



How to Structure Procurement Teams: A Two-Part Series

Part 2: What Roles and Services to Provide

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The Government Performance Lab's work with dozens of governments and in-depth interviews with procurement experts suggest that there is no perfect organizational structure for procurement. Each unique structure features strengths and tradeoffs that exist along two dimensions, which we label:

- **Centralization:** to what extent a central office operates procurement functions or delegates authority to departments or agencies; and
- **Proficiency:** to what extent a central office takes on increasingly advanced, strategic activities, including supporting departments or agencies in improving their competencies and capabilities.

In the second part of this two-part series (read part one [here](#)), we'll offer examples of effective approaches used across the United States by procurement organizations to realize the strengths of their structures.

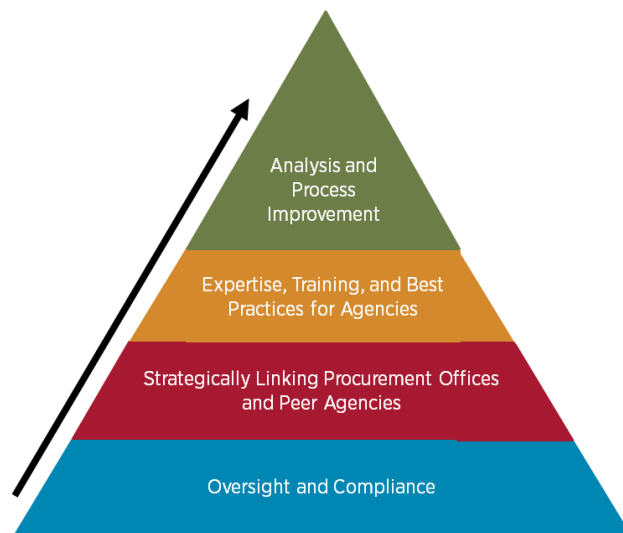
Dimensions of Organizational Structure – Proficiency

Regardless of the level of centralization and authority held by a central procurement office, the office can realize the strengths of their structure by investing in new **proficiencies**. You can do this by interpreting your procurement office’s role more broadly, by forming partnerships with program staff in other agencies to better understand their needs, by offering training and best-practice guidance that improves procurement literacy across your government, and by continuously reevaluating your processes to search for opportunities for improvement. These procurement proficiencies build on each other and prepare staff to run more strategic, results-oriented procurement processes, as shown in the pyramid below:

Procurement Proficiency

Procurement offices interpret their relationship to program and contract management in a variety of ways, but their role seems to expand as maturity increases.

Competency in basic roles such as oversight and compliance allows offices to build strategic, training, and continuous quality improvement capabilities.



Offices that focus primarily on the bottom of the pyramid are more likely to encounter challenges, regardless of their level of centralization. For example, a centralized procurement office with a compliance-first approach might find it uncomfortable to advise a client agency to write a less prescriptive Scope of Work that clearly states the contract’s intended outcome, especially if the office lacks deep knowledge of their client agencies’ programs and services. If that same procurement office engaged client agencies in training, workshopping, and process improvement activities, those agencies might be better able to describe their needs and collaborate more closely with a central procurement office on RFP drafting.

Even in a more delegated system, individual agency-level procurement teams can build additional proficiencies by collaborating with their peers at other agencies, setting up strategic procurement committees to circulate best practices, and sharing data on performance of contracts. Procurement offices must understand their strengths and weaknesses and build proficiencies that complement these features.

Some governments have successfully moved up the proficiency pyramid by assessing the limitations of their procurement structures and implementing new initiatives to provide needed support to, and greater collaboration with, departments or agencies.

In **Tulsa, OK**, the Purchasing Division oversees the procurement of all goods and services outside of engineering and construction. All formal purchases must go through a central Purchasing office, which facilitates processes being executed consistently across departments and provides a check that all solicitation documents include key components, such as clear goals and appropriate evaluation criteria. The Purchasing Division's centralized nature allows it to readily lead citywide projects related procurement efficiency and equity. Division-led initiatives have included a vendor survey to collect feedback from suppliers, a series of trainings for Tulsa staff on how to improve the outcomes of contracts, and a cross-departmental steering committee that meets every other month to discuss new innovations in procurement.

In **Columbus, OH**, procurement is delegated for individual services, and below a threshold of \$5,000. City departments manage these small to midsize procurements without the direct involvement of the central purchasing office. This delegation of responsibility to the department level allows the central purchasing office to focus their resources on coordinating large-dollar, multi-department solicitations, providing trainings, and making system-wide improvements to procurement standards and practices.

Conclusion

Governments may decide to change their system's level of centralization out of a desire to optimize their processes or take on a more strategic role. Before you make this choice for your own government, consider that achieving better results through procurement often requires change that goes deeper than structure. Rather than focusing on shifting where a government sits on the centralization spectrum, governments should understand the strengths and weaknesses of their structure, focus on building new proficiencies, and work to mitigate against their unique challenges.

The **Procurement Excellence Network** is an initiative of the Government Performance Lab designed to help public sector leaders use government procurement as a tool to improve resident outcomes and advance equity. The **Government Performance Lab**, housed at the Taubman Center for State and Local Government at the Harvard Kennedy School, conducts research on how governments can improve the results they achieve for their citizens. An important part of this research model involves providing hands-on technical assistance to state and local governments. Through this involvement, we gain insights into the barriers that governments face and the solutions that can overcome these barriers. By engaging current students and recent graduates in this effort, we are able to provide experiential learning as well.

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