

“Best Value” in Multiple Award Term Contracts??

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In recent years, the dollar volume of printing GPO procures from the private sector has dropped by almost half. *During the same timeframe, however, the total federal agency printing and duplicating budgets have remained fairly constant.* Obviously, this drop in procured print volume has an adverse affect on GPO because they lose the 6–9% fee they charge the agencies. But the drop can be even more devastating for GPO print vendors, who have historically relied on GPO work for the volume they need to stay in business and/or make a profit. Remember, even if only 10-15% of volume comes from GPO, having that work cut in half can make the difference between profit and loss.

There may be hope. The new GPO contracting method, Simplified Purchase Agreements (SPAs) allows Agency customers to place orders with printers based on best value—not just lowest price. But the number of SPAs is limited, and they only allow orders under \$2,500. But there are thousands of term contracts (Programs) with over 150,000 individual orders.

If GPO only buys about half the government’s print (despite Title 44 requirements that all procured print go through GPO) then GPO needs SALES and MARKETING! Typically, a sale involves a proactive effort utilizing a variety of approaches, including quality, service, price, personality, etc., etc. (i.e.. best value) to obtain a customer.

What if there really was a sales effort directed towards the agencies – remember they are the ones with the money to buy the printing (the customers). Since agencies are spending about half of their print budget at internal plants or outside the GPO (according to the Office of Management and Budget) there seems to be a lot of work to be “sold.” Since it is unlikely that the GPO will develop a “sales” force, it should try to duplicate the success of the SPAs and enlist the assistance of its vendors to help it get more “sales” on term contracts from agency customers.

The fastest and easiest way to start such a program would be to **change multiple award term contracts (M Programs) to allow agencies to chose among the vendors based on price and quality and service and on-time delivery and past experience with similar jobs (best value!).** What agency would not want to use a GPO program where it could chose from qualified, competitively priced printers?

The change would be simple. GPO already has a number of broad production category, multiple award programs that can be used by any department or agency in the federal government (“General Usage” contracts). If the contracts are already “direct deal” (the agency can place the order with printer without having to first go through GPO) we are half way there. If the contracts are not direct deal, they need to be converted to direct deal. To complete the process, the next time the program is bid, GPO would have to add a simple clause stating that “award of individual orders will be made by the user-agency and/or the GPO base upon “best value,” which will include consideration of past performance, service, quality, and price. Since most of the orders on multiple award programs are under the small purchase threshold (now \$50,000 for GPO), and since the government has tremendous latitude in choosing the “best value,” a protest or complaint about who was chosen for a particular order would seem unlikely,

If this proposal sounds just like GSA MAS (Multiple Award Schedule) contracts, it is no coincidence. As the main contracting agent for goods and services for the federal government, GSA has been subject to some well-deserved criticism. However, one thing it always has understood is that buyers want freedom of choice. Instead of offering agency buyers the lowest priced IBM compatible computer as the GPO would do, GSA schedules abstract prices from many computer suppliers and allows the agency buyer to make a choice based on its needs in the areas of quality, service, reputation, reliability, experience, past performance, price, etc. What happens with GSA contracts is that the vendors abstracted on the multiple award schedules become salesmen for the GSA contract. They contact the agencies directly either in person or by mail, let them know that they are on the contract, and tell them why they would be a better choice than another contractor.

GPO needs to follow the same model—just as it is beginning to do with SPAs. If GPO needs “sales” to agency customers, but has no sales force, using a best value, multiple award, term contract would make every vendor on the contract a salesperson for GPO. Although price would certainly still count, so would service—and the reputation the printer has built by providing quality products, delivered on time.

If you are a low price only vendor, relax; such a system will not put you out of business. There are more than enough agencies for which, like GPO, price is the major consideration. On the other hand, if your price is competitive, but not the lowest, you can relax too, because there are many agencies who want to be able to consider factors other than price when buying printing and related services.

Speaking of related services, the ability to directly interface with the agencies would give the printing industry – for the first time – the chance to establish a working relationship with our end customers in the federal government. Do they need just-in-time delivery? Digital file transfer? On-line proofing? Order fulfillment for hundreds or thousands of agency users around the country? Many agencies have advised PIA that they spend more on front-end and backend services than they do on the printing job itself. The industry needs to address this need.

Under this proposed change, agencies would gain more control over some of their print purchases, and would be able to work with print vendors and the GPO to integrate other services into the print contracts (design, storage & distribution, etc.). Agencies would save time and money; printers would have a better relationship with the customer, and increase their volume; GPO would earn more, because its fees are based on volume.

Only one thing needs to happen for this type of win – win – win contract to become a reality: **GPO needs to give up some control in order to give agency customers the flexibility they want.** If GPO can make this change (and expand the SPA Program), it will be a preferred service provider in the 21st century.

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