

# Competition

# Objectives

- The objectives of this training is to:
  - Enhance awareness and understanding of the importance of competition in the purchasing process;
  - Provide a fundamental understanding of competition and its benefits; and
  - Provide a fundamental understanding of the noncompetitive purchasing process.

# Key Drivers of Competition

- Government and Sponsor Regulations
  - Competition is not an alternative, it is a requirement of the Federal Government.
- Benefits to Caltech include the following:
  - Ensures appropriate stewardship of sponsored funds and obtains favorable pricing and terms that are most advantageous to Caltech;
  - Drives cost savings for Caltech;
  - Expedites the purchasing process;
  - Improves quality of goods and services;
  - Promotes fairness and openness leading to public trust;
  - And Prevents waste, fraud, and abuse.

# Competitive Purchasing Requirements

Purchase Threshold	Competitive Requirements
<b>Under \$5,000</b>	<ul style="list-style-type: none"><li>• No requirement for competition, however, prudent and competitive business practices are encouraged</li></ul>
<b>Exceeds \$5,000 up to \$10,000</b>	<ul style="list-style-type: none"><li>• Cost/Price Analysis conducted by Purchasing Services <i>Preferred:</i> Provide 2 quotes or supporting information to Purchasing Services</li></ul>
<b>Exceeds \$10,000</b>	<ul style="list-style-type: none"><li>• Informal Competition: At least two (2) quotes/proposals solicited by phone, e-mail, mail or fax</li><li>• Formal Solicitation process conducted by Purchasing Services: If the Division or Department needs assistance for complex requirements, noncommercial goods and services, or for very high-value purchases. Formal solicitations include Request for Information (RFI), Request for Quotes (RFQ), and Request for Proposals (RFP)</li></ul>

# Competitive Purchasing Requirements

Purchase Threshold	Competitive Requirements
<b>Exceeds \$10,000</b>	<ul style="list-style-type: none"><li>• A Noncompetitive Justification, completed by the Division or Department, is required for the following:<ol style="list-style-type: none"><li>1. sole-source purchases;</li><li>2. emergency purchases for supplies and/or services, if not procured immediately, will cause serious operational or financial loss, or where life and property must be protected;</li><li>3. it is a follow-on purchase; or</li><li>4. after solicitations to a number of sources, competition is determined inadequate</li></ol></li></ul>

# Competitive Purchasing Requirements

- The end user solicits at least two potential suppliers for a good or service either verbally or via email.
- If all suppliers submit quotes/proposals that meet the minimum requirements of the good or service, then the end user should use the Competitive Procurement Summary to document the rationale of their selection.

# Competitive Purchasing Requirements

- If the selection decision is based on the **lowest priced** quote/proposal, then the end user checks the “**Awarded to Lowest Bidder**” box on the Competitive Procurement Summary and attach it to the requisition prior to submitting to Purchasing Services.
- If the selection decision is based on **best value**, then the end user checks the “**Not Awarded to Lowest Bidder**” box on the Competitive Procurement Summary and **explain the rationale** of not selecting the supplier that submitted the lowest priced quote/proposal.

CALIFORNIA INSTITUTE OF TECHNOLOGY  
COMPETITIVE PROCUREMENT SUMMARY

Purchase Description: \_\_\_\_\_

Supplier Name	Bid Amount	Comments (Identify Low Bidder)
1.		
2.		
3.		

Awarded to Lowest Bidder.

Not Awarded to Lowest Bidder (Explain Rationale Below):

Best Value Discussion here:  
-Could be lead time      -Reduces risk  
-Quality & Cost            -Integration  
-Reduces effort (\$)      -Reduces  
overall cost

I have attached the competitive quotations submitted by each of the bidding suppliers.

Submitted by:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Typed/Printed Name: \_\_\_\_\_



# Exceptions to Competitive Purchasing Requirements

- The following are exceptions to the competitive purchasing requirements:
  - Sole-source purchases (e.g., good or service has unique performance specifications, essential in maintaining experimental or administrative continuity, staff have specialized training for a specific good or service, firm schedule requirement, and only known manufacturer/service provider of the good or service);

# Exceptions to Competitive Purchasing Requirements

- Emergency purchases for goods or services, if not purchased immediately, will cause serious operational or financial loss, or where life and property must be protected;
- Follow-on purchase (e.g., continuing goods or services for an ongoing project and goods or services that are compatible with existing equipment); and
- After solicitations to a number of sources, competition is determined inadequate (e.g., only one supplier responded to a solicitation).

# Noncompetitive Purchasing Requirements

- A Noncompetitive Justification must be completed by the Division or Department with documented market research, including:
  - The identification of other suppliers along with their technical capabilities for a specific good or service being purchased (e.g., suppliers' published prices/technical capabilities found on websites, catalogs, and advertisements); and
  - Documented deficiencies and capabilities of why a specific good or service from a specific supplier does not meet the minimum requirements.

# Hands-on Exercises



INSTRUCTIONS

This form must accompany a purchase requisition when noncompetitive approval is requested for equipment, supplies, or services exceeding \$10,000.00.

1. Please type or print legibly and complete all categories and sections that apply.
2. Provide full explanation, complete description, and/or list all relevant reasons where space has been provided. The rationale must be clear and convincing, avoiding generalities and unsupported conclusions.
3. **Incomplete forms or forms lacking sufficient detail cannot be approved and will be returned possibly delaying issuance of a Purchase Order.**
4. Form must be signed and dated at the bottom.

Date: Requisition No.:

To:

From:

Subject: Noncompetitive Justification

Proposed Supplier:

Product/Service Description:

Estimated Price:

STATEMENT

I am requesting a noncompetitive procurement based on the following criteria. (Attach additional sheets as necessary):

**SECTION I AND SECTION II MUST BE COMPLETED**

**SECTION I**

**COMPLETE ONLY THE PARTS OF THIS SECTION THAT APPLY**

1.  The requested product/service is an integral repair part or accessory compatible with existing equipment.

A. Describe Existing Equipment:

B. Manufacturer/Model Number of existing equipment:

C. Explain the relationship between current equipment and requested product:

2.  The requested product/service has **unique performance specifications** which are essential to my research protocol or other needs and are not available from comparable service providers.
- \*\* (Explanation REQUIRED if box 2 checked) - Explain in detail in Box 9**
3.  The requested product/service is **essential in maintaining experimental or administrative continuity**. Provide a thorough explanation in "**Explain in detail**" section below.
- Requested product/service is being used in continuing experiments;
- Other investigators have used this product/service in similar research and, for comparability of results, I require it;
- I have standardized the requested product/service; the use of another would require considerable time and money to evaluate.
- \*\* (Explanation REQUIRED if box 3 checked) - Explain in detail in Box 9**
4.  The requested product or service is one with which I (or my staff) have **specialized training and/or extensive experience**. Retraining would incur substantial cost in money and/or time.
- A. Manufacturer/Model of existing equipment:  
B. Estimated hours/per person required to retrain:  
C. Numbers of persons requiring retraining:
5.  There is a **firm schedule requirement** which only one supplier has the capability of meeting. In this instance, the schedule requirement must be of such compelling and unusual urgency that failure to meet the schedule will seriously impact a Caltech task/project. Provide evidence that other suppliers can not meet your schedule.
- \*\* (Explanation REQUIRED if box 5 checked) - Explain in detail in Box 9**
6.  There is a **substantial technical risk** in contracting with any other supplier, thereby making that an unacceptable course of action; e.g., where only one supplier has been successful to date in implementing a difficult manufacturing process. Provide supporting evidence of other supplier's with relevant capabilities and their **inability** to overcome the substantial technical risk.
- \*\* (Explanation REQUIRED if box 6 checked) - Explain in detail in Box 9**
7.  Only known manufacturer/service provider of this product/service:
- A. What research/investigation has been done to support this claim (i.e. trade shows, internet searches, professional journals, colleagues, etc.?):  
B. Please list sources checked:

**Note: A requirement for a particular proprietary item does not justify a sole source procurement if there is more than one potential bidder or distribution network authorized to provide that item.**

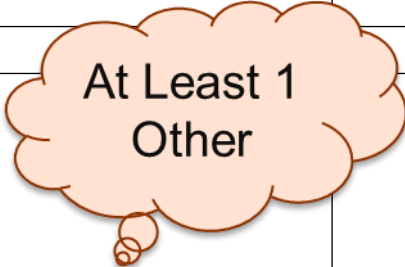
8. Other factors not addressed above which may assist in the sole source justification review process are:

\*\*9. **Explain in detail for:** \_\_\_\_\_ **and/or any other notes**



**SECTION II**

1. I have contacted other suppliers or service providers identified below and considered their product/service of **similar capabilities**. These products or services are not acceptable because they lack one or more of the technical specifications/capabilities described in Section I above:

MARKET RESEARCH (Other Suppliers Contacted)		
(Identify all other sources whose products/services have been reviewed and why they are not satisfactory)		
	Supplier 1	Supplier 2
Supplier Name:		
Product/Service Description		
Representative Contact:		
Phone Number:		
Website URL:		
Technical Deficiency / Capability:		

*Note: Attach any quotes, web documents or documentation you have received from other suppliers to support your rationale.*

I am aware of Caltech's requirements for competitive bidding for purchases over \$10,000.00 and the criteria for justification for noncompetitive Purchasing. I have gathered the required technical information and have made a concerted effort to review comparable/equal equipment (e.g. Market Research). I have **attached** the pertinent documentation showing what Market Research was conducted to preclude other items from consideration.

**Submitted:**

\*check box if

e-signing:

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Typed/Printed Name: \_\_\_\_\_



# References

- Purchasing Services Policies
  - *General Purchasing Services Policy*
  - *Purchasing Services Goods and Services Policy*
- Forms
  - *Competitive Procurement Summary*
  - *Noncompetitive Justification*

# Questions

