

April 5, 2017 Meeting Summary and Notes
Public and Social Sector Procurement Best Practices Exchange
An Initiative led by Public Spend Forum and Michigan State University

Agenda: At the most recent meeting of Public Spend Forum’s Public and Social Sector Procurement Best Practices Exchange, leaders from across the public sector gathered to discuss three key topics on the agenda:

- 1) Mid-Tier Supplier Challenges in the Federal Market – (discussion led by Jerry Miles, Mid-Tier Advocacy, Inc representative)
- 2) World Bank Procurement Benchmarking Study Update (discussion led by Tania Ghossein, World Bank)
- 3) Public Procurement Draft Metrics Framework (discussion led by Ash Bedi, Public Spend Forum)

The attendees included Chief Procurement Officers and other senior leaders from US federal, state and local agencies including Commonwealth of Pennsylvania, Fairfax County Virginia, AARP, the World Bank, US Department of Commerce, US Department of Energy, US Department of Interior, US Department of Defense, Consumer Financial Protection Bureau, US Trade Development Agency, US Department of Treasury, Michigan State University and more.

The following is a summary of each of the three discussion topics.

1) Supplier Challenges in the Federal Market (and their applicability elsewhere)

Mid-Tier Advocacy, Inc (MTA) is a national business alliance that represents the nation's top “advanced small” and mid-size firms. Its goal is to leverage the collective voice of member firms to influence federal policies that impact their members’ growth and sustainability. *Public Spend Forum invited MTA to share some of the common challenges and strategies faced by mid-tier companies, as the issues are potentially similar across all government markets.*

(The MTA presentation will be available on the Public Spend Forum knowledge & community portal)

Jerry Miles described MTA’s goals as an organization and the challenges facing mid-tier companies that neither qualify as a small business or have the scale of large companies. Some of these challenges include:

- **No definition of mid-tier firms** – While the US Small Business Administration issues definitions of small business, there is no similar definition of mid-tier.
- **No support beyond small business graduation** – Adequate mentoring and support is not provided to companies that are graduating from small business programs. Additionally, many companies do not prepare effectively to graduate from preference programs.
- **Limited scale and resources** to compete against large companies.

"The question for mid-tier is should those companies (who rely solely on preference programs) even be in business?"

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- **Overly prescriptive past performance requirements** such as years of experience or very rigid requirements (e.g. exact certification required) limits competition and opportunities for mid-tier and other companies.

Potential solutions discussed included:

- **Preparation for off-ramping from small business programs** – Suppliers should proactively create opportunities for themselves, such as participate in industry days, identify partnering opportunities, work toward being able to deliver in a potentially increasingly competitive environment.

“Companies that are successful have strong technical abilities and core competencies and focus on developing them Rather than just relying on a preference program”
- **Improve mentoring programs** for small companies – Government agencies can improve their mentoring programs for companies coming off of small business programs. By way of comparison, in the private sector, companies with the best small business supplier programs provide mentoring and support to help small businesses scale up (to support the buying companies business needs) and better prepare to compete.

Creating incentives for larger businesses to team with the mid-tier was also discussed, predicated of course on identifying highly capable mid-tier companies with proven track records.

2) World Bank ‘Benchmarking Public Procurement’ Program Update

Tania Ghossein, Program Coordinator, presented and facilitated the discussion on the World Bank’s Benchmarking Public Procurement (BPP) 2017 report. The BPP report presents global data and analysis on legal and regulatory environments that affect the ability of private sector companies to do business with governments across the globe, covering 180 economies.

Tania’s discussion focused on 2 key pillars, with key data highlights outlined below:

(The World Bank BPP 2017 presentation will be available on the Public Spend Forum knowledge & community portal)

- **Pillar 1: The procurement process**
 - Country specific comparison showing gaps between the highest and lowest scores during bid submission phase
 - Availability of documents online varies across regions and depends on the type of information (seven regions compared)
 - Except in OECD high-income, nearly most economies in all regions require bid security
 - Payments are timely in only one-third of economies (heat map of countries shown)
 - Payment time ranges from 0-30 days all the way up to more than half a year

“It would be helpful for (US public procurement) leaders to look at the country level data and reflect on where their respective organizations fall”

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- Pillar 2: The public procurement complaint review mechanism
 - Time for complaint resolutions
 - Remedies available before first and second-tier review bodies

The World Bank's BPP framework can be a useful tool in informing policy and process improvements.

Visit BPP at: <http://bpp.worldbank.org/>

3) Public Procurement Metrics Global Study, by the Public Spend Forum and Michigan State University

Ash Bedi of the Public Spend Forum presented and facilitated the discussion to solicit feedback on the public procurement metrics framework, based on the global study led by Public Spend Forum and Michigan State University's Joe Sandor. The framework is intended to be a common tool that can be used by government agencies to measure and improve performance

Highlights of this discussion:

- The draft metrics framework includes an overarching framework as well as specific measures, a "Balanced Scorecard" of sorts for public procurement.
- The framework is explicitly aligned with public procurement outcomes and key public procurement capabilities necessary to achieve those outcomes. We identified this alignment as missing in much of the secondary research we conducted to date in support of this study.
- The framework was well received by the group as it consists holistically of 6 key areas:
 - Customers (e.g. actual value achieved by customer in relation to goals and mission, customer satisfaction ...)
 - Suppliers (e.g. supplier performance and perception of working relationship with the organization ...)
 - Procurement function indicators (e.g. savings, spend under mgmt., procurement function cost)
 - Social goals and policy compliance (e.g. achievement of social policy goals and adherence to regulations set forth by the relevant governing body (bodies))
 - Workforce perception and capabilities (e.g. procurement function staff skill and satisfaction levels ...)
 - Procurement organizational capabilities (e.g. core procurement organizational capabilities required of world-class organizations to achieve best in class levels of performance)
- The draft metrics framework is inclusive of what is referred to as the "Big A" in federal terminology, referring to the broader strategic acquisition function from requirements planning through contract award and on through contract and supplier performance management (and actually starts even before requirements planning and includes overall procurement planning to support customers' mission and the broader organization mission).
- **The group discussed clarifications** to the draft public procurement framework, including:

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- Of the 6 components of the framework, one is labeled “procurement performance”. Since the entire framework is itself procurement/acquisition performance, we will relabel this component.
- The framework should explicitly call out measurements pertaining to resources – inclusive of both people and technology/automation.
- **The group provided suggestions for driving adoption, namely:**
 - For each of the four public procurement value components of the framework, address 1) what public procurement professionals can do today with limited resources and 2) what can professionals drive for in the future.
 - Include customers as part of driving adoption of the framework (e.g. explain what procurement functions will need from customers, how customers’ input will be solicited, how procurement can better engage with customers ...).