

What is Procurement Excellence?

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In this how-to guide you will:

- Gain an understanding of the GPL's four pillars of procurement excellence
- Learn about innovative strategies to achieve procurement excellence in your jurisdiction



Background

Many of the most important functions of state and local government – from building roads to sheltering the unhoused to providing job training – involve contracting for goods and services supplied by the private sector. Increasing the effectiveness of procurement is therefore a crucial component of improving governments’ overall performance, especially when it comes to fostering better and more equitable results for residents.

To date, the Government Performance Lab (GPL) has completed more than 200 projects across 35 states. Through this work, we’ve repeatedly seen governments successfully leverage their procurement function to make major progress on their strategic priorities. These results have informed our procurement excellence framework, which we hope will enable governments to assess the current state of their procurement practices and chart a course to turn procurement from a back-office administrative function into a real force for transformational change.

This document is a tool for action. As we walk you through each pillar in the framework, you will see highlighted strategies your government can implement, and view examples of how state and local governments have used these strategies to produce transformative results.

Pillars of Procurement Excellence

We believe that excellent procurement systems are efficient and fair, results-driven, equitable, and strategic.



Efficient & Fair

The procurement process is efficient, inviting, and transparent.



Results-Driven

Contracted programs, products, and services deliver desired outcomes.



Equitable

Procurement advances economic mobility for historically marginalized groups and delivers high quality services for all.



Strategic

Procurement is elevated and resourced as a strategic function.

I. Efficient & Fair: *The procurement process is efficient, inviting, and transparent.*

What Excellence Looks Like

An excellent procurement process is easy to navigate and accessible for all those involved – government staff, new and incumbent vendors, and community stakeholders. It’s also fair and transparent, with firms having faith that award decisions are being made based on merit and according to clearly established procedures. Vendors are eager to do business with government and know how to participate in the contracting process. Government staff don’t dread the moment when they must begin to write a new RFP or submit a requisition for a small dollar purchase. And ultimately, an efficient, fair, and transparent process means that a government gets the goods and services it needs quickly. Contract delays are rare, and residents are never left waiting months or years for a new program to launch because of purchasing-related hiccups. Efficient and fair procurement practices are the necessary foundation for a government to leverage contracting to achieve its strategic goals and intended outcomes for residents.

The Challenge

State and local governments are frequently stymied by slow, complex, and impenetrable procurement processes. Long cycle times and confusing procedures frustrate staff and result in more time spent on administrative tasks than on strategy. These inefficiencies also create hardships for vendors. Confusing or intimidating process steps – including notarizing forms and wading through RFPs that are hundreds of pages long – can deter firms from bidding.

Streamlining the procurement process is essential to freeing up staff time to focus on working to improve the performance of programs and services and in turn, results for residents. Without a streamlined and consistent procurement process, it is near impossible for governments to take a strategic approach to purchasing or attract a more diverse set of vendors. Efficiency is the foundational step ahead of a focused effort to be results-driven, equitable, and strategic.

The Solutions

- **Use process mapping and vendor surveys to diagnose and eliminate process bottlenecks and pain points.** Mapping each step of the procurement process creates a shared understanding, fosters buy-in to improve the process from key stakeholders, and helps diagnose bottlenecks. Vendor surveys and focus groups can further illuminate pain points firms experience when bidding.
- **Standardize and consolidate to reduce administrative burden.** Solicitation documents and associated forms should be concise, use simple language, and avoid unnecessary requirements. Document consistency can reduce review time.
- **Conduct a contract inventory to identify cost savings opportunities.** With a comprehensive perspective on purchasing, governments can eliminate duplicative or otherwise unnecessary contracts, spot opportunities to buy in bulk, benchmark pricing against what peer jurisdictions are paying for similar services, and prioritize procurements with rapidly rising costs for further strategic attention.
- **Improve the purchasing homepage on the government website to foster participation and competition.** A transparent, welcoming homepage can include FAQs for prospective vendors, published forecasts of upcoming contracts, and easy-to-access solicitation documents.
- **Track and share key performance indicators (KPIs) to sustain the focus on improving procurement.** Regularly reviewing procurement KPIs such as cycle times, the number of bids received, and the fraction of dollars going to small businesses with leadership creates accountability and signals a commitment to excellence.

An example from Tulsa, Oklahoma: Engaging staff to improve the procurement process



In Tulsa, few city staff understood the procurement process well, and some vendors felt overwhelmed or confused about how to do business with the city. With help from the GPL, Tulsa created the Procurement Excellence Steering Committee (PESC), a 16-member cross-departmental body that regularly identifies pain points in procurement processes, develops

solutions, and aligns practices across departments. PESC-led projects included creating process maps to identify pain points and implementing fixes to improve the vendor experience and save time (e.g., consolidating required forms, digitizing vendor registration, and shifting when in the process review by the Legal team took place). They also looked externally and issued a vendor survey that gave firms the opportunity to share feedback on the procurement process. Now, city staff have renewed engagement and interest in making procurement a vibrant, strategic function and cycle times have recently been reduced by nearly one month due to a streamlined procurement process.

II. Results-Driven: *Contracted programs, products, and services deliver desired outcomes.*

What Excellence Looks Like

From initial planning meetings through contract closeout, the entire procurement process is focused on results. Before drafting high-priority RFPs, governments analyze current outcomes to identify opportunities for improvement, undertake robust market research to learn about new approaches, and engage recipients of services to understand their needs. Solicitation documents center on desired outcomes and include non-prescriptive scopes of work that invite innovation from the vendor community. When appropriate, contracts specify performance targets and include incentives, which focuses both vendors and government staff on results. Contracts are actively managed through regular meetings with vendors to review performance data.

Ultimately, all these activities result in a government's priority contracts being more likely to achieve their desired outcome goals – whether that is faster emergency response times, better maintained parks, or improved access to youth behavioral health supports.

The Challenge

Too often, a standard RFP is a prescriptive list of activities, rather than an invitation for vendors to provide their expertise and collaborate. Scopes of work may be lengthy, highly restrictive, and recycled from prior RFPs – resulting in proposals that are focused on compliance and doing exactly what was done before rather than on results and on meeting resident needs. Frequently, governments hope this prescriptiveness will guarantee results from their RFPs and contracts, but the opposite often occurs. Without an identified outcome goal and a plan to track progress towards that goal, staff then resort to a “set it and forget it” approach to contract management. Residents, especially marginalized groups, might then see subpar services that do not meet their needs.

To advance outcomes and reduce inequities, governments should implement results-driven RFPs and contract management approaches.

The Solutions

- **Orient each procurement around the objectives it aims to achieve.** The planning process is a time to identify the intended outcomes that will be produced for residents from the government's investment and to align internal stakeholders around how this procurement will

advance outcomes. Identifying the intended outcomes can go a long way toward overcoming the tendency of departments or agencies to renew contracts without thinking about the potential to obtain better results from a new approach.

- **Conduct robust market research that puts residents first.** Activities that can inform RFP writing include consulting staff and content experts, reviewing past contract performance, issuing Requests for Information (RFIs), and gathering resident feedback.
- **Write scopes of work that connect to clear goals and invite vendor innovation.** Scopes should eschew excessive specificity and instead create opportunities for vendors to use their expertise creatively.
- **Actively manage contracts using real-time performance data.** For each contract, meet with the vendor regularly to align on project goals, track progress, and troubleshoot challenges in service delivery. Use real-time performance data to improve results over time.
- **Establish regular or end-of-contract vendor performance assessments.** Require staff to reflect on a contract's outcomes and record vendor performance in a centralized database. Procurement staff can then use these evaluations to inform future contracting decisions.

An example from the State of Connecticut: Using a results-driven RFP to encourage greater innovation and partnerships across providers



As a relatively new agency, the Connecticut Office of Early Childhood (OEC) lacked the internal capacity and frameworks for a centralized approach to grantmaking and oversight for critical social services. Procurement was seen as a purely administrative function; contract management was limited to measuring compliance, not impact on CT children and families.

Program liaisons knew services were being delivered but lacked the data to assess how effective those services were and what best practices could be shared among providers to improve services statewide.

In response, GPL fellows helped develop an entirely new process for procuring OEC's critical home visiting services. Fellows worked with the Grants and Contracts team to redesign OEC's standard home visiting RFP and include clear program goals, outcomes, and performance measures to establish an early framework for data-driven performance management. To sustain these changes, GPL trained staff on performance management and helped create a new staffing structure that offered regular touchpoints between vendors and OEC staff. Unlike past compliance-focused meetings, these touchpoints were dedicated to service delivery and impact. OEC staff and providers jointly review key performance indicators (KPIs) to measure progress toward outcomes, analyze any discrepancies across regions, and troubleshoot challenges to create consistent best practices across CT. Critical data around prenatal enrollment and racial demographics, among other topics, are now not merely reported on but used to continually improve and adjust home visiting services for equity and effectiveness. GPL's home visiting work will be OEC's standard approach for all subsequent social service contracts.

III. Equitable: *Procurement advances economic mobility for historically marginalized groups and delivers high quality services for all.*

What Excellence Looks Like

A government that successfully advances procurement equity meaningfully moves the needle on the number of contracts and dollars going to firms owned by people of color; but it doesn't stop there. An equity-focused government also keeps equity in service delivery top of mind, with the government learning from end users and regularly identifying and ameliorating inequities in service quality. Gaps in which residents are disproportionately benefitting or not benefitting from contracted services and programs are discovered and addressed.

The Challenge

Many governments state an intention to do more business with small firms and firms owned by people of color, but often struggle to meaningfully move the needle on the amount of dollars going to these businesses. Because it is easier to get a government contract once you've already done business with the government, the historic cycle of barriers for some vendors and privileges for others, uninterrupted, continues to favor larger, white-led businesses over those led by people of color.

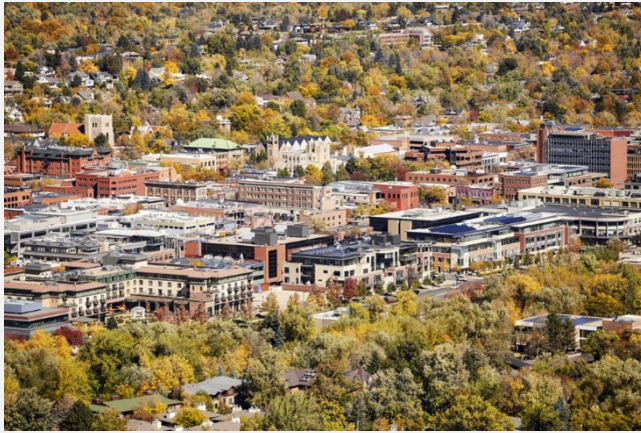
But equity in government procurement isn't just about which businesses receive government contracts; it's also about which residents are disproportionately benefitting or not benefitting from contracted services. Disparities may exist in the provision or distribution of government services across neighborhoods, regions, or populations. Because power and access to decision-making processes is often distributed inequitably, resulting resource allocations may also be inequitable. For example, potholes may be filled more quickly in areas of a city where residents have more political capital or power.

Procurement practices can become a powerful tool to help your government achieve more equitable outcomes for its residents and vendors.

The Solutions

- **Design RFPs with diverse businesses in mind and do outreach to encourage bidding.** Consider opportunities to recognize the specific value diverse businesses can bring and include questions that enable vendors to describe that value. Conduct targeted outreach to identify specific small firms and firms led by people of color and encourage them to bid.
- **Make it easier for all businesses to do business with the government.** Solicitation documents should be concise, use accessible language, and avoid unnecessary requirements. Provide clear process guidance and forecasts of upcoming procurements. Implement prompt payment programs and reduce excessive bonding, insurance, or other onerous requirements. Consider unbundling certain contracts to create better sized opportunities for small firms.
- **Invest in coaching and business development.** Host vendor fairs and networking events for small and diverse businesses and provide coaching or mentor-protégé programs. Connect businesses to upfront capital through grants and loan programs. Give feedback to unsuccessful vendors so they can improve.
- **Measure and correct service disparities.** Collect and regularly review real-time performance data by subgroup (e.g., certain populations or geographies) and meet regularly with vendors to have collaborative conversations about performance trends and outcomes. Take action to improve equity in service delivery after looking at this data.
- **Adequately resource all these activities.** Dedicate full time staff to focus on vendor outreach and/or restructuring upcoming solicitations to make them more appropriate for smaller businesses. Equally important – combine dedicated staffing with investments in coaching and business development.

An example from Boulder, Colorado: Closing access gaps through equitable contract management



In Boulder, the city's less affluent neighborhoods lacked access to reliable high-speed internet, limiting economic opportunity in the region and disproportionately affecting lower-income communities of color. The GPL helped the city procure a contractor to construct 65 miles of fiber optic infrastructure to close this digital divide. The Request for Bids

also articulated an approach to contract management that required regular collaboration between the contractor and the city and a plan for reporting data on timeliness of completion of key stages of work, including clean-up, so that all communities would receive a high level of service. By making explicit the project's goals and communicating with vendors about these goals, the city was able to contract with additional small and minority-owned businesses to do the work, in addition to reducing community disruption in all construction areas and creating more equitable access to broadband across the city.

IV. Strategic: *Procurement is elevated and resourced as a strategic function.*

What Excellence Looks Like

In a government where procurement is elevated, valued, and properly resourced, leadership views procurement as a core strategic function, rather than a transactional, compliance, or administrative office. Planning for procurement has become a strategic activity, with structures in place to continuously determine which upcoming procurements are high priority and deserve added attention, and these determinations occur early enough to allow the attention to occur. Staff development is prioritized, with the government continuously building staff capacity through training and coaching.

The Challenge

The norm is that procurement is not well understood and undervalued by government leadership, who view it as a back-office annoyance rather than a strategic tool to achieve a mayor's, county executive's, or governor's objectives. Accordingly, procurement staff themselves often view their roles as purely administrative instead of as strategic. Many procurement offices are under-resourced and face high staff turnover, further entrenching existing problems. Overworked staff may not appropriately prioritize procurements and may devote as much effort on a \$10,000 change order as they do on a \$5,000,000 new IT procurement. Solicitations are not planned and resourced as a portfolio of projects, but rather as one-off, often last-minute activities.

As they aim to transform and elevate the procurement function within their governments, procurement leaders must feel empowered to collaborate across silos, gain traction in the face of competing priorities, and build the high-performing teams needed to lead change.

The Solutions

- **Elevate the status of procurement work by engaging senior leadership, communicating early reform successes, and bringing greater visibility to the procurement function.** A senior leader can play a crucial role as an advocate by guiding and elevating frontline staff who think strategically.

- **Set up a strategic procurement process to forecast, prioritize, and appropriately resource upcoming procurements.** Staff should determine which upcoming procurements are of highest priority and allocate time and resources accordingly. For example, a government might identify 5 to 10 key contracts and task a team with strategic planning and results-driven RFP writing.
- **Create a peer innovation group of staff working on procurement that meets regularly to discuss high-priority procurements and implement further process improvements.** Devoting attention to these procurements through consistent meetings will help embed strategic thinking throughout the process.
- **Train a wide range of staff in taking a more outcomes-focused approach to procurement.** Governments should provide opportunities for professional development and continuously train and coach relevant staff on procurement best practices that connect to key goals.

An example from Glendale, Arizona: Creating a Strategic Procurement Team to transform the city's highest priority contracts



In Glendale, the decentralized nature of procurement contributed to multiple departments holding separate contracts for the same service with the same vendors, some of whom were lackluster performers. The GPL helped Glendale implement a new system for 25 program staff across city departments to come together as the “Strategic Procurement Team” and identify the city’s 3-5 highest-priority contracts

each year. While wearing matching Glendale Strategic Procurement Team t-shirts, participants pitched their ideas for where the city should focus attention using Ted-X style presentations. Then, city staff voted on the top procurements that would benefit from ongoing workshopping. Once these procurements were identified, team members worked in groups over three months in weekly sessions to address contract challenges and write new RFPs. After re-procuring three key services across departments in the first year, Glendale has continued this process in future years. This system has resulted in staff across Glendale embracing the strategic importance of procurement and has improved collaboration across city departments and building strong relationships among staff doing similar work in silos.

How to get started on these strategies

Transforming procurement to be more efficient, fair, equitable, results-driven, and strategic was a goal of many governments even before the COVID-19 pandemic. But now, as cities, counties, and states aim to maximize the impact from new federal funding streams, help their economies rebuild, and meet residents' demands for greater equity, the stakes are even higher. Thankfully, strategies exist to create change, and governments are already modeling progress. If you can marshal the energy and resources to change the status quo in procurement and contracting, the return on investment is clear. We encourage you to use the maturity model below to assess where you are on the path to procurement excellence and to gain ideas for your next efforts to pursue.

Tips for getting started

Across the country, we've seen how taking a results-driven approach to procurement and contracting has helped governments serve their residents better with less time, money, and frustration. But where to start? If you're just beginning on this journey, here are a couple of suggestions:

- **Staff adequately for transformation:** With ample resources, you would allocate one full-time equivalent (FTE) — a dedicated project manager — about a year to make systemic change. Making these major reforms just a small component of a few people's jobs likely won't be a sufficient investment. Or you might dedicate one-fourth of a person's time to fostering procurement process efficiencies, so that cycle times can be reduced, and dollars can be put to work more quickly for residents.
- **Or, if resources are limited, start with one RFP:** If, like many cities, you don't have an FTE to spare, download the GPL's [Guidebook for Crafting a Results-Driven RFP](#) and bring together a small team to apply these strategies to one upcoming RFP for a quick win.

If you have questions or would like assistance implementing the strategies described in this publication, please reach out to us at gplpen@hks.harvard.edu.

| Pillar | Focus | Where Many Governments Are | What Governments Can Achieve |
|---|--|---|---|
| Efficient & Fair: The procurement process is efficient, inviting, and transparent. | <i>Process Efficiency</i> | <p>The procurement workflow is inconsistent, lengthy, and/or overly burdensome with limited planning to determine appropriate resource allocation.</p> | <p>The procurement process is streamlined, clear and predictable, resulting in reduced cycle times, more bidders and proposers, budgetary savings, and happier stakeholders.</p> |
| | <i>Data & Transparency</i> | <p>Engagement with the vendor community beyond active procurements is infrequent and there is little transparency around what contracts currently exist or will soon be rebid. Many vendors feel the process is unfair.</p> | <p>Prospective vendors have easy access to upcoming procurement opportunities and feel that the government is transparent and fair in its decision-making. The government continually improves in efforts to increase vendor competition and to foster fairness and accountability.</p> |
| Results-Driven: Contracted programs, products, and services deliver desired outcomes. | <i>Solicitation Planning</i> | <p>Government typically engages in limited planning, research, and/or stakeholder engagement prior to RFP drafting.</p> | <p>For RFPs of strategic importance, extensive preparation to inform RFP strategy and content occurs, including robust market research, past performance analysis, vendor engagement, expert consultation, and client consultation.</p> |
| | <i>Solicitation Writing & Evaluation</i> | <p>RFPs are largely recycled from previous years, hastily drafted, and may lack a clear articulation of outcomes the government is hoping to see from the resulting contract.</p> | <p>RFPs are oriented toward achieving results by including goals and desired outcomes, performance metrics, non-prescriptive scopes, and purposeful evaluation criteria with a recognition of how different populations might be impacted by a service or program.</p> |
| | <i>Contract Management & Vendor Performance</i> | <p>Government oversight of contracts is primarily focused on compliance instead of management towards outcomes.</p> | <p>Contracts are actively managed and administered, including regular meetings to review performance data, evaluate vendor performance and outcomes, shape service delivery, and inform re-procurements.</p> |

| Pillar | Focus | Where Many Governments Are | What Governments Can Achieve |
|---|---|--|---|
| Equitable: Procurement advances economic mobility for historically marginalized groups and delivers high quality services for all. | <i>Vendor Diversity & Outreach</i> | <p>Little attention is given to increasing spending with small businesses and businesses owned by people of color beyond broad efforts to increase vendor competition and/or compliance with minimum statutory requirements.</p> | <p>Significant focus is devoted to increasing share of government dollars going to small firms and firms owned by people of color, including published progress towards goals, right-sizing or unbundling contracts and removing other barriers, extensive outreach, and funding for business coaching and development.</p> |
| | <i>Delivering Contracted Services Equitably</i> | <p>Service delivery data is rarely disaggregated by key demographics with limited opportunities for community/users to offer feedback. High-priority RFPs or contracts rarely include equity considerations.</p> | <p>RFPs and contracts for services are managed to learn from end users, incorporate equity considerations into contract terms, and achieve equitable service delivery, including correcting service disparities and improving residents' lived experiences.</p> |
| Strategic: Procurement is elevated and resourced as a strategic function. | <i>Collaborating with Internal Stakeholders</i> | <p>Leadership views procurement as primarily a transactional, back-office function, and the government procures without a strategy to advance key goals. There is no process for determining high-priority procurements.</p> | <p>Leadership views procurement as a core strategic function, and structures are in place to continuously determine which upcoming procurements are high priority, with equity included as a factor in prioritization.</p> |
| | <i>Training & Capacity-Building</i> | <p>There is limited formal training for government staff on procurement beyond basic rules and procedures.</p> | <p>Government continuously trains and coaches relevant staff on procurement best practices that connect to key goals and improve service quality.</p> |

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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