

Unbundling Large Contracts to Advance Vendor Diversity

Procurement Excellence Network (PEN) Training

August 9, 2023



HARVARD Kennedy School
Government Performance Lab

Welcome! Please
post in the chat:
Your name & what
government you
represent.

Icebreaker

Instructions:

Take 2-3 minutes to complete the Zoom poll on your screen

1. Has your government ever broken up a large contract into smaller ones to give small and diverse firms a better chance to compete?

- a) Yes, we've done this multiple times
- b) Yes, but only once or twice
- c) No, we haven't tried this
- d) Unsure

2. Who is leading the push for equity in procurement and contracting in your government?

- a) Elected leaders
- b) City staff
- c) Vendors
- d) Community-based orgs
- e) Changes in law
- f) Media or press

Agenda



Introduction & Icebreaker



Strategies for Unbundling



Government Case Study: City of Phoenix, AZ



Small Group Discussions

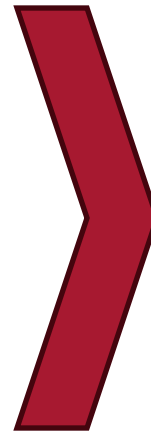


Feedback Poll & Wrap-Up

Small and diverse businesses face significant barriers to contracting with government

Common Challenges:

1. Difficulty navigating confusing websites to find opportunities
2. Long RFPs with unclear submission instructions and complicated requirements
3. Insurance and bonding requirements that require significant financial capital
4. Lack of targeted outreach
5. Vendors aren't paid on time
6. Size and scope of solicitations that are too large to take on, or with requirements that are too hard to meet



Impact:

Small and diverse firms have a much harder time bidding on and winning government contracts. As a result, these firms receive far fewer contract dollars than expected based on their availability.

“I don’t believe that small businesses have much of a chance on most bid opportunities”

Scenario #1: Transform the Streets of Citylandia

Are you ready to be part of history? Citylandia, a thriving metropolis known for its vibrancy, is seeking a skilled contractor to lead a repavement project spanning across its four distinctive downtown quadrants.

The sheer size and scale of this project is too big for one small vendor.

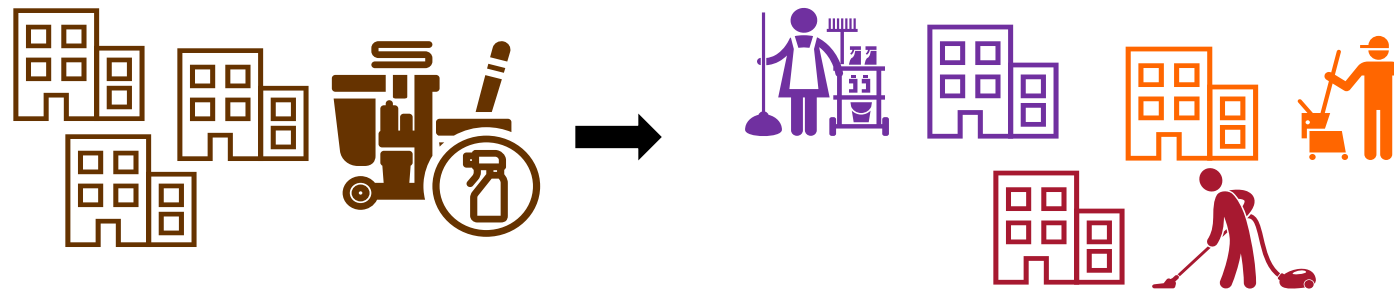
Scenario #2: Connect with Every Home in Countyville

With the county council's commitment to transparent communication, Countyville seeks a vendor to spearhead a door notification project. This initiative involves graphic design, printing, and widespread distribution of mailers to every doorstep across the county's diverse neighborhoods.

A lot of complexity in the project for one small vendor to comprehensively address all of these areas of expertise.

The Opportunity: Unbundle Large Contracts to Advance Vendor Diversity

- ✓ Encourage more businesses – especially small and diverse firms – to **compete on contracts previously out of reach**.
- ✓ Keep tax dollars from a public contract in the **local economy** and **invest in historically disadvantaged businesses**.
- ✓ Create an opportunity for businesses to **explore working with the government** and to scale up their business if they want to grow.
- ✓ **Reduce risk** by spreading responsibilities across multiple vendors.
- ✓ Foster **competition** and **innovation** by increasing the number of bids.



Group Discussion: What potential barriers or challenges do you see with unbundling?

- **Administrative complexity**: need to manage multiple contracts, potentially monitor different timelines, and manage multiple contractor relationships.
- **Increased costs**: prices could go up if the government is unable to take advantage of economies of scale.

Please post in the chat or come off mute:

1. Do these barriers/concerns resonate? What other thoughts do you have?
2. How have you addressed these challenges? Or how might you address these challenges?

Strategies for Unbundling

Criteria for Candidates for Unbundling

When starting a new solicitation or contract renewal, ask the following questions – answering "yes" is an indicator that your contract might be a good fit to unbundle into smaller opportunities



Contract Size

Is this one of your largest contracts?



Performance History

Have you had issues with this service, good, or product?



Contract History

Has this contract been awarded to the same vendor year after year?



Contract Interest

Has this contract previously had a lot of interest and competition?



Available Vendors

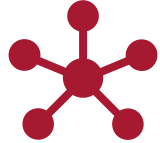
Do many qualified vendors exist for this contract or service type?



Contract Subcontractors

Could the contract include subcontractors?

Best Practices for Unbundling Contracts



Use the Right Method

Decide the best way to break up the scope of work - this may be by location if the contract spans a large geographic area or by responsibility if the contract contains different activities or scopes.



Build Vendor Capacity

Invest heavily in support for new vendors so they are prepared to respond to and win unbundled opportunities when they arise.



Conduct Vendor Outreach

Allocate resources to targeted outreach efforts, ensuring vendors that might not have worked with the government before are well-informed about the unbundled opportunities.



Build Internal Buy-In

Bring key stakeholders on board before you get started, especially if unbundling will impact their services or workload.

Subcontracting and benches as alternatives




When might you want to use subcontracting versus a bench?

- Subcontract: Large project with a defined scope and want a single vendor to oversee all work, like constructing a new building.
- Vendor Bench: Project with anticipated need but undefined scope or timeline, like standing repairs to a building that might arise at any point.


Government Example - RFP in Charleston, SC

- Charleston unbundled its existing contract for janitorial services for City buildings into two separate RFPs
- Reduced size and scope for each RFP
- All locations requiring special requirements like background checks contained in one RFP
- Creating two distinct RFPs allowed the City to have separate evaluations, dates to submit questions, and dates to submit proposals
- Approach resulted in more opportunities for small and diverse firms
 - Both RFPs awarded to an MBE
 - General Locations RFP awarded to a new vendor

RFP #1 for General Locations

	The City of Charleston Procurement Division 75 Calhoun Street, Suite 3500 Charleston, South Carolina 29401 P) 843-724-7312 F) 843-720-3872 www.charleston-sc.gov
Proposal Number: 23-P016R Proposals will be received until June 12, 2023 @ 1:00pm	
Proposal Title: <u>Janitorial Services</u>	
Non-Mandatory Site Visit: May 25, 2023 @ 9:30am - Beginning at 1906 Meeting Street	
Mailing Date: May 12, 2023 Direct Inquiries to: Robin B. Robinson	
Vendor Name:	FEIN/SS#:

RFP #2 for Special Locations

	The City of Charleston Procurement Division 75 Calhoun Street, Suite 3500 Charleston, South Carolina 29401 P) 843-724-7312 F) 843-720-3872 www.charleston-sc.gov
Proposal Number: 23-P014R Proposals will be received until June 8, 2023 @ 1:00pm	
Proposal Title: <u>Janitorial Services for Greenberg Bldg. & CPD</u>	
Non-Mandatory Site Visits: May 24, 2023 @ 9:30am Greenberg Bldg. 180 Lockwood Blvd.	
Mailing Date: May 12, 2023 Direct Inquiries to: Robin B. Robinson	
Vendor Name:	FEIN/SS#:

Government Example – Unbundled Janitorial Services

- This City unbundled location options within its upcoming RFP for janitorial services for City buildings
- Developed nine subgroupings of locations based on geography, square footage, and special requirements
- Respondents will be able to bid on one or multiple location groups
- Incentivized local respondents by including workforce goal of hiring local staff in evaluation criteria

Location Groups Will Be Included in RFP

GROUP	REGION	GROSS SF	Background check?	Any special (ex: health) requirements?
Group 1	Downtown	211,564		
Group 1	Downtown	201,800		
Group 1	Downtown	13,354		
Group 1	Downtown	329,031		
Group 1	Downtown	93,277		
Group 1	Downtown	27,035		
Group 1	Downtown	56,820		
Group 2	Downtown	381,896	Yes	
Group 2	Downtown	58,491	Yes	
Group 2	Downtown	402,180	Yes	
Group 2	Downtown	398,877	Yes	
Group 3	Eastern	12,617		
Group 3	Eastern	9,662		
Group 3	Eastern	14,320		
Group 3	Eastern	15,760		
Group 3	Eastern	800		
Group 3	Southeastern	21,872		
Group 3	Southeastern	36,738		
Group 4	Eastern	29,647	Yes	
Group 4	Northeastern	31,105	Yes	
Group 4	Northwestern	26,262	Yes	
Group 4	Northwestern	29,719	Yes	
Group 4	Southeastern	27,796	Yes	
Group 4	Southern	22,025	Yes	
Group 4	Southwestern	25,373	Yes	
Group 4	Western	25,508	Yes	
Group 5	Eastern	46,212		Special Health dept cleaning requirements
Group 5	Eastern	33,482		Special Health dept cleaning requirements
Group 5	Western	36,238		Special Health dept cleaning requirements

Government Case Studies

Phoenix, AZ unbundled landscaping contract that provided services across 400 locations

Prior to 2021, the City had been giving the vast majority of those sites to just two vendors (one of whom earned \$19M out of \$24M contract). After unbundling, the City received 2x as many responses and two contracts were awarded to small, local businesses.



Calling all landscapers: City of Phoenix hiring small businesses for hundreds of locations that need services



SECTION V – SCOPE OF WORK

CITY OF PHOENIX

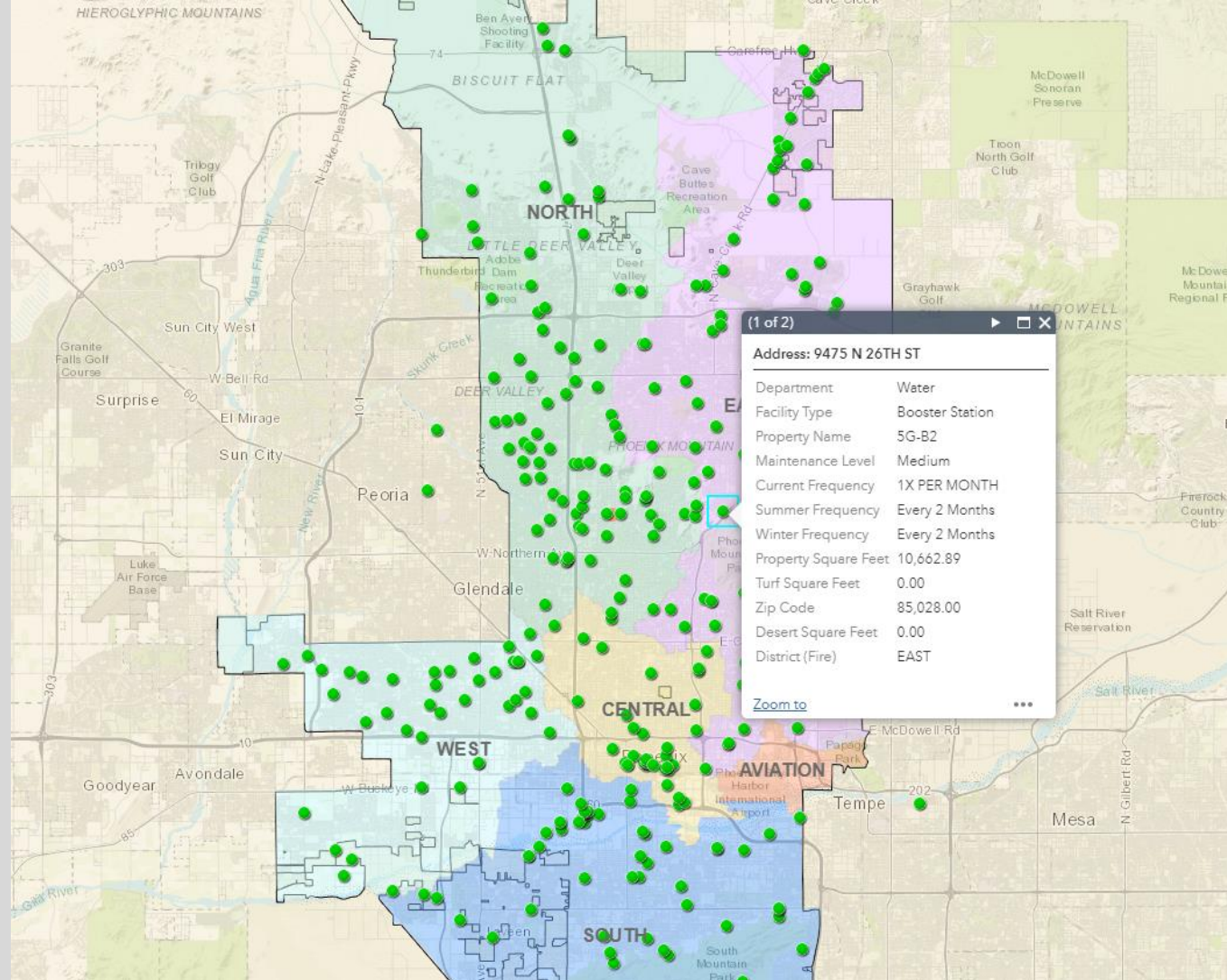
SCOPE OF WORK

1. PURPOSE:

The City is soliciting for landscape Contractor(s) for the performance of landscape maintenance services. The Contractor will be performing routine, project-related, and emergency grounds and landscape maintenance services for more than 400 water budgeted properties owned, operated, and maintained by various City departments. The City has incorporated water conservation elements are incorporated into this contract to reduce water use for irrigation, maintenance frequencies of landscapes, and overall costs. The City has established a water budget for specific locations, the sites are identified in Exhibit B – Monthly Water Budgets.

The purpose of water budget adherence and landscape maintenance at City properties is to maintain all aspects of the landscape so that:

- 1.1. Plants and trees are healthy and thriving;
- 1.2. Water is not over or under used;
- 1.3. The site is clean and free of debris;
- 1.4. The site is aesthetically pleasing; and
- 1.5. Property hardscape, irrigation systems, and landscape elements function as designed.



Phoenix – Landscape Solicitation Interactive Map

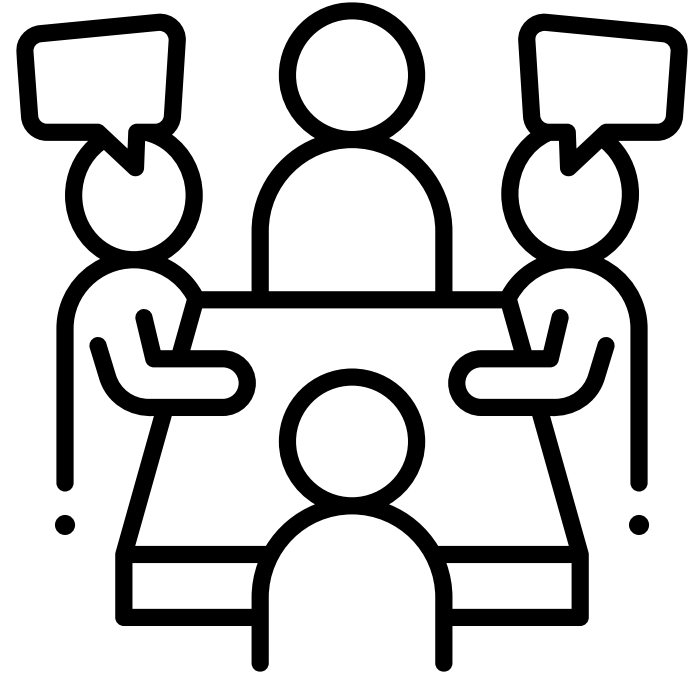
Small Break-out Group Discussions

Discussion Questions

We'll now take 10 minutes in break-out rooms to discuss how your government might begin to (or continue to) unbundle large contracts:

1. What is a specific contract your government could unbundle to advance vendor diversity?
2. How would you split that contract up? (e.g., by geography, by activity, or by scope)
3. What is one challenge you anticipate? How might you address that challenge?
4. Which stakeholders would you need to get on board?

There will be a GPL facilitator in each room.



Feedback Poll

Additional Resources on Equity in Contracting

Unbundling Large Contracts to Diversify Your Vendor Pool

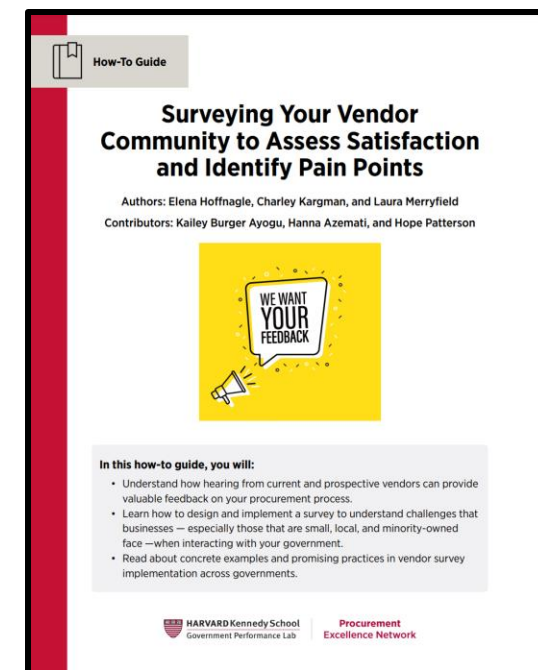
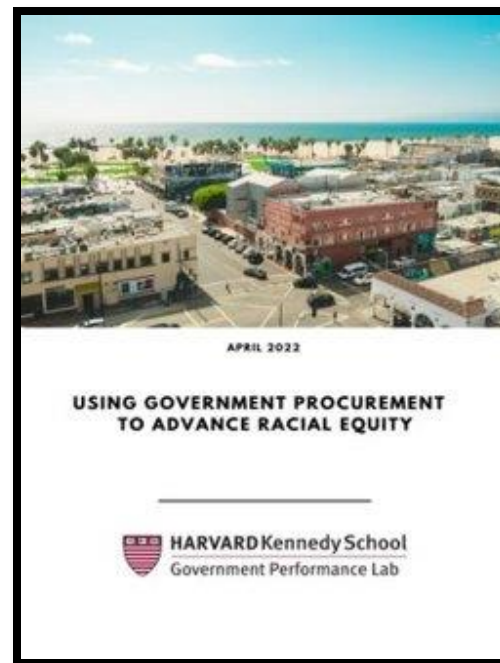
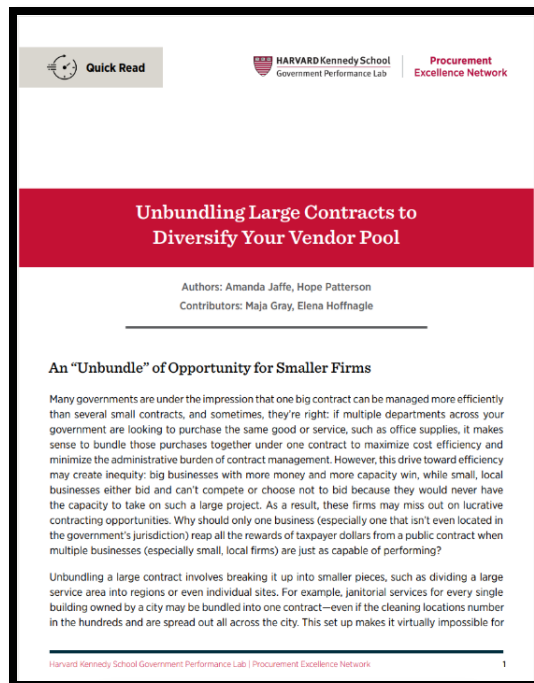
In this quick read, we talk about the basics of unbundling, how to prioritize contracts for unbundling, and additional best practices.

Using Government Procurement to Advance Racial Equity

This how-to guide highlights innovative procurement strategies that can help governments increase investments in historically marginalized communities and deliver services more equitably.

Surveying Your Vendor Community to Assess Satisfaction and Identify Pain Points

This how-to guide explores how to design and implement a vendor survey and highlights concrete examples and promising practices in survey implementation across different governments.



Continue the Conversation on PEN

- Post a question on our **Community Conversations** board or answer someone else's
- **Have additional questions? Sign up for 1:1 office hours with a GPL expert** to discuss how to begin unbundling in your government

How can I scan citywide contracts to look for unbundling opportunities?

I could use additional support designing a strategy to unbundle selected contracts.

Sign-up at <https://gplpen.hks.harvard.edu/contact-us/> or send us an e-mail at gplpen@hks.harvard.edu

The screenshot displays two main sections of the website. The top section is titled 'Community Conversations' and contains a welcome message and a list of community guidelines. The bottom section is titled 'Questions & Answers' and features an 'ASK QUESTION' button and a search bar. To the right, a 'Contact Us' form is visible, which includes a header with navigation links ('About Us', 'Resource Library', 'Events'), a title 'Contact Us', and a form with several input fields: 'First Name', 'Last Name', 'Job Title', and 'Organization'. The form also includes a note about feedback and a paragraph about the Government Performance Lab (GPL) offering office hours.

Community Conversations

Welcome to the Community Conversations online discussion board! PEN aspires to be a space for high quality learning, engagement, and collaboration among government leaders. Achieving this mission requires an environment of trust, mutual respect, and a commitment to truth. In accordance with our community guidelines, please adhere to the following when posting to this message board:

- You will demonstrate respect, honesty, and integrity when interacting with other members.
- You will not directly mention colleagues, vendors, or agencies by name without their explicit permission.
- You will not provide any false, misleading, or inaccurate information.

Please note, our Community Conversations page does not let participants upload attachments. If you would like to include a document or image in your post, please email your file to gplpen@hks.harvard.edu and we will create a link for you.

Questions & Answers

ASK QUESTION

Search questions...

Contact Us

If you work in state or local government, we want to hear from you! Please fill out the form below to reach out to us with any comments or questions.

Also, please let us know if you have any feedback on your PEN experience.

The Government Performance Lab (GPL) is always happy to schedule office hours (at no charge) to discuss a procurement challenge or a reform your government is working on. We are also happy to assist with using PEN resources, such as attending a meeting where you'll be delivering a PEN training or filling out one of our templates. Please indicate in the form below if you'd like to meet virtually one-on-one with a GPL expert.

* indicates required fields

First Name *

Last Name *

Job Title *

Organization *

Upcoming Events

In this roundtable, you'll hear from Chief Procurement Officers and other government leaders about how they elevated their procurement function to be more strategic and innovative. You'll also learn about how to communicate the importance of what you do within your government so that senior leaders and customer departments take note.



Moving Procurement from Administration to Activation: Unlocking Procurement's Potential as a Strategic Tool

Tuesday,
September 19,
1-2pm ET

Wednesday,
October 11,
1-2pm ET



Adopting Your Optimal Purchasing Threshold

Join us for a training breaking down what you need to know about effective purchasing thresholds – including when to modify them and when to leave them be. We'll help you evaluate if your purchasing thresholds are right for your jurisdiction, provide strategies for creating purchasing thresholds that maximize efficiency, and share examples of governments that have modified their purchasing thresholds to better fit their needs. And if you do decide to adjust your purchasing thresholds, we'll cover best practices for making the case to your governing authority.