

Acquisitions guideposts

Choosing and evaluating suppliers

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To begin, some background about my organisation: I am the Manager of TAFE Library Collection Services, a unit which is part of the Open Training and Education Network (OTEN). Our role is to purchase and catalogue library resource materials for the 130 TAFE NSW Libraries. We send approximately 60,000 orders to suppliers each year, process and catalogue between 80,000 and 100,000 items and maintain about 14,000 serial subscriptions. We expend an annual budget of around \$4million. The trend towards online information is changing the formats of what is purchased, but we are finding that we are as busy as we have ever been.

Obviously, ours is a big operation, but the basic principles of choosing and evaluating library suppliers apply equally to one person libraries, medium-sized libraries and libraries in very large institutions. All libraries have the same basic aim with regard to acquisitions - getting the item in the quickest possible time at the cheapest possible prices.

Why use library suppliers at all and not go straight to publishers? Anyone who has worked in Library Acquisitions and tried buying books and serials directly from publishers will tell you that it is fraught with pitfalls. Even in a small library you end up dealing with a multitude of companies, all with different systems. Each company will have a range of contact people and because, like other organisations, staff come and go, this list will not only be large but ever-changing. Sorting out supply problems with such a plethora of people is very difficult. There will be a huge array of invoices in varying formats not designed for libraries. A good example of this is the need to have your order number on the invoice. Publishers are not very obliging when it comes to making alterations to their systems to accommodate one small customer, and, to publishers, libraries are small customers.

The library's staff will have to adapt to dealing with invoices in all kinds of formats, with differing information. This is confusing and often leads to errors. At OTEN we choose to leave all these problems to our library suppliers who do nothing else but buy library materials. Hence, they have larger numbers of staff trained in specific areas than any one library could ever hope to have.

Across the board, dealing with library suppliers is cheaper, especially for books, and I make that statement without fear of being proven wrong. Suppliers buy huge numbers of books from all the major publishing houses each year and, as a result, are given very favourable discounts - far more favourable than any one library or even a group of libraries could attract. Suppliers pass these goods on to libraries with a lesser discount but this is still far cheaper than going direct to a publisher.

Library suppliers can directly save libraries money in other ways too. For instance libraries often have a requirement to pay invoices in Australian dollars. Overseas companies may send invoices in foreign currency and a library will lose money in the conversion process. Similarly, overseas companies often do not have the facility to receive payments in Australia and the library will be paying out for an overseas bank draft.

Library suppliers do nothing else but acquire library resource materials. That is their business and the major suppliers are experts in the trade. It is easy to acquire material from major publishing houses but what about those obscure little publications? You know the ones - a teacher or patron has handed you half a title on a scrap of paper 2 inches square if you are lucky and expects you to get the book by tomorrow. You search in all the bibliographic databases but can't find it anywhere. Without a good library supplier, you are "dead in the water" at that stage. Library suppliers are like detectives and they love nothing better, than to be successful in finding an obscure item that their customer cannot. They are experts and have knowledge and experience of where and how best to purchase. For all these reasons and more, it is more cost-effective and efficient for libraries to use suppliers for the majority of their purchases.

So how do you choose which suppliers to use? Be aware that library supply is quite a competitive business and that you will be approached by many suppliers, ranging from highly professional to downright scurrilous. Sorting out the corn from the chaff and then the most appropriate corn for your purposes is indeed a challenge.

Some factors for choosing suppliers are fairly obvious. Any supplier must be able to meet the conditions of supply deemed to be essential by your library. It is usual practice for libraries to check basic requirements before proceeding further with a supplier. These basic requirements will probably include such factors as the order number being on the invoice, consignments being below a certain weight, reports on non-supply being provided in a certain time etc. If the supplier cannot meet any of these basics, then cease negotiations and tell them why. If they want your business, most suppliers will perform miracles to ensure that they rate a chance.

Your responsibility as a member of the acquisitions staff is to acquire the item as cheaply as possible. But beware! Sometimes what appears to be good pricing is not. For instance, when offered discounts, you need to be aware of what price the discount is being taken off. It is no use to be offered a great discount, only to pay heavily for freight. If you are very new to acquisitions, it would be wise to consult with an experienced colleague if you are in doubt.

Another responsibility is to acquire the item in the quickest possible time. Sometimes, you want something 'yesterday' and such items can be treated as a "priority" by your supplier. But these should form the minority of orders as suppliers charge more for orders of this type. You may find that supply times for books differ from videos and other audiovisual material will be different again. What you are looking for here is the supplier who can supply the most items in the shortest time. Having said all this, it is useless to have all these conditions met only to find that a large proportion of your orders are filled incorrectly. Sorting out supply problems can be very time-consuming and frustrating.

In establishing effective communication channels, a good supplier will spend time discussing the library's individual needs and facilitating the selection, ordering, receipt and payment of goods. It is worthwhile for library staff to make time available to ensure that their needs are clearly understood and actioned appropriately by the supplier. Great confidence is generated from a situation where the librarian feels that the supplier is doing his utmost to provide the best possible service. Similarly, confidence in the library is built when the supplier is clear about what is needed and how best to meet that need. This leads to the issue of efficient customer service. I believe this to be vitally important but it is far less easy to measure. Librarians are adept at customer service and success in this area will make or break a good library service. They expect good customer service from a supplier. The best results are dependent upon staff on both sides fitting the bill in several ways. It is vital that everyone is always courteous and responds as quickly as possible when a problem arises. Problems need to be resolved quickly, with no element of blame creeping in on either side. The library should be confident that the supplier is doing everything possible to acquire the item quickly and to resolve any difficulties as they arise.

It helps suppliers if they know that the library is fulfilling its part of the bargain and responding quickly and efficiently to queries too. The importance of a specific contact person cannot be over-stated. Wherever possible, stability should be maintained. There is nothing worse than speaking to a different person every time there is a query. Over the years, I have seen very efficient and friendly relationships built between staff in a library and a supplier. Sometimes these people have never physically met, but they become friendly colleagues who have confidence in one another and in the services they provide. If someone does move on or there is a staffing change, it is good customer service to inform the other party and to establish good relationships as soon as possible.

There are other factors which, while perhaps not essential, should be given consideration when selecting the supplier who is the most advantageous for your institution. If it is a requirement that your library pays invoices in Australian dollars, then the ability to invoice, convert currency and accept payment will be necessary for overseas suppliers.

Another important criterion to consider is selection support services offered by the supplier, i.e. assisting libraries to find out what is being published in various fields. This information is often in the form of a new title service tailored to the individual collection development needs of each library. These days, this information is being made available in hard copy, on CD-ROM or via the Internet. The choice of format is up to the library. Approval plans and blanket orders are another common way suppliers service libraries in the area of new publications.

Suppliers are aware of what is going on in the publishing industry and this expertise can be very useful for libraries. For instance, each July, we estimate the amount of money each of our libraries will expend on serials in the forthcoming financial year. We "break out the crystal ball" and provide estimates of cancellations and new subscriptions. But more accurate information is provided by our subscription agents on what kind of inflation factor we can expect and that helps make a very difficult job easier.

If your library contributes records to ABN, then the capacity for your supplier to do this would be an issue for consideration.

Suppliers service libraries in many practical ways and the trend for libraries is to outsource more and more of their technical services functions. The cost-effectiveness of this may be doubtful but what is beyond doubt is that suppliers have the capability to perform these tasks very efficiently. Libraries can now choose to have materials end processed and completely ready for the shelf when it arrives. This may or may not include a full MARC catalogue record. There has even been an instance where a library contracted out the whole of its selection, acquisitions and cataloguing functions in a scenario where the supplier chooses the stock as well as putting it in the library. This may be questionable practice, but the point is that our suppliers offer the service.

Recently, libraries and suppliers have been using available technologies to improve basic services, i.e. to improve the speed of supply and cost-effectiveness of their operations. Library suppliers and system vendors are working on using electronic means to improve turnaround times and efficiencies in ordering, reporting and invoicing.

All these issues should be considered when selecting suppliers appropriate to your organisation's needs. Having chosen your suppliers, it is then wise to implement a program of supplier evaluation. As government-funded and publicly accountable libraries, it is up to us to ensure that the continued use and termination of suppliers is based on objective criteria which are measurable, and the results of which may be documented. Performance measurement should firstly occur during a trial period, and evaluation of performance should then be ongoing.

To be fully accountable, regular supplier evaluation must be carried out and the results used to improve the quality of supply.

There are many positive benefits of supplier evaluation. The first I've listed is "value for money". Determining value for money is an individual decision - it means different things to different institutions. Generally getting value for money means that you and your colleagues, having weighed up and set your priorities for the qualitative and quantitative variables of supply, believe that they are being effectively fulfilled.

Supplier evaluation benefits us as acquisition professionals by adding value to acquisition tasks. It assists us by making the product of our work worth more by increasing our efficiency.

Supplier evaluation is necessary to cost-effectively manage funds. In acquisitions we are charged with the duty of spending our funds to the best effect for our institutions. Evaluations which provide information about the costs involved in purchasing and the relationship of commitment to expenditure provide valuable input to us for choosing suppliers.

Supplier evaluation may assist us to establish or adjust performance standards for suppliers, or indeed, for our own operations. For example, if one supplier appears to be much cheaper than the others while still providing the necessary level of service, this may encourage us to re-negotiate with other suppliers as the result of a change to our expectations.

One of the most obvious outcomes of supplier evaluation is to give an accurate indication of suppliers' strengths and weaknesses. However, it is important to note here that many things can affect performance on a given evaluation. Prices can be affected by exchange rate variations; speed of supply may be affected by strikes; packing may be affected by our lack of exacting instructions; and so on. Look at the results of each survey, carefully examining possible reasons that suppliers don't seem to measure up.

Supervisors are always pleased to receive well-presented reports which show that staff is managing well. Supplier evaluation gives us an opportunity to show that we recognise the importance of evaluative activities, that we can manage our time well enough to support these activities, and that we are being proactive with regard to managing the use of suppliers. Completing evaluative work and making this known gives us kudos within the organisation. An often overlooked benefit of supplier evaluation is the identification of problem areas in your own domain.

Not looking carefully at your own organisation before presenting results to a supplier is a trap for young players - it only needs to happen once, and you'll never want to feel so foolish again!

Before starting any evaluation it is of significant importance to set up evaluation criteria. In order to set the criteria for supplier evaluation one must look at three aspects of the individual organisation:

- * The priorities of the organisation
- * The organisation's philosophy of service
- * The needs of the organisation's clients

Information about these aspects may be gathered from a number of sources. Check out the annual report, the collection development policy, promotional literature, information handed to those who attend an orientation session at the library, for example. It is useful to talk to clients about their needs too.

This information should give a fair indication of the kind of service your institution sees itself as and is seen as providing. It should indicate to you whether speed of supply is the most important criterion or whether that is less important, and getting the very best price should receive your emphasis. Another view may be that price and speed of supply are both less important than the level of service provided by the supplier(s) of choice. This may be particularly true of serials. Whatever the combination, be especially careful to align yourself and your staff with the institutional view and to keep a weather eye out for changes, so that you are best equipped to meet the needs of your organisation.

The quantitative evaluation criteria used to evaluate suppliers should be the same as those used to choose them. But there are pitfalls, and I will give you some tips from my experience and that of several colleagues.

When evaluating speed of supply, be sure to convert to the same unit of time i.e. days, weeks, months. Decide how to define the starting and finishing points. What do you mean by non supply : 12 months, 6 months, reports? What do you do about NY-P material from the sample?

Cost may mean price or may mean total cost including freight and handling charge. To evaluate cost you must be completely familiar with the pricing policy your institution receives from each supplier.

Accuracy of supply To measure accuracy of supply, you need to define this carefully. Does it simply mean fulfilment, or does it need to be the right edition, from the right publisher? Does paperback or hardcover matter? Did you really want the game/video/CD as well as the book? Qualitative evaluation criteria are much more difficult to measure but, nevertheless, form a vital part of the process. A few things to look for :

Service Ethic This is quite different from range of services. The service ethic can easily be glimpsed each time you ask for anything special. "You want us to invoice these on a special account, no problem." or "You want us to invoice these on a special account. I'll have to go see the boss, but I'll ring you in a few days." "You need these next week, no problem." or "You need these next week, well I can't get them onto the system today, but I'll try tomorrow, and the deliveries only go out on Wednesday, but, but..."

Communication link These days most companies have many access points. The main thing is that one or more of them suit your organisation. They have to be convenient and accessible to you.

Range of services offered The range needs to include those you require. Some common ones are reporting non-supply, consolidation for shipping, claiming and prompt renewals for serials, providing varying invoice formats, stockholding, blanket orders, maintaining standard orders or subscriptions, providing selection aids, making prepayments, pre-purchasing currency, provision of MARC records with the items, and providing EDI trading environment. Each service gives further options for evaluation.

Provision of management information What is the average book price? How many books did I buy this year? What is our subscription \$total with you? How much will US journals go up this year, and so on.

Development outlook Is the supplier working toward supply of record with book, or document supply strategies? How are they going with the EDI environment? Do they always introduce new things first? Never? Do they get it right when they do introduce it?

or the 2nd 3rd, 4th time ... ? Are they a reasonable partner to you in preparing for the future?

How to evaluate is the question. Ross Todd is a lecturer at UTS. His words may help: "At the heart of objective evaluation is collecting, recording and interpreting observations - statistics". I would like to touch a few main points here:-

- When carrying out surveys *simplicity is the best and easiest*. Survey one aspect at a time.
- *Be perfectly clear on what you want to find out*. Their freight charge seems high - let's look at a few other invoices - they're not too good either. Let's examine all of the February invoices to see what percentage of the total was freight. Perfectly clear. Add up all the invoice totals, add up all the freight, work out the percentage and Eureka! You have a result you can share with the supplier "Mr. Bloggs, you promised no more than 2% freight and during February we seem to have been charged an average of 6%." Then you can start to work with the supplier to solve the problem.
- *Compare like with like*. Compare local with overseas suppliers with one another only on supply of certain overseas publishers works. Don't compare the supplier you send all the hard stuff to with the supplier to whom you send the bulk fiction order, and so on. It is always useful to compare a single supplier to his own policy statement, for example, as in the freight example above.
- *Determine what information you need*; what data is required; how it should be collected; and how much you need, or how big a sample. Be specific with instructions. Don't collect any more data than you need.
- *Data must be analysed carefully*, paying special attention to anything you didn't expect to find. Gut feelings are a wonderful basis for supplier evaluation. Take note of irregularities in supply as mentioned earlier.
- *Remember no matter how tempting* it may be to think these conclusions are general, they are only an indicator and refer to the specific sample (unless of course you have surveyed absolutely everything).
- *Go back to gut feelings to test the validity* of the conclusions. What do the staff in accessioning think about the supply times - can this be right?

Most importantly, do use acquisitions staff effectively. They are one of the best sources of information and usually have the best nose for what is really happening. They may find things out from what they find in the box, on the invoice or from the delivery person - but if they think it might be right, it is probably worth testing.

- *Tell suppliers that evaluation happens*. Let them know that it is part of the environment when they are in for a routine interview. When a specific evaluation is complete, make a point of discussing the results with each supplier who was involved.
- *Place results in context* The results relate to a specific period and to specific orders. Take into account exchange rates, shipping stoppages, delays in unpacking, etc.
- *Prepare an external document for supplier*. I believe that external and internal documents prepared for different purposes may incorporate some of the same

elements, but will of necessity be different. The internal document on supplier evaluation will include a detailed report of the methodology and results.

A separate document should be prepared for each supplier, briefing each about the methodology and giving salient facts about their performance. This should be set in context with some information about the relationship of their performance to the average or standard performance. This document should invite them to discuss the results with you. This will give you an opportunity to praise, negotiate or terminate services as appropriate.

- *Convey both positive and negative.* It is important to achieve balance in discussion with suppliers. Generally you wouldn't be using a supplier who was all bad.
- *Be ethical.* Don't extend favours or indicate levels of business you wouldn't be prepared to give. Keep discussions professional, not personal. Use performance guidelines or standards, and continue to focus on these.
- *Maintain confidentiality.* Suppliers may tell you things which are specific to your business with them, or may give details of their business, such as turnover, margins and so on. It is important to maintain confidentiality from supplier to supplier, and to be careful not to repeat things to professional colleagues unless you are certain they are in the public domain.
- *Give opportunity for response.* Suppliers, having received your document, may have useful feedback to convey. The supplier may be prompted to tell you about company developments of which you may have been unaware.

It is useful to share supplier evaluation information with colleagues, but this area is delicate and ethical behaviour is required. A small supplier's business can be ruined and a large supplier's business quickly become unprofitable as a result of unethical discussions, gossip and innuendo. Some points to remember include:

- In sharing supplier information with colleagues, *do not attempt to extrapolate.* Remember, the survey covers only a certain period and certain variables. It does not make a supplier good or bad.
- *Remember results are specific to the survey* - they are not universal. If you have some reason to be concerned about a supplier's future, confront the supplier with your concerns, and begin some objective evaluative work to give you facts.

Properly approached, supplier evaluation is an effective tool for change. It should result in improved service from suppliers which in turn will improve the service you can offer to your clients.

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