet the library's expectations. Libraries should also specify if there will be on-site negotiations or if best-and-final offers will be submitted at the time of a demonstration, or after. It is important to allow generous time for the presentation—vendors need more than twenty minutes! They want to provide all the information necessary to make a good decision. Lastly, the library should provide an Internet connection for the presentation and include the necessary staff, especially those people who will make or contribute to the decision.

WRITING THE RFP: GETTING STARTED

At Hodges Library, an RFP committee was formed with a charge, timeline, and composition based on areas of expertise for writing and evaluating the RFP. Those included on the RFP Committee were the Library's Business Director, Head of Research Collections, Electronic Resources Coordinator, Head of E-Resources & Serials Management, and an *ex officio* member from the University's Purchasing Department.

In addition to conducting a literature review, committee members queried electronic mailing lists and searched their archives for information to help write the RFP. Information gleaned included article citations, monographs about RFPs, copies of RFPs, and do's and don'ts for writing RFPs. Samples of RFPs were gathered and a matrix was created to compare them. Some of the RFPs were very detailed; others were rather brief. Some RFPs were selecting one vendor, but most were selecting more than one vendor. Some included standing orders and databases; others included complete title lists or samples of titles. Not every RFP required vendor demonstrations as part of the process, but most libraries did hold vendor demonstrations after the RFP had been issued, a few before the RFP was issued, and at least one library had demonstrations both before and after the RFP was issued.

The Library's committee met with Purchasing Department staff to obtain in-depth information about the University's fiscal policy, purchasing policy, and other institutional and state requirements. It was extremely important

for the committee to find out what was acceptable communication with the vendors so the RFP would not need to be re-issued. Since the Purchasing Department sent postcards to announce the RFP, the committee also sent e-mail to potential bidders, containing a link to the Purchasing Department's website.

It is extremely useful to develop a timeline allowing at least one year from the initial phase of the RFP until the award. However, the Library was already under pressure, because it was not notified until November of the need to write an RFP that would need to be awarded within nine months. Vendor demonstrations were scheduled in December and early January with the RFP submitted to Purchasing in March. Vendors were given eight weeks to prepare and submit their responses. The committee allotted itself two weeks to review the responses. Once the winning vendor was selected, two weeks were required to allow for any bidders to contest the decision. Finally, it took six to eight weeks to complete the contract with the winning vendor. From Westfall's experience, since the RFP process is very time-consuming, it is imperative to allow for at least one year and to build in more time than one expects to need at each stage of the timeline.

WHAT TO INCLUDE IN THE RFP: THE LIBRARY PERSPECTIVE

The RFP should include a table of contents and a glossary to define terminology. Also, it should state the objectives, scope, background information about the library and university, and clarify acceptable e-access (if the preferred subscription format is electronic only). Specific instructions for responding to the RFP are normally stipulated by Purchasing, such as the incorporation of a license agreement and required contract components (such as an illegal immigrant clause that is required in State of Tennessee contracts).

Vendor information is requested in the RFP, too. Libraries want to know the vendor's qualifications and obtain references who can address the quality of the vendor's services. Vendors were asked to address their ability to fulfill the contract. For example, the RFP asked how many offices and representatives the vendor had. The Library also asked for the vendor's financial information, such as credit ratings and certified accounting statements. Finally, the Library wanted to know about the vendor's future plans for their business and the way the vendor would keep up with industry standards. One valuable lesson the Library learned about the responses to the RFP and notes from reference calls was the implication for a library in a state (like Tennessee) with "sunshine" laws, where the information must be made available to the public (upon request).

The staff most involved with the work of handling subscriptions addressed the nitty-gritty issues in the RFP. They asked for samples of

invoices, claims, pricing, reports, EDI samples, and data that each vendor could provide. They wanted to know the way the vendor would transition subscriptions from existing vendors and publishers and the process for changing subscriptions from print format to electronic-only format. (Unfortunately, one vendor's response did not adequately describe its ability to comply with the services requested in the RFP.)

The University requested that no service fees be charged for managing subscriptions in the "Big Deal" packages and asked for the vendor to provide a performance bond. In retrospect, the Library determined that a performance bond for this type of RFP should not be required. The performance bond was costly to the vendor and the Library was able to justify why it will not be needed in the future. The criteria (and their relative weighting) the Library used to evaluate the vendor responses included: qualifications (20%), references (25%), service charge (25%), and ability to provide services (30%). Also, the RFP's components were used to develop a form that committee members will use to evaluate the vendor's performance throughout the contract's five-year term. Appendices to the RFP included a spreadsheet of current periodicals with uncommon expiration dates, full-time equivalent student count (FTEs), Carnegie Classification, a title list, and 2009 cost for the "Big Deals."

WHAT TO INCLUDE IN THE RFP: THE VENDOR PERSPECTIVE

Vendors hope to see an RFP that allows them to make an efficient response. The vendor should be able to format its response using Microsoft Office Word. Providing a single print copy and an electronic copy to the library is desirable as multiple print copies can become expensive to provide. An RFP should have one voice and be well-edited so that redundant variations of the same question are minimized and the document is clear and concise. Questions should be stated succinctly and the document should allow space for the vendor's responses. Although purchasing departments may need to include boilerplate language in the RFP, libraries should try to avoid this in the areas that specifically address the subscription services that the library is requesting.

Vendors want an opportunity to ask questions so they can complete the RFP appropriately. Clarity in naming the service expectations makes it possible for vendors to address the issues and determine their best prices. Consider questions such as "Do you know what you are asking for?" and "What specifically do you need?" Include the necessary information for vendors to be able to respond to the RFP, such as fund codes. As Clarke emphasized, "If you throw in the sky, you have to pay for it; be clear about what you really want and need." Of course, it is necessary to address the library's needs, but be clear about those services that are mandatory versus

simply desirable. If a previous RFP was a model for a new RFP, be sure to remove all outdated questions by proofreading the new RFP carefully.

Some elements are out of a vendor's control. A vendor cannot know if a claimed issue was received by the library if the library does not tell the vendor. Monthly visits by vendor representatives are not likely to be the most efficient use of time for either the library or the vendor; phone calls and e-mail are more likely to solve problems. Remember that the vendor is partnering in the work of handling subscriptions, so consider the way needs are worded.

Consider the importance of pricing in making the decision to select a vendor. Is pricing the defining factor? Determine what the library really needs from the vendor: price versus service. The more service that is requested, the more the library should expect to pay.

A title list that includes titles and International Standard Serial Numbers (ISSNs) must be provided. Be sure to provide FTEs, the institution's Carnegie Classification, and any consortia agreements in which the library participates. Please do not require title-by-title quotes, as this is extremely labor-intensive. Agents usually wonder if the library really analyzes such a quote line-by-line. Remember that it can be difficult to get pricing quotes from publishers for electronic-only content. If the library is asking the vendor to provide a quote on package deals, the library should notify the publisher to release the pricing information. Vendors will use many criteria to set their service charge for their RFP response. Finally, an RFP response is valid only for the subscription year named in the RFP. Subscription price guarantees are not possible because prices are determined by publishers, not vendors. Multiple year service charge agreements may be negotiated within reason and with requirements that the same level of business with the vendor is maintained. The RFP response, as a business document, is considered a binding contract by the vendor.

AFTER THE RFP HAS BEEN ISSUED

Once the RFP has been announced, the library should be prepared for questions from vendors. It is important to check with the purchasing department about any policies or restrictions about how the library can respond. The library will need a well-thought-out plan for evaluating the RFP responses. At Hodges Library, the RFP committee was charged with this responsibility. They developed an evaluation form and methodology. The committee used a rating scheme and submitted a written recommendation to the Library Dean and the Purchasing Department. Lastly, the library should follow up with Purchasing about the notification of the award to all vendors and should be sure that Purchasing knows the additional library components to be included in the contract requirements for the award.

Vendors are concerned that there is ample time for the post-RFP process to be performed. The work of setting up subscriptions is time-consuming, so vendors want to see the RFP awarded by June. The awarding of the RFP contract should be announced on time or a courtesy update should be issued if an award cannot be announced as scheduled. Once the award is announced, the library should be prepared to provide feedback or debriefing sessions to all respondents, as requested. Proprietary information and pages marked “Confidential” should be respected.

AUDIENCE PARTICIPATION

After the presentation, several vendor representatives in the presentation audience offered additional insights. Suggestions included to remind libraries to ask specific questions, not vague requests like, “tell us about your online system”; to develop a transition plan for the vendor whose services one will be cancelling (including details on handling non-calendar-year titles); to agree on the interpretation of “year” (upon expiration, calendar year, etc. so everyone is in agreement); and to include a title list that is consistent in its formatting.

Two other subjects were addressed by audience members. RFIs are being used by more libraries because they are not legally required to be awarded whereas RFPs must be awarded. An RFP is a formal legal process under state laws; libraries should consult their purchasing units before interacting with any vendor during the RFP process. The second topic of discussion covered writing an objective RFP that is not slanted toward any particular vendor.

CONTRIBUTOR NOTES

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