



# Optimizing Pre-Qualification Approaches for Fairness, Speed, and Results

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In this How-To Guide you will:

- Learn about pre-qualification approaches and what distinguishes them from other procurement types.
- Learn when to create a pool of vendors, how to best prequalify your vendor pool, and how to manage and allocate work.

## Introduction

Government procurement processes are designed to be fair, transparent, and open to all. Those values are the reason why governments make purchases through competitive vehicles such as Requests for Proposals (RFPs) or Invitations to Bid (ITBs): formal solicitation processes that allow all potential vendors to participate, while providing a mechanism for the government to spend public funds with firms who will best meet residents' needs at the most reasonable price.

While RFPs and ITBs might be some of the most familiar formal procurement methods, they are not the only competitive procurement approaches that governments can employ; solicitations where

multiple vendors are pre-qualified for work can also be advantageous. This type of procurement can help governments more quickly hire vendors for as-needed work, while reducing the administrative burden for both staff and vendors that would result from issuing formal individual solicitations for numerous projects, duplicating the vetting of initial qualifications, expertise, and rates.



## Pre-Qualification Basics

### *What Is Pre-Qualification?*

There are several variations on the idea of pre-qualification; for example, a **vendor bench** is typically thought of as a pool of vendors who are pre-qualified for particular work, often resulting from an initial **Request for Qualifications**. Those vendors then are typically listed on an **umbrella or indefinite delivery/indefinite quantity (IDIQ)** contract, which allows governments to procure an indefinite quantity of supplies or services during a fixed period. **Job order contracting** is one type of bench, often used for construction, that is typically governed by specific rules around how and when this approach can be used and how vendors will be selected from the pool for a particular project or task.

### *How Does Pre-Qualification Differ from Traditional RFPs or ITBs?*

Imagine your government is looking to procure occasional, on-call IT support services. If you were to use a standard RFP structure that aimed to find the most qualified firm, you'd lay out your solicitation to include:

- General background information on your government and department.
- Context on your service or commodity need and any challenges you aim to solve.
- A detailed scope of work on what the awarded vendor will be asked to do, as well as minimum requirements for the vendor (for example, any licenses they must hold and the ability to respond to support calls within a minimum timeframe).

- The evaluation criteria you will use to assess proposals (for example, the number of staff available to respond to calls, or the ability to respond to support needs for specialized types of hardware or software).
- A full list of proposal submission requirements and questions, including basic information about the vendor and their experience in the commodity/service area.

You would then evaluate the proposals received and make an award to the vendor whose proposal best met your criteria and budget.

**In this situation, you might consider using pre-qualification instead.** In that case, you'd follow the same basic steps of describing the criteria that vendors must meet and the criteria that you'd use to evaluate proposals. However, you would also:

- Make it clear that you intend to pre-qualify multiple vendors.
- Include an additional section in your solicitation to describe how work would be allocated among the resultant vendor bench (perhaps you'd set up a process through which your staff could request quotes from vendors for individual IT projects throughout the life of the contract).

And after a contract had been awarded, you would be able to work with multiple vendors, following the processes identified in your solicitation to allocate work to a pool of vendors for specific IT projects.



### *When to Consider Using Pre-Qualification*

Pre-qualification is useful for any procurement where you are procuring for:

- Commodity and service types with a lot of competition in areas of work needed frequently by your departments and agencies.
- Frequently purchased goods, or services that will be required on an as needed or unpredictable basis. Thus, it can make sense to consider pre-qualification approaches for construction, building maintenance, architecture, landscaping, plumbing, electrical, and other trades, as well as consulting services, IT services, graphic design, and staffing services.
- The use of pre-qualifications can also be effective when purchasing goods. Solicitations can be used to pre-qualify vendors capable of providing needed goods within pre-established timeframes, at pre-established prices, or with other desired qualities, such as minimum warranty or service contracts. In this way, government buyers can acquire goods that meet baseline specifications without needing to know up front the exact quantity or date at which goods may be needed.

### *Why Use Pre-Qualification?*

These approaches have several benefits for governments. Most obviously, by pre-qualifying a pool of vendors to perform specific services or provide particular goods, governments do the legwork of contracting up front, which can cut down on the amount of time it takes between identification of a need and delivery of goods or services.

In addition to making the procurement process faster, pre-qualification can help governments accomplish other important goals. Hiring a bench of contractors is a great way to:

- **Decrease risk.** By pre-qualifying several vendors to perform the same type of work (for example, HVAC maintenance), you distribute risk more broadly. Having just one contractor hired for a contract means the government is dependent on that contractor for fulfilling the service; if anything prevents that contractor from delivering on its contract (for example, if they have a significant work backlog, or if they experience a sudden staff shortage), your heating and cooling might not receive the needed service in a timely manner. If you had a bench of HVAC technicians, you could easily reach out to as many vendors as needed until you found one that was able to do the work you needed in the timeframe required.



- **Make it easier to hire specialists or experts.** Vendor benches allow governments to procure services from a wide range of specialists available within a broader category of work. For example, if your government has several pavement projects and you have many vendors qualified to do paving and asphalt work, you might find that some of those vendors have a particular expertise, such as prep work, slurry seals, fog seals, or micro-surfacing. With a deep bench, your government could more easily and predictably know that they have access to a vendor with the specific specialist expertise needed.
- **Increase vendor diversity.** By pre-qualifying vendors and establishing up front that they all meet a minimum set of qualifications, governments can make it easier to work with new vendors, potentially increasing access to government contracts among small, local, women- and minority-owned firms, or businesses new to government contracting. For example, if your city historically hired one large landscaping firm to do all the lawn care for municipal properties across the city, you could choose instead to pre-qualify a bench of smaller landscaping firms and distribute work among them, perhaps even hiring these local vendors to provide lawn care at city parks and facilities near where they are located.

- **Spark competition and establish performance accountability.** Contracts that create vendor benches can include performance evaluation to help governments gauge whether a specific vendor has successfully performed on a job and mechanisms to reroute more projects to higher-performing vendors. That can encourage pre-qualified vendors to maintain a high standard of performance, as they know future work will depend on the success of their existing job.

**However, while pre-qualification approaches *can* yield these benefits, it isn't guaranteed!**

**All too often, governments prequalify vendors to a bench without a plan for how work will be allocated or how the bench will be managed.** As a result, the government ends up working with one or two vendors from the bench over and over, despite having a large assortment of firms to choose from and other qualified vendors who went through the trouble of signing a contract with your government. Luckily, there are techniques you can employ to set your vendor bench up for success.



## Tips for Making the Most of Your Bench of Vendors

The key to making a slate of pre-qualified vendors successful is planning. By being thoughtful about vendor selection and by creating guidance for your buyers or contract managers about how to use the bench, you're more likely to see the positive results we describe above. In this section, we'll share tips for optimizing your pre-qualification approach during five key steps in the lifecycle of your procurement and contracting process.

### 1 As You Are Deciding on a Procurement Approach:

- **Estimate how many vendors you need.** If there are only two local vendors who can do the type of work you're looking for, a bench might not make sense – but on the flip side, if you have too many vendors who become pre-qualified, you might create frustration among pre-qualified firms who never see work come their way. As you think about the size of your bench, consider the amount of work you anticipate, the number of vendors you want to work with (and have the capacity to manage), and whether there are many vendors available to do the work.
- **Decide on the right type of pre-qualification to use.** Provide clear guidance to vendors. Plan for how you will award work to vendors on the bench and clearly describe this plan in your initial Request for Qualifications or other pre-qualification process.
- **Determine whether vendors are likely to respond.** Without a critical mass of vendors, your bench won't be very useful.

Before you establish your bench, it's worth engaging in market research activities to determine if firms are likely to respond to your RFQ. Some factors to consider include:

- Are the anticipated services and intended scale you're proposing to contract for worth the time and effort vendors would expend in getting pre-qualified? Do these firms feel they have a high likelihood of getting work?
- Does your proposed contract allow enough time for vendors to respond to mini-bids or job order requests?
- Do vendors understand how work will be allocated on the bench?

Consider releasing a Request for Information (RFI), surveying your vendor community, or conducting other [market research](#) to gather this information.

### 2 During Initial Solicitation Drafting

- **Include the relevant details.** Vendors will appreciate having clarity on the key details of your proposed contract. Consider including:
  - Why a pre-qualification approach is being used
  - An estimate of how many vendors might be selected
  - An indication of the anticipated scale of spend, and the departments or agencies interested in utilizing the resulting contract
  - A clear description of how work will be allocated



- What prospective vendors need to submit as part of their proposal now, versus what they will need to submit for specific job orders or mini-bids later (a template or example of a mini-bid could be included in a solicitation appendix)
- How vendors can set themselves up to be allocated a substantial share of work (for example: performing well, responding to work offers quickly)
- What might cause a vendor to be removed from the bench (for example: not keeping insurance up to date, not responding to job requests in a timely manner)
- **Consider categorizing vendors.** As you're drafting the solicitation, think about how to divide up the work so that the categories you use make sense to both the vendors responding to your solicitation and the buyers using the vendor bench. Here are some common categories to consider:
  - **Project type or specialty:** The niche(s) a vendor fills;
  - **Seasonality:** Whether they can provide services year-round or whether they're limited to a certain time of year;
  - **Location:** Whether they can provide services throughout your entire jurisdiction or whether there are certain areas they do not or cannot operate;
  - **Specialized equipment they offer;**
  - **Specialty certifications** they hold or other professional licenses;

Make sure to label the pre-qualified vendors appropriately in your contract documentation or tag them in your online vendor database so that buyers or contract managers can later find vendors capable of performing the work needed.

## What if a Past Pre-Qualification Went Poorly?

There's risk to setting up a bench poorly: if you promote a vendor bench or job order contract to your vendor community as a way for them to gain access to government contracts, but then only work with one big-name firm or just a small handful of familiar vendors, you risk alienating vendors. If you find yourself in this situation, you might need to undertake some outreach to your vendor community to identify what were previous pain points and reassure them that you are taking steps to improve your contracting approach this time around. (Of course, you then must actually take those steps!) While spending time on this kind of vendor outreach adds to the upfront costs of establishing a bench, it can make the difference between successful service delivery and a less-than-successful pre-qualification contract.



**3 As You Allocate Work Within Your Vendor Bench**

The table below shares the pros and cons of various common methods for allocating work to a bench of pre-qualified vendors.

JOB ORDER TYPE	HOW IT WORKS	PROS	CONS
Abbreviated bid or proposal process, often called a mini-bid	Government buyers provide details about the goods or services they’re looking to procure to an established vendor pool; vendors then submit a quote or short proposal to the buyer within a set timeframe, followed by a quick evaluation process on a best-price or best-value basis. This may include vendors using pre-established price schedules from the initial RFP/ITB.	<ul style="list-style-type: none"> <li>Helps firms to think critically about whether they want to take on a project</li> <li>Allows for project-specific evaluation and pricing</li> </ul>	<ul style="list-style-type: none"> <li>Could feel overly-burdensome both to vendors and buyers, especially if the mini-bid process duplicates the initial RFQ or RFP response</li> <li>Could add a substantial amount of time to the procurement process</li> </ul>
Open call	Government buyers put out a request for quotes; the first vendor on an established bench to respond is awarded the work, without comparison to other quotes received.	<ul style="list-style-type: none"> <li>Speedy for the government</li> </ul>	<ul style="list-style-type: none"> <li>May preference bigger firms with lots of capacity and ability to respond immediately</li> <li>May not get the right vendor for the project based on specialization or proximity</li> </ul>
Performance-based contracting	Buyers or contract managers review annual or project-based performance reviews to determine which vendors on the bench to allocate more work to.	<ul style="list-style-type: none"> <li>Incentivizes vendors to perform well on specific projects to be considered for future work</li> </ul>	<ul style="list-style-type: none"> <li>Requires project managers to fairly and regularly evaluate vendors</li> <li>May need to be reconciled with price or vendor interest and availability</li> </ul>
Randomized or rotation-based contracting	Government buyers offer work to the first willing vendor on a list of vendors pre-qualified to perform the work (with lists being randomized).	<ul style="list-style-type: none"> <li>Fair, straightforward approach with minimal additional vendor submission requirements</li> <li>Allows for government to pivot quickly if a vendor declines a project</li> </ul>	<ul style="list-style-type: none"> <li>Vendors might not be the most qualified, interested in, or have the appropriate specialization to perform on a specific project</li> </ul>

## Using a Mini-Bid Template to Procure Complex Services

*New York City, NY*

In New York City, the Mayor’s Office for Economic Opportunity (NYC Opportunity) partners with City agencies to design, manage, and assess innovative anti-poverty and equity strategies. Where initiatives show promise, NYC Opportunity works with independent researchers to conduct customized evaluations, utilizing quantitative, qualitative, and participatory methodologies; these evaluations inform policy development and decision-making about whether to continue or expand select programs. In 2022, NYC Opportunity established a bench of 11 evaluation firms through a competitive RFP, allowing NYC Opportunity and city agencies to quickly select a partner to develop tailored evaluation strategies for their programs.

Now that the bench has been established, NYC Opportunity deploys a mini-bid template to fairly allocate work across the entire bench. When initiating an evaluation, the team drafts a new mini-bid and gives bench firms two to three weeks to submit a response no longer than five pages. The evaluation review committee awards points based on relevant experience, proposed approach, and value for money.

Although this approach has already streamlined the procurement process, NYC Opportunity is always iterating to improve even more. To build on these improvements, they have:

- Continued to survey all the vendors in their pool to solicit their feedback on areas for improvement;
- Started forecasting upcoming opportunities several months in advance of the mini-bid release to give bench vendors more time to prepare;
- Held debriefs with firms who are not selected to help them improve for the next project offering; and
- Put together a vendor handbook to explain the evaluation and bench process step-by-step.

NYC Opportunity is very proud to have found an efficient, strategic, and fair way to distribute work across multiple vendors.





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#### While Managing the Contract

- **Provide clear guidance to buyers.** Whatever method you choose for allocating work among vendors on the bench, government staff will need to be familiar with how to issue notices of work, how to select vendors from the bench, and how to evaluate vendors with whom they've worked. Often, central purchasing offices will create "How to use this contract" documentation to assist departments/agencies in understanding how to appropriately select and partner with vendors from the established contract.
- **Help facilitate initial connections between departments/agencies and vendors.** Often, central purchasing offices will host vendor bench kickoff sessions with a broader range of potential buyers within departments and agencies to explain the mechanics of the particular contract and allow vendors on the bench to share more about their experiences and services.
- **Track performance and report back to vendors.** Provide periodic reports to vendors throughout the life of the contract with statistics about the number of job orders initiated and the number of jobs or dollar value of work won by individual vendors, particularly if vendors' performance is being evaluated. This transparency helps vendors understand that the process is fair, while also motivating vendors to continue to respond to job orders.

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#### As You Close Out the Contract

- **Evaluate vendors.** If you have been tracking vendor performance during the contract, check that buyers or program staff have completed all performance evaluations required by the contract.
- **Gather feedback from vendors.** If your government will likely release a new Request for Qualifications or Request for Proposals to establish a new/updated vendor bench or job order contract, consider gathering feedback from your vendors to use internally. Determine what worked well for vendors during the contract, whether they felt the allocation of work was fair, whether requirements were burdensome, and whether the process might be improved. (For more information on surveying vendors, see our publication [Surveying Your Vendor Community to Assess Satisfaction and Identify Pain Points.](#))



## Maintaining Channels of Communication Between Government and Vendors

*Minneapolis, MN*

The City of Minneapolis, MN released a Request for Proposals from staffing agencies to provide temporary staffing to the city. By centralizing temporary staffing and hiring multiple firms that could offer temporary staffing services across departments, the city aimed to streamline and improve upon past experience to meet both its staffing needs and further its strategic goals.

Minneapolis was focused on contract management. In its RFP, Minneapolis made it clear to vendors that the city understood that “improved communication with [vendors] can improve their ability to respond to city needs,” and that, “[i]n particular, [vendors] may benefit from better visibility into the overall volume of work...and expected volume of work in the coming year.” To provide vendors with this information, the city indicated that it expected to meet with vendors once every six months to both solicit feedback from vendors on the contracting process and to report on:

- The overall volume of work across City Departments over the prior six months – the number and dollar value of temporary staffing contracts issued.
- The expected volume of work across City Departments in the coming six months – the number and dollar value of temporary staffing contracts issued during the same time period in the previous year.
- Performance trends across departments based on data collected through City performance assessment.



## **Conclusion**

Pre-qualifying vendors by means of vendor benches, job order contracting, or other similar mechanisms is a useful tool for purchasing offices looking to purchase goods or services relatively quickly while also minimizing risk, engaging a wide and diverse vendor pool, and incentivizing performance. By using the tips outlined in this publication to best pre-qualify vendors, effectively manage your contract, and choose when to use a pre-qualification approach, your government will be able to use these types of procurements to their fullest extent.

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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