

8 A Supplier Partnering Agreement at the University of Las Vegas¹

Teaching Note

Discussion Questions

1. What legal issues, if any, might be involved in NOAC's proposal?
2. What are the ethical issues involved in NOAC's proposal?
3. Is this a true partnering agreement? Discuss.
4. How should Mr. Ashby analyze this proposal?

Discussion

1. There are legal issues involved since Nevada, like all states, has established that competition must be sought and a formal bidding procedure must be used when purchasing goods in excess of a particular dollar amount, for all state government agencies (including ULV). Since Nevada's bid threshold is U.S. \$25,000, the formal bid process must be used. Circumventing this requirement would be a violation of state law.
2. Mr. Ashby himself would receive no monetary reward, so it might appear that there would be no ethical violations. However, NOSC (a) requires ULV to pressure other state agencies to tie-on to this contract, (b) is going to give ULV a rebate based on the amount that all state agencies spend with it, and (c) is requiring that ULV not tell any of the other agencies about the existence of this rebate, so then, yes, there are ethical issues. Mr. Ashby cannot hide his actions from the auditors, his vice president of finance, other agencies that might read that contract, or himself. Ethically, this proposal cannot be accepted in its present form.
3. This could be considered a true partnering arrangement since there would be a long-term agreement for the delivery of a product needed by ULV and for pricing that would benefit both parties. However, in a true partnering agreement both parties value each other, trust and respect each other, and are more likely to come to each other's aid when the going gets tough. If NOSC is suggesting to Mr. Ashby that he violate state law and offer them an unfair competitive advantage over their competition, then they are not treating ULV with the trust and respect one partner should be offering to another. Without this trust, there can be no partnership.

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4. Since he has a legal obligation to seek competition for such a large contract dollar amount, Mr. Ashby must analyze this proposal from the standpoint of whether the offering might or might not be in ULV's best interest. If he sees that it has the potential of being of benefit to ULV, he must issue a formal Request For Proposals from other suppliers of office supplies to determine what incentives they might offer that might be equal to or better than that offered by NOSC. Since ULV is a Nevada state agency, Mr. Ashby has no choice in this matter.