

Is It OK to Bid Again?

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Introduction

Stephen Bell and Brenda Sims had spent an October morning reviewing proposals from travel providers for the travel study course they were leading the following May. After considering the activities, accommodations, and bids of each provider, they selected the proposal that had been submitted by Global Campus Tours. Stephen sent emails to the other bidders—UniTours and Collegiate Trips—to thank them for their proposals and let them know that he and Brenda had chosen a different provider. As he prepared to call their contact at Global Campus Tours, his phone rang. It was Jerry Sloan from UniTours, and he wanted to know why they did not accept his company's bid. Stephen explained that the three proposals offered similar accommodations and activities, but UniTours' bid of \$3,800 per student was \$800 more than the one in the proposal they accepted. Jerry then asked who submitted the lowest bid, and if he could see what their proposal contained so that he could develop a similar proposal with a lower price. Stephen hesitated and said that he needed to check with Brenda. He and Brenda had asked providers for proposals more than a month earlier, with a submission deadline of September 30. Could Stephen and Brenda allow one of the companies to see what was in the winning proposal and revise its proposal and bid again after the deadline?

The Travel Companies

In early September, Stephen and Brenda had solicited proposals for the travel portion of their course from a list of providers who had been approved by the office of international programs at their private university. Three of those travel providers—Collegiate Trips, UniTours, and Global Campus Tours—submitted proposals and bids.

Of the three companies, UniTours was the only one with whom they had previously worked. UniTours was a small, family-run tour provider that developed programs for high schools and universities throughout the United States. In fact, UniTours had developed the itinerary for the course that Stephen and Brenda had led to Europe the previous year. They were pleased with the arrangements that UniTours had made through their contacts in Europe. The only issue during their prior experience was a currency fluctuation that required UniTours to collect \$100 more per student than had been contracted, but the terms and conditions of the contract allowed for such variations in the event of a currency fluctuation greater than 10 percent. Even with the increased cost, which Stephen and Brenda acknowledged was beyond the control of UniTours, they told Jerry after the trip that they hoped they had the chance to work together again.

Stephen and Brenda had no prior experience with Collegiate Trips and Global Campus Tours, but both companies had developed programs for faculty members from their university in the past with positive results. Both providers were large companies that developed programs for various educational institutions. One of the points that a representative from Global Campus Tours had made in their proposal was that they were “currency neutral” because of their investments in various global currencies. As a result, there would be no changes in their contracted price per student, even if the value of the US dollar decreased significantly.

Stephen and Brenda agreed that the fact that they had personal experience with only one of the travel providers the previous year would not be an issue, because all three of the companies that had submitted proposals had been approved by their office of international programs. They decided that they would choose the company that provided the best and most affordable experience for their students, even if it was a company with whom neither of them had worked previously.

The Bidding Process and Decision

When Stephen and Brenda initially contacted prospective travel providers, they gave each of them a rough itinerary of desired travel dates and cities they wanted to visit, including the activities that they wanted to schedule, the types of hotels they wanted, and other items they wanted to provide for students in the travel component of their course. They asked each provider to reply with a detailed itinerary for the trip that included a trip cost per student. They asked that all proposals be submitted by September 30 so that they could choose a provider, make final arrangements with the provider they chose, and provide information to students who might need to apply for financial aid to make the deposit and initial payments that would be due before the end of the fall semester.

A few days after the bidding deadline had passed, Stephen and Brenda met and reviewed proposals from the three travel providers that had submitted bids. Collegiate Trips’ proposal had a cost of \$3,900 per student, UniTours’ proposed cost was \$3,800 per student, and Global Campus Tours submitted a proposal with a cost per student of \$3,000. Stephen and Brenda were surprised that one of the proposals had a significantly lower cost per student, so they examined the three proposals and their itineraries closely. After further review, they agreed that the three proposals were similar in everything but price, and all met the criteria that they had set when they solicited the bids. There were a few minor differences among the proposals—mainly with flight arrangements and how many meals were included—but these differences should not have accounted for such a large gap in the cost of the proposal submitted by Global Campus Tours and the ones submitted by the other two companies. Therefore, they decided to choose Global Campus’ proposal because the cost savings would enable more students to participate in the course and trip. This was especially important to Stephen and Brenda, because if at least ten students did not register for the course, it would be canceled.

At no point in the process, from soliciting proposals to making the decision, had it occurred to Stephen and Brenda that a travel provider might request the opportunity to revise its bid after the submission deadline. Their institution did not have a policy regarding revisions to bids that had already been submitted, and they did not know if any of their colleagues had ever encountered a similar situation. They had not explicitly stated that bids could not be revised after the deadline, and they assumed that each company would submit its best bid by the deadline they had set.

The Question

Stephen was not sure how to reply to Jerry's request. He went to Brenda's office and told her about the call from Jerry.

"What did you tell him?" Brenda asked.

"I told him that we didn't accept his company's bid because it was \$800 more per person than the one we did accept. He said that there was no way that anyone could have provided everything we asked for at a price that low." Stephen continued, "I told him that the proposal contained everything we asked for. We would not have accepted it if it had not."

Brenda nodded and said, *"So, how did he reply to that?"*

"He asked who submitted the lowest bid, and I told him I couldn't tell him. Then he asked me if he could see what the winning proposal contained." Stephen could tell that Brenda was puzzled, so he continued. *"He said he wanted to see the proposal so that he could develop a similar proposal with a lower price."*

"Are you serious?" Brenda asked. *"We can't do that, can we?"*

Stephen had not contacted Global Campus Tours yet to let them know that he and Brenda were going to accept their proposal. They were familiar with UniTours, and if UniTours could revise its proposal with a lower cost per student than the one submitted by Global Campus Tours, Stephen and Brenda would be able to save the students some money.

But would it be fair to the other companies? And would it be ethical?