

UNIVERSITY BUSINESS PRACTICES GUIDELINES

Guiding Principles for Establishing and Administering Purchasing/Vendor Alliances

- I. **Purpose.** The purpose of this document is to (1) articulate the nature and benefits of vendor purchasing alliances and (2) specify the related responsibilities of the key players for vendor alliance establishment and administration.

- II. **Background.** The principal mission of Research I Universities is teaching, research and public service. While academics is the principle focus of these Universities, in recent years the level of quality at which the mission has been accomplished is increasingly dependent on the availability of funds.

In today's world the purchasing function has become an additional source of funds for the University as opposed to one that merely expends money for the acquisition of goods and services. This has been made possible by the attractiveness of mutually beneficial relationships between universities and corporations and the willingness of these organizations to offer both monetary and non-monetary items in return for opportunities to do business over extended periods of time.

We have labeled such business opportunities vendor alliances. Vendor alliances may involve the same goods and services that are offered for sale by both the University departments and the Procurement and Contracting Services Department (PACS). Because of the potential for confusion in the separation of different departmental acquisition missions and responsibilities, procedures are needed to eliminate or reduce any possibility of internal conflicts resulting from the duplication in the acquisition of goods and services.

- III. **Vendor Alliances (General Description).**
 - A. **Vendor alliances are formal longer term business relationships established between the University and one or more vendors for the purpose of achieving results that benefit the participants. These agreements may be terminated after an agreement is entered into if it is determined by the Senior VP for Business Affairs that it is not in the University's best interest to continue the agreement. Alliance members (both the UA and participating vendor(s)) generally benefit through:**
 1. **Collaborative relationships that further the strategic aims of both the University and supplier(s).**

2. The creation of added value by cooperation between the UA and the vendor(s).
3. Improvement in efficiency and or cost effectiveness.

B. The University may benefit specifically from vendor alliances through:

1. Lower cost of products.
2. Hiring of UA graduates by alliance vendors.
3. Internship commitments by alliance vendors.
4. UA access to alliance vendor expertise to improve UA processes and services.
5. Increased alliance vendor interest in sponsorship of UA events or projects of UA units.

C. Potential Benefits to Alliance Vendors/Suppliers

1. Increased market share. (This must reflect a true increase that excludes all existing purchases or realized sales.)
2. Access to University knowledge and expertise to improve products and services.
3. Support for company initiatives.
4. Assistance in reducing transaction costs.
5. Experience that may help increase market share in higher education market.

IV. Responsibilities.

A. Senior VP for Business Affairs. The Senior VP for Business Affairs has overall staff responsibility for:

1. The procurement of all University goods and services.
2. Ensuring that policies and procedures are in place that govern the conduct of business by University units and facilitate compliance with applicable Federal and State laws and ABOR policies.

3. **Providing additional clarification and guidance within a framework in which business practices and decisions are made by managers at all levels.**
4. **Ensuring that vendor alliances are in the best interest of the University which includes ensuring that due consideration is given to units that are or may be disadvantaged by the implementation of a proposed alliance.**

B. Director, Procurement and Contracting Services Department

1. **Ensures that the provisions of the ABOR Procurement code are complied with before, during and after vendor alliances are established.**
2. **Promulgates written procedures, consistent with the ABOR Procurement Code and other Board policies governing procurement and management of goods, services, construction and disposal of materials.**
3. **Procures goods and services for UA departments and units when requested or required by the ABOR Procurement Code.**
4. **Manages the University acquisition process. This includes the delegation of authority to selected directors/managers as needed to facilitate the procurement of goods in specialized areas e.g., the Dean of the Libraries; Director of the Bookstore; Director, Facilities Design and Construction; and Director, Student Unions.**
5. **Initiates and manages the vendor alliance process. The steps in this process are outlined below.**
 - a. **Identify a commodity or service that has a high probability of being successful in academics, operational support or providing financial benefit to UA departments/units that may result from a vendor alliance.**
 - b. **Identify the potential advantages and disadvantages to the University of establishing a particular alliance. No decision will be made regarding establishing a particular alliance without considering both the positive and negative aspects to the University and its operating units.**
 - c. **Hold discussions with impacted departments prior to determining whether it is advantageous to the University to**

proceed to the next step of establishing an Alliance Evaluation Committee (AEC).

- d. Make no promises to departments in exchange for support of alliances. All revenues resulting from vendor alliances shall be administered by an organization that is external to the Procurement and Contracting Services Department.**
- e. Establish an Alliance Evaluation Committee.**

- (1) If PACS determines a vendor alliance may be advantageous, after consultation with the heads of departments/units that already offer similar products or services, an AEC will be established to assist in validating the decision.**

The AEC shall consist of a wide range of department/unit participants, including representation from among those who will be impacted by the proposed alliance.

A department/unit may register an objection during this or any other discussion regarding the development of a vendor alliance. When an objection is made, the process stops until the objection is reconciled or ruled upon by the AEC. If the committee cannot decide the matter, it shall be submitted to the Senior VP for Business Affairs for final disposition or decision. (The Senior VP for Business Affairs may at his/her discretion obtain the views of both sides including management personnel prior to rendering a decision or may refer the matter to the Cabinet for decision.)

- (2) If there are no objections to consider the AEC shall:**
 - (a) Review and discuss the advantages and disadvantages of the proposed alliance.**
 - (b) Recommend whether or not the University should proceed with the proposed vendor alliance.**

If the committee recommends entering into a vendor alliance, the Director of Procurement and Contracting Services Department will submit the proposal to the Senior VP for Business Affairs for final approval.

- f. Develop vendor alliance project Request for Proposal (RFP). If the Senior VP approves the proposed vendor alliance, a RFP**

shall be developed. The RFP shall comply with the requirements of the University procurement code including those requiring evaluation criteria.

- g. Establish a Request For Proposal Evaluation and Contract Award Selection Committee.**
 - (1) Composition. All or selected members from the previously formed Alliance Evaluation Committee may serve on this committee. This committee is established after approval is granted to pursue a particular alliance.**
 - (2) Responsibility.**
 - (a) The RFP Evaluation and Contract Award Selection Committee is responsible for: reviewing and evaluating vendor RFP responses; and selecting the proposal that is most responsive to the requirements specified in the RFP and most beneficial to the University of Arizona.**
 - (b) Minutes will be maintained during all meetings of the committee including the general process, the conclusions reached, the evaluated RFP's, the unreconciled objections made by committee attendees, and record of votes cast.**
 - h. Ensure that the vendor's access route to the students is approved by the appropriate University department.**
 - i. Focus on institutional benefits to the University.**
- 6. Post-contract award management by Procurement and Contracting Services Department.**
- a. Ensure that no individual interest (personal or unit) is given greater importance than the institutional interest of the University.**
 - b. Provide marketing and administrative support to alliance vendor.**
 - c. Provide education and training to University customers in the utilization and benefits of alliance.**

C. University Department

- 1. Any affected University department shall have an opportunity to:
 - a. Participate in each aspect of the process from the outset.**
 - b. Determine the level and frequency of its participation in the vendor alliance process. If the University department elects not to participate, it is giving tacit approval to all the terms and conditions of a vendor alliance. (Separate or private meetings shall not be held to discuss an alliance for a product or a service already being offered by another department/unit unless the affected department/unit was invited but neglected to attend. Moreover, approval to enter into an alliance shall not terminate the sale of existing products or brands offered by another department/unit unless approved by appropriate University authority.)****
- 2. An affected University department/unit shall concur or non-concur as to whether alliance products are to be available for sale to students, faculty and staff. If the department/unit concurs with the sale of such products in its department business, the products will receive the same marketing opportunities as other similar brands or as specified in the alliance contract.**
- 3. Questions regarding the alliance shall be raised with the Director of PACS before discussing them with the alliance vendor or others outside the University.**