Vendor Engagement

Tips from the States

Brief 3
March 2012

best practices brief

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SLDS Best Practices Brief

Vendor Engagement: Tips from the States

Most state education agencies use vendors in support of their education data projects. Establishing and maintaining successful state-vendor relationships are key in the cost-effective creation of high quality products. In a call sponsored by the Statewide Longitudinal Data Systems (SLDS) Grant Program, representatives from three states shared experiences and offered tips on establishing proactive communication, building strong relationships, and maintaining flexibility with vendors to ensure successful outcomes.

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Given the wide variation that exists among the states regarding procurement processes, legislation, and levels of local autonomy, what works for one state may not be the best practice for another. While states have taken a range of approaches to these relationships, many universal best practices have emerged:

Do:

- ✓ Define vendor management processes up front (e.g., service-level agreements, processes, documentation, etc.) before contract execution.
- ✓ Base the relationship on a solid, explicit framework, while striving for collaboration and partnership in practice.
- ✓ Document the relationship with the vendor on the front end, above and beyond the necessary legal documentation.
- ✓ Consider outsourcing acquisition assistance to help with vendor management.
- ✓ Continually course correct, making contract amendments and pricing adjustments as needed to adapt for changes.
- ✓ Allow vendors to innovate and bring solutions.

Do Not:

- ✗ Do not always go with the lowest price. Accommodate best value by factoring in quality in addition to cost.
- ✗ Do not approach the vendor relationship as adversarial.
- ✗ Do not use money as a leverage point, if possible (e.g., withholding as a method of asserting power if the vendor does not deliver on time).
- ✗ Do not hire a vendor and then simply step back and expect them to deliver the product you want.

This product of the Institute of Education Sciences (IES) SLDS Grant Program was developed with the help of knowledgeable staff from state education agencies. The content of this brief was derived from an SLDS topical conference call and follow-up correspondence. The views expressed do not necessarily represent those of the IES SLDS Grant Program. We thank the following people for their valuable contributions:

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For more information on the IES SLDS Grant Program, additional Best Practices Briefs, or for support with system development or use, please visit *http://nces.ed.gov/programs/SLDS*.

Do:

According to states, the following practices will support the creation and maintenance of effective relationships with vendors. (Note: These suggestions do not necessarily represent the views of the IES SLDS Grant Program.)

Define vendor management processes up front (e.g., service-level agreements, processes, documentation, etc.) before contract execution.

Before executing a contract, ensure that both parties are fully aware of expectations, processes, and legalities, and ensure alignment of the vendor solution with state needs and requirements. The state should clearly define the deliverables and how vendors will be held accountable, and manage to those outcomes. Additionally, language should be included in the contract at the onset that will allow the state or local education agency (SEA or LEA) to hold the vendor accountable, and vice versa, if necessary.

Base the relationship on a solid, explicit framework, while striving for collaboration and partnership in practice.

If the vendor management processes are clearly defined up front, the goals of the state and the vendor should already be in alignment. This will allow for collaborative give-and-take, as both sides of the relationship are ultimately striving for the same outcomes.

Document the relationship with the vendor on the front end, above and beyond the necessary legal documentation.

Careful documentation will not only protect a state legally should a problem arise, but also provide clarity to the vendor about needs and expectations. This extra responsibility will help to ensure a successful engagement, as well as inform the vendor evaluation process. Additionally, purchasing may be scrutinized by diverse groups including those from the public, the media, state and federal agencies, and auditors. Consistency in recordkeeping is vital to withstanding such scrutiny.

Consider outsourcing acquisition assistance to help with vendor management.

Vendor management and relations can be a full-time job. While the SEA or LEA should maintain a strong presence in the process, particularly with actual project work and budgeting, outsourcing acquisitions (which often involve complex and changing regulations) can ensure that the process receives the full attention required.

Continually course correct, making contract amendments and pricing adjustments as needed to adapt for changes.

Although any state-vendor relationship should begin with a solid, explicit framework, flexibility is key. Issues can and

Massachusetts: Collaborative Agency-Vendor Meetings

In the Commonwealth of Massachusetts, LEAs have great autonomy regarding their budgets and practices (basic information for districts and vendors can be found at *http://www.doe.mass.edu/infoservices/data/vendors/*). Because of the lack of state mandates, the State Department of Education did not play an integral role in communications between the vendors and the districts in the lead up to a Schools Interoperability Framework (SIF) integration effort across the state. To ensure that communication and translation between the districts and the vendors was proceeding smoothly, a weekly meeting with all student information systems (SIS) vendors working in Massachusetts districts was set up at the state level. During these calls between the state and the vendors (districts have their own separate meetings with their vendors), vendors give updates on development status, timelines, and any problems they might be facing. At first, participants were quiet, but eventually, to the state's surprise, the vendors came to use the meetings as a venue to share information and collaborate to advance projects across the state. This collaboration promoted much faster development and greater vendor engagement as a whole (in this case, all of the involved vendors are working in support of a single, statewide initiative—a fact that may have a lot to do with this model's success in the state). To increase state-vendor communications even further, a state representative asked vendors about the contact they have with their districts, and now attends meetings between districts and vendors and speaks at user conferences.

will arise, so be willing to work with the vendor to find a mutually beneficial solution.

Allow vendors to innovate and bring solutions.

Vendors should not be restricted to augmenting state staff and solutions; let them propose their own innovations, not just commodities. Ensure that your request for proposal (RFP) does not eliminate the vendor's ability to provide recommended solutions beyond the original proposal. While an education agency's staff will be very knowledgeable about its business, the vendor may outpace the staff in the areas of technology and system development. Allow vendors a platform to share their innovations and solutions throughout the project life cycle—not just at its inception.

Texas: Managing Extensive Outsourcing

Texas has a history of extensive outsourcing, and currently, the majority of IT and data processing is contracted out. Consequently, the state has developed a strong set of vendor management processes and documents. A state-supported *Vendor Management Guide* is included with every request for offer (RFO), so vendors know from the onset exactly how they will be managed and how they will be held accountable. To further simplify the process for its districts, Texas selected a number of systems that they are assured will meet the state's data requirements. While districts can opt into the state-sponsored SIS service, it is not mandated; however, districts that do opt in benefit from a state-negotiated discounted rate, as well as seamless integration with the *Texas Student Data System* (TSDS). Because Texas has many smaller, rural districts, the state stresses the need to "own the code and the process." Ultimately all SIS vendors will have to support connectivity to the TSDS solution in order to continue doing business with Texas LEAs.

Do Not:

Based on their experiences, states warn against some common vendor engagement mistakes. (Note: These suggestions do not necessarily represent the views of the IES SLDS Grant Program.)

Do not always go with the lowest price. Accommodate best value by factoring in quality in addition to cost.

The best value is not necessarily the lowest price. Determine "best value" by evaluating such details as experience; skill; ability; business judgment; financial capacity; integrity; honesty; possession of the necessary facilities, equipment and/or bonding; previous performance; reputation; promptness; and estimated time of completion.[1] Review everything a vendor has to offer—paying a higher price at the onset may ensure a smoother, timelier development process, and a product that is worth the investment. Because agency and/or state procurement protocol may dictate the weighting of factors, consider negotiating with your procurement office to ensure quality is a significant factor, in addition to cost.

Do not approach the vendor relationship as adversarial.

An open, collaborative relationship will be more beneficial and more pleasant for both sides than one that feels adversarial. Although the framework of the relationship should be solid, a flexible, give-and-take relationship will likely lead to a better product in the end. If necessary, bringing in a third-party mediator to help resolve disagreements can be beneficial. Additionally, forming a standing Vendor Advisory Committee will allow LEAs and SEAs to provide information to vendors, as well as to obtain vendor input on state procurement practices. Such a Committee may help clarify the state-vendor relationship and expectations before disagreements can arise.

[1] Texas Education Agency (2010). Purchasing, Update 14: A Module of the Texas Education Agency Financial Accountability System Resources Guide.

Oklahoma: The State as Intermediary

Depending on a state's level of authority, a state can help districts in the RFP and contracting processes. Oklahoma has 526 districts, most of which are small (fewer than 500 students) and rural. While districts can purchase any SIS as long as it fulfills the state's requirements, district staff may not always know how to assess the best value or best cost, and might only want a product that will 1) meet their basic needs, and 2) work with the state system. Therefore, the state has stepped in to act as the "middle man" on all things technical. The state communicates with vendors on behalf of the districts, thereby ensuring that local superintendents need not be data system experts.

Do not use money as a leverage point, if possible (e.g., withholding as a method of asserting power if the vendor does not deliver on time).

Talk with the vendor openly about expectations and compensation issues. Holding the purse strings too tightly could negatively impact the relationship and the vendor's motivation. Avoid getting to this point by making sure that the vendor fully understands your requirements. Ensure you have been clear in communication, and be aware of any external factors that may be affecting the work. Although there may be times when a state must resort to withholding payment in order to hold a vendor accountable for their contractual commitments, this should be a last resort.

Do not hire a vendor and then simply step back and expect them to deliver the product you want.

In order to have a successful partnership with a vendor, a state must understand all fundamental aspects of its system. Be aware of the system's status at all times, and ensure that the work is on course and will benefit the stakeholders. A deep knowledge of the system—even if the vendor has performed most, if not all, of the design/development—will ensure a more sustainable system once the contract has closed. Be hands on and fully engaged.

Resources

- Texas Financial Accountability System Resource Guide: *http://www.tea.state.tx.us/index4.aspx?id=1222*
- Massachusetts Information for Districts & Vendors: *http://www.doe.mass.edu/infoservices/data/vendors*
- Texas Vendor Management Guide: *http://www.window.state.tx.us/procurement/pub/vendor_guide.pdf*
- Texas Student Data System: *http://www.texasstudentdatasystem.org*
- LDS Share: *http://nces.ed.gov/programs/SLDS/LDSShare/SLDS.aspx*
- SLDS State Support Team: *http://nces.ed.gov/programs/SLDS/techassistance.asp*