

Field Scan on Innovation in Procurement
Provided to the City of Philadelphia

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The overarching goal of Philadelphia’s FastFWD project is to rethink and reform government procurement to make it an avenue for innovation in government. The purpose of this document is to provide background reference material and contribute best practice ideas to Philadelphia’s FastFWD project. Specifically, this document gathers information about current best practices and emerging ideas on procurement and government innovation to inform efforts to “fix” procurement processes in Philadelphia. Based on a review of the procurement reform and more general government innovation literature, we have identified relevant reform efforts that fall under three main categories: increasing participation in procurement, creating more efficient back-office processes, and building openness and capacity for innovation.

I. Current Challenges in Public Sector Procurement

Procurement of goods and services is an important function of government, accounting for about 1/3 of all public expenditures.ⁱ Unfortunately, the public procurement function is seldom optimized. At one consulting firm, efforts to improve government purchasing resulted in average cost savings of 28%, with one project delivering 40% savings in the first eight months alone.ⁱⁱ Procurement reform is something cities want to tackle — a recent survey showed that 75% of municipalities ranked procurement improvement as a medium or high priority for their city.ⁱⁱⁱ What challenges do municipalities face in implementing procurement reform? Much of the literature focuses on procurement of goods, but there are also significant opportunities for reform in procurement of services. The following pages describe technology, organizational, and policy challenges municipal leaders face in undertaking reforms.

Technology challenges:

- **Procurement departments may not have updated technology tools.** Back office functions such as procurement infrequently receive priority funding for new technologies and even less frequently combine the new technology with substantial business process reengineering. As a result, older processes persist, often to the frustration of procurement staff, vendors, and end-user customers in government agencies. Workarounds for time-intensive manual processes are sometimes created, which can lead to errors. And the sheer volume of paper involved can produce processing backlogs.
- **Data may be incomplete, inaccurate or scattered.** Seldom is there one central database that can aggregate spend across all agencies of government. In a city, the schools, the sanitation department, and the police department may have separate procurement functions without standardized ways of reporting spend. So even if a city wanted to aggregate its office supply purchases, the underlying data for those decisions is ad hoc at best. One example illustrates the value of consolidated data. A single defense agency had been buying 11 types of headsets for different parts of its organization. Only by bringing all the data together did they realize they could do one consolidated buy using common standards. They saved 25% on the cost of the

headsets – something they would not have been able to do if the data remained in its silos.^{iv}

- **Procurement managers may lack routine reporting on spend.** Owing to data challenges, siloed procurement functions, and a lack of skilled data analysts, few government entities have regular, consolidated reports on dollars spent by category or by vendor. Few have the capacity to do ad hoc analysis at a detailed level with data that is consistent from agency to agency. This hampers efforts to consolidate spend and achieve strategic sourcing savings.
- **Municipalities may lack transparency on contracting processes.** A survey of municipal procurement showed that information about procurement selection processes – such as the contract period, selection criteria, text of contracts, contract modification information, contract award amount, bidder information, bidder debarment status, and information about subcontractors – is not consistently available online. This can prevent vendors from knowing about bidding opportunities and also creates the impression that new vendors are not welcome to bid. An exception to this lack of transparency is the availability of Requests for Proposals, which 96 percent of cities report posting online.^v

Policy and organizational challenges:

- **Risk aversion stifles innovation.** Government procurement agencies are often driven by the goal of protecting public officials from scandal or embarrassment. This creates a culture of risk aversion and a lack of interest in innovation. Researchers have found that “public sector organizations are often willing to spend two dollars on control to avoid a one dollar loss to the public treasury.”^{vi} Furthermore, requirements to mitigate risk, like insurance and experience minimums, exclude many players from participation in public procurement.
- **Overly-prescriptive RFPs do not allow room for innovative ideas.** Cities usually determine both the problem and the solution prior to beginning the procurement process, excluding fresh and out-of-the-box ideas from the process.
- **Procurement staff and agency staff may not share common goals.** Too often the procurement department or the procurement staff within an agency are viewed as “process police,” the ones who will only say no and make a procurement process more difficult. In some organizations this is justified but in other cases it may be more perception than reality. The fact is often there are valid conflicting agendas and there is seldom a good model for cooperation.
- **Performance management has lagged in some procurement agencies.** Performance management has increasingly become the way government agencies function. However, support functions such as procurement have lagged in developing successful models to measure results and inspire improved employee and group performance. Procurement agencies could improve this by developing detailed job descriptions with clear performance goals and professional development metrics. Describing a clear progression from transactional buyer to category buyer to strategic relationship manager could help inspire growth and aspiration among employees.

- **Employee development may receive insufficient attention.** Perhaps the largest gaps between private sector and public sector procurement cultures can be found in the development of employee skills such as data analysis and negotiation. World-class procurement organizations provide a ladder for career advancement as well as professional and skill development opportunities. Too often, public sector procurement culture promotes the status quo and allows stagnation in employee development, with skillsets that are not keeping pace with the modern workplace. This is particularly troublesome for IT procurements, where staff may be purchasing technology they do not understand. Few government agencies train staff to perform total cost of ownership analysis, or to prepare cost-driver analysis. Training opportunities are few and incentives for innovation are scant. As a result, there is an uneven playing field when vendor sales representatives are negotiating against their government procurement counterparts – typically government loses in these negotiations.
- **Policy-driven procurement goals may conflict with other goals.** Government often tries to achieve public purpose through the procurement function. For example, government agencies may seek to support local businesses, businesses owned by women or minorities, or veteran-owned businesses. These are all valid public purposes that may not align with best price principles and may even conflict with one another. As Stephen Goldsmith wrote, “While serving as chair of the Anacostia Waterfront Corporation in Washington, D.C., I saw firsthand how difficult it was to implement the maze of social policy goals mandated by the City Council. Our procurement had to promote affordable housing, local contracting, minority contracting, environmental best practices and union-only contracting — some of which were inconsistent with each other.”^{vii} Any procurement reform effort in government will need to take these aims into consideration and balance these valid public purpose goals against cost reduction and procurement efficiency goals.

II. More Innovation Through Increased Participation

Increasing the number of people and businesses able and willing to contribute to government procurement requests will assist in bringing new ideas into government. A report last year by the Office of the Controller of the City of Philadelphia found that this was a critical area of improvement for the City: “Restrictions imposed by the City Charter have inadvertently reduced the number of qualified companies willing to bid, and will continue to inhibit the City’s ability to take advantage of longer term contracts, consequently increasing acquisition costs by millions of dollars per year. In fiscal 2011 there was only an average of three bids per solicitation and eight percent of contracts were awarded to single bidders.”^{viii} Cities can make procurement accessible to new bidders through generally reducing barriers to entry, better outreach and communication with vendors, restructuring procurements, and direct mentorship opportunities.

A. Improve availability of bid information, vendor relations, and outreach.

Technology can make bid information more widely available and also enable better communication between cities and vendors. An eProcurement platform can provide much wider public access and more consistent availability of information on upcoming and ongoing bids, which can increase the number and diversity of suppliers interested in participating. After implementing an eProcurement system, Virginia doubled the number of bids received for purchases of \$50,000 or less. This increased competition may have contributed to decreased costs, estimated by an outside consultant to be \$114 million.^{ix}

In the public sector, social media is widely used in public safety and emergency management as well as by central city administration, but seldom used by government procurement agencies. Some states that have implemented eProcurement solutions have extended their reach to vendors via social media. But this remains the exception, not the norm, and is an area for future exploration. In addition, customer feedback surveys are commonplace in the private sector. With online purchases and call center operations, the customer survey is nearly universal. And yet in government, customer input is not routinely sought. The State of Washington surveyed 2,500 of its vendors to get their input on making it easier to do business with the state, specifically focusing on consolidating procurement regulations.^x With the input of working groups that included vendors and procurement staff, the State of Washington has a new procurement statute which improves transparency and competition.^{xi}

Cities can also make larger changes to advance this goal, such as creating offices dedicated to outreach and partnerships. For example, in Denver, the mayor created the city's Office of Strategic Partnerships in 2004 to accomplish three objectives. First, it is building relationships between city agencies and nonprofits, including training sessions for city and nonprofit employees on areas of commonality and how to work together. City agencies are kept abreast of relevant issue areas with briefings, and nonprofits are taught how to contract with the city. The Office supports this inter-sector communication through a monthly e-newsletter to its 3,000 subscribers, offers targeted referrals to appropriate agencies, and schedules one-on-one conversations with particular agency contacts so that the particular nonprofit and city agency can learn more about each other's services and challenges. In 2012, more than 130 one-on-one Connection Sessions took place, resulting in 149 introductions to other city agencies and nonprofits, 67 percent of which resulted in further collaboration. Second, it supports ongoing collaborations between the city and nonprofits, including the Youth Mentoring Collaborative, the Teen Pregnancy Prevention Partnership, the Neighborhood Energy Action Partnership and the Denver Transit Oriented Development Fund. Finally, the Office works to maximize city and nonprofit resources to leverage federal and other competitive grants, share space, and distributes more than \$2 million in municipal grants.^{xii}

B. Provide mentorship opportunities and other assistance to increase the accessibility of government contracts.

Firms who have not previously done business with government may need help in understanding how to navigate the process. In partnership with Columbia University, New York City created a mentorship program for construction firms to prepare them to bid on city and university projects. In the first few years, the program helped those businesses receive \$32 million in City and Columbia contracts.^{xiii} Such programs can also increase the diversity of the bidder pool with higher participation from small businesses and woman- and minority-owned businesses. Another approach is to offer resources: The state government of Victoria, Australia awards vouchers in varying amounts to businesses that are developing or adopting certain desirable goods or services. Their Innovation Vouchers, for example, focus on increasing innovative research & development, while the complementary Technology Vouchers focus on developing industrial biotechnology, nanotechnologies, and advanced IT and communication technologies. Businesses that are awarded a voucher exchange it with a supplier to access research facilities, training, goods, services, advice or expertise. Suppliers can be privately-funded companies or publicly-funded research organizations, like universities or research institutes. The vouchers allow Victoria to provide those resources to businesses – from start-ups to established firms – in a responsive and flexible manner without directly using physical currency.^{xiv}

C. Break up large procurements into smaller pieces to make them more accessible.

Agile Development is a strategy that breaks up larger projects with long contracts into a series of incremental pieces with shorter timetables. It can allow departments to work more closely with vendors and adjust strategy as needed. When combined with performance metrics to measure progress, risk can be reduced and future contracts can be adjusted quickly. It also allows progress to be made on big, expensive projects, as opposed to waiting until all funding is available. The technique has been used successfully in a number of federal agencies, including the United States Postal Service. Breaking projects into components also attracts best-of-breed providers who specialize in that domain while allowing larger vendors to compete.

III. Greater Efficiency Through Better Procurement Processes

More efficient and effective procurement offices make government easier to work with and produce better results. The Controller's report identified this as a second key area for Philadelphia: "The City could potentially save nearly \$12.2 million annually by reengineering purchasing workflow processes and implementing new technology."^{xv} Old technology, paper-based processes, and a lack of attention to employee development all

hinder success. Implementation of eProcurement, better use of data, and staff development are important strategies for addressing these issues.

A. Implement digital processes to enable analytics and transparency.

A move to eProcurement creates significant process efficiency. Virginia estimates that it saves \$11 million each year in processing costs with its migration to electronic procurement. The cost savings is based on an estimated \$125 per transaction for manual processing versus \$15 for an electronically processed transaction.^{xvi} Implementation of eProcurement systems can facilitate transparency and increase vendor participation, promote competition and reduce prices, improve financial tracking and controls, reduce maverick spending, and promote efficiencies of workflow and approval authority. Other benefits include reducing cycle times, increasing staff efficiency, reducing re-work, enhancing accuracy and availability of reporting, and reducing environmental impacts.

Digitized processes also increase the quantity and quality of data available about procurement, enabling use of analytics for optimized performance. As part of its procurement reform efforts, the Georgia Department of Administrative Services created a statistical model to analyze its spend patterns by category, by agency, and by vendor. The resulting “refreshable spend cube” enabled analytics that were not previously possible, and created significant cost savings. The Pew Center for the States is helping to make this spend analysis tool available to other government agencies. It is being designed to operate with any back-end financial or procurement system.^{xvii}

This data can also be used to create a much more transparent government. Many government agencies are moving to put more data online about how they spend taxpayer dollars. This increases accountability for government officials and improves public confidence. In one example, the Commonwealth of Massachusetts posts on its website a searchable database of state expenditures called the Open Checkbook.^{xviii} This resource provides a graphical user interface for easily searching the \$52 billion spent by the Commonwealth each year. Results are shown in a user-friendly format. Searches can be done by vendor, by agency, or by category of spend. The website includes state spending on procurements and tax credits, as well as payroll and pensions. At the federal level, the IT Dashboard allows federal agencies, vendors, the general public, and other stakeholders to view the details and track the progress of federal IT investments online. The IT Dashboard displays data from 27 federal agencies, including general information on over 7,000 IT investments, as well as details on the major 700 investments.

B. Procure strategically by leveraging purchasing power.

Combining spend across agencies is powerful, as agencies across a jurisdiction combine their purchasing power to create bigger buys and achieve lower prices. An extension of this concept is to aggregate demand outside the jurisdiction by engaging in cooperative purchasing agreements. One example is the Western States Contracting Alliance, which created an electronic purchasing marketplace with over

60 cooperative contracts for state and local government, all available online. Contracts range from auto parts to office supplies to wireless communications. Aggregating spend across such a diverse and large group enables significantly reduced prices and advantageous contract terms. In addition, strategic sourcing is a tool to gain better pricing by leveraging aggregated demand and then selecting best price vendors. Strategic sourcing requires analytic skills to review current spend practices, assess opportunities for savings by category and by line item, and to use that data to negotiate prices with vendors. Accenture estimates that the strategy can yield a return on investment that is ten times the cost of the initial investment.^{xix}

C. Focus on staff development and incentives.

Professional development has been a key driver of success for procurement reform efforts. Detailed skills gap analyses can enable targeted and effective skills development for procurement teams. One leading chemical company trained staff on specific skills such as negotiation, the ability to reverse-engineer a supplier's true cost, and cross-functional leadership. This resulted in cost savings from 10 to 20 percent for a variety of categories. Other companies have found success in tailoring training to meet clearly defined skills gaps, with a professional development plan designed for each employee. Some firms are using employee online self-assessment tools to help develop individual development plans, clearly spelling out strengths, weaknesses, and development areas. A combination of classroom and online learning allows team building and efficiency.

One critical skill for procurement teams is active negotiation, which requires two things: information about pricing and the tactics to engage in successful negotiation. One way for government agencies to get comparative pricing information is with SmartProcure, a new, online platform that shares pricing, product, and vendor data from 58 million purchase orders from more than 2,200 government agencies. Training staff in negotiation tactics is also valuable. When Minnesota did so, they achieved savings of \$90 million from active negotiation by staff of vendor contracts.^{xx}

Gain-sharing is another important strategy to create a more efficient enterprise. In recent years, it has been used in a handful of municipalities to build a win-win for employees where they receive direct financial gain from their ideas. This can be done for an entire enterprise to encourage cost-savings ideas, as documented in Osborne and Hutchinson's book *The Price of Government*. When a procurement organization engages in gain-sharing, the cost savings achieved by reaching a broader audience of suppliers or negotiating lower prices with existing suppliers can be partially reinvested in the skills development and professional training needs of procurement staff. A Miami-Dade public health agency decided to try gain-sharing when faced with severe budget problems. Specific areas where staff were eligible for bonuses included re-bid of sole source contracts that increased competition and lowered price and savings negotiated below the vendor proposal amount as a direct result of the skill and tenacity of the negotiator. In addition, department-wide gain-sharing allocations were based on meeting strategic sourcing

targets. The pilot was far more successful than anticipated, with total savings of nearly \$16 million in procurement costs.^{xxi}

D. Make procurement decisions based on “best value” rather than just lowest price.

The lowest price option is not always the best option for the agency in the long term. Many public sector agencies have moved toward “best value” purchasing which allows factors such as total cost of ownership, vendor past performance, and quality to be considered in addition to price. When considering only price, an agency leaves itself open to lowball bids that require significant scope changes and budget increases, or that present quality and timeliness problems. Purchasing based on competitive bid pricing also does not allow an agency to simultaneously negotiate with multiple vendors and thereby achieve a lower price without sacrificing quality.

IV. Opening Government to Innovation

In another relevant trend, cities are creating and participating in processes to open government to creative and untested ideas by procuring solutions without prescribing them. A number of trends currently taking root in government are focused on creating greater room for innovation. Many of the largest societal problems require cross-departmental definition, data analysis, and action; these steps are a prerequisite for better problem-solving. Additionally, governments can define desired outcomes without prescribing the solution to ensure that the procurement process remains open to innovation, thereby avoiding the pitfalls of prescriptive RFPs.

A. Engage multiple departments and stakeholders in defining and addressing large societal problems.

Before cities can find innovative solutions to entrenched problems, they need to look at the problems systemically. For example, when researchers at Tufts University found that almost half of the first through third grade population of Somerville, Massachusetts was either overweight or at risk of being overweight, the city and a host of other groups developed and implemented intervention strategies for children’s health. The effort, called “Shape Up Somerville,” worked with the School Food Service Department to enhance the quality and quantity of healthy foods available to students. Teachers received training and permission to extend their curricula to include lessons on nutrition and physical activities, and now incorporate more physical activity in their own classroom time. All fourteen of the city’s after-school programs now incorporate crafts, cooking demonstrations, and physically active games. Parents and community members receive newsletters and lists of healthy foods and activities for their children. A walking committee received a grant to create Safe Routes to School walking and biking guides for students commuting to school, and extended the community bike path. And all school nurses now take height and weight information on all students annually. This solution to the childhood obesity epidemic took a system dynamics approach and involved

multiple stakeholders and leveraged many disparate resources to accomplish a single goal.^{xxii}

In June 2013, the City of Boston's Office of Business Development sponsored its first College Think Tank, an event that recruited more than 100 students across various disciplines from 19 universities. The event centered around a challenge: how to solve the issue of commercial vacancies in neighborhoods throughout the city. The students worked in facilitated groups to brainstorm and develop creative solutions alongside design thinkers, city representatives, and community partners. Promising solutions were then presented to relevant city agencies for continued exploration. The exercise proved so valuable that the city held its second Think Tank in November, where the challenge was to generate ideas for funding channels for small businesses.^{xxiii}

B. Pay for successful solutions to efficiently source innovation.

There are many successful examples of both government and the private sector using open challenges to find solutions to a variety of issues. This model engages a global audience in problem-solving and is efficient because the challenge poster only pays for successful results. On the federal level, Challenge.gov serves as a central site where any federal agency can host a competition open to corporations, academics, students, and others interested in helping solve complex public problems. XPrize is a nonprofit that seeks to stimulate international collaboration, research and development, and private financial investments to achieve big goals. XPrize manages public team competitions to solve a specific global problem put forward or sponsored by a company, philanthropy or federal government agency for a huge monetary prize. The first and most high-profile prize to date originated in 1996, when an entrepreneur offered \$10 million to the first team that could successfully build and fly a three-passenger vehicle 100 kilometers into space twice within two weeks. The contest motivated 26 teams from seven nations to invest more than \$100 million, and eight years later the Ansari XPrize was won. Four XPrizes are currently in progress, and one was cancelled due to the accelerated pace of innovation outside the competition. With the passage of the America COMPETES Act in 2010, the federal government is borrowing from the XPrize model with its Grand Challenges program. The program similarly seeks to incentivize new solvers to generate solution to its agencies' most intractable problems.

A private sector example has an important lesson for cities using challenges for large problems. Danish utility company Aarhus Water currently has an open call for ideas to redesign its Egaa wastewater treatment plant. But rather than calling for designs for the whole process, the designs are divided into four smaller challenges – carbon harvesting, biogas production, energy consumption, and smarter energy utilization – that people can tackle separately without any specific knowledge of wastewater treatment plants. Aarhus is not offering monetary compensation for winning ideas, but uniquely, it will allow the winner to maintain intellectual property rights after the company uses the design in its project.

On a city level, CityMart is a nonprofit that connects more than 50 cities and 1,000 businesses, social enterprises, and universities across the globe to create a marketplace for innovations. It helps cities publish “Calls for Solutions” when a problem is first identified but when no preferred approach has been selected. Additionally, CityMart has a program that can take the process a step further: “LLGA | Cities Pilot the Future” matches cities with the solution providers that offer the most promising solutions and facilitates a pilot program within 12 months. Cities from South Africa, Mexico, the Netherlands, and more have already successfully piloted smart parking systems, waste management systems, open data platforms, affordable housing solutions, and on-site composting. For example, the City Council in Barcelona, Spain has a two-year partnership with CityMart to create a worldwide open call for providers to offer solutions to six discrete challenges the city is facing. It will publish a “Terms & Conditions” guide to participation, support the implementation of chosen solutions with a €1 million Innovation Fund, and provide other incentives like tax breaks and access to public resources.

In addition to open challenges like the preceding examples, governments have also begun to implement a different kind of solution-focused idea called Pay for Success, where the government defines a desired outcome and pays for its achievement, rather than defining and paying for activities that may or may not be successful. Pay for Success is a general term for performance-based contracting between government and contractors, where government only pays providers if target outcomes are achieved. Social Impact Bonds are a type of Pay for Success mechanism that leverages private and philanthropic resources to finance social interventions upfront in exchange for a modest return on investment if the program is successful. In 2010, the United Kingdom announced a \$13 million contract to reduce recidivism rates among inmates released from Peterborough Prison, launching fourteen smaller contracts to improve all aspects of prisoner life, from foster care to workforce training. New York City followed suit with a Social Impact Bond to reduce juvenile recidivism rates on Rikers Island. Several states, including Massachusetts, Illinois, New York, Texas, Maryland, and New Jersey are currently in various stages of examining their use.

C. Create internal structures that invite and support innovation.

When government desires to build infrastructure to foster innovation, there are typically two models. The first is an office situated within government or one that is quasi-governmental, which can be found in Boston and Philadelphia (Office of New Urban Mechanics), Texas (OneStar Foundation), Pennsylvania (Office of Innovation), Oregon (Innovative Partnerships Program), Massachusetts (Government Innovation Office), and Louisiana (Office of Social Entrepreneurship), among others. The second model is a liaison who brokers partnerships across government or between government and the public, nonprofit, or business sectors.

Both of these models can catalyze and facilitate partnerships between government and other sectors, including philanthropy. Massachusetts, for example, recently procured a web-based innovation crowdsourcing tool called iCatalyst. The state is in

the process of rolling out the platform to effectively solicit, organize, and prioritize innovative ideas from a variety of internal and external constituencies.^{xxiv} Formal partnerships like the ones Massachusetts seeks to create allow governments to reduce their risk. In Oregon, the legislature created the Innovative Partnerships Program in 2003 to develop partnerships with the private sector for its transportation projects and also to respond to solicited and unsolicited proposals from private firms or other units of government. To do this, the state's Department of Transportation (ODOT) contracts with a variety of expert consultants to assist in project procurement, proposal evaluation, negotiation of public-private agreements, and management of the chosen initiatives. Because the legislature created the office, Oregon is one of only a few states with the legal authority to enter into public-private partnerships through negotiated agreement. As such, it can harness the private sector's creativity, innovation, flexibility, and entrepreneurship, resulting in unique, non-traditional approaches to solve transportation problems. When it receives proposals, they are evaluated based on the state's Administrative Rules criteria. ODOT is currently building up the statewide network of electric vehicle charging stations, installing solar panels along its sunny highways, and testing a highway value collection pilot project.^{xxv}

In addition to structures supporting partnerships, employees are another important source of innovative ideas. The employee suggestion box has been around for decades. Today, electronic suggestion boxes are taking innovation and accountability even further. The US Department of Transportation has launched a website for collecting ideas, and then nurtures and supports the resulting innovation projects to fruition. The Department created IdeaHub as an internal online community so that staff can create and share their ideas, experiences, opinions, knowledge, and best practices in a collaborative environment. More than 100 employee-submitted ideas have been adopted as a result of this initiative. Employee suggestions have addressed cost savings, increasing employee satisfaction, and intra-agency collaboration. Furthermore, procurement staff know how to make their organization better but simply have not been empowered to do so. A "too busy" mentality does not allow time to reflect on how to improve processes. The state of Minnesota procurement department invited staff to bring their best ideas for innovation to the procurement process and saved \$246 million.^{xxvi} Staff ideas included setting a minimum threshold of 30% for cost in proposal evaluation factors, developing statewide product standards, and improving staff negotiation skills.

APPENDIX I: Resources

REPORTS

Public sector, disrupted: How disruptive innovation can help government achieve more for less

Deloitte GovLab Study

http://www.deloitte.com/assets/Dcom-Global/Local%20Assets/Documents/Public%20Sector/dttl_ps_DisruptedFullStudy2012.pdf

Unleashing Breakthrough Innovation in Government

Stanford Social Innovation Review, Stanford University, Summer 2013

http://www.ssireview.org/articles/entry/unleashing_breakthrough_innovation_in_government

Effectiveness and Efficiency: Tapping New Sources of Innovation and Ideas Through Crowdsourcing

Booz Allen Hamilton, 2012

http://www.boozallen.com/media/file/Effectiveness-of-Crowdsourcing_VP.pdf

Local Government Procurement Survey

Code for America, Omidyar Network, and the Sunlight Foundation

<http://www.codeforamerica.org/2013/09/27/the-state-of-local-government-procurement/>

Procurement Open Data Guidelines

The Sunlight Foundation

<http://sunlightfoundation.com/procurement/opendataguidelines>

State and Local Government Procurement: A Practical Guide

National Association of State Procurement Officials

http://www.naspo.org/content.cfm/id/state_local_procurement_guide

Leveraging Enterprise Architecture for Improved IT Procurement

National Association of State Chief Information Officers, July 2012

<http://www.nascio.org/publications/index.cfm#148>

Meeting the Challenges of World-Class Procurement

National Association of State Procurement Officials

Briefing Paper, July 2012

http://www.naspo.org/documents/Meeting_the_Challenges_of_World_Class_Procurement_FIN_AL.pdf

States Buying Smarter: Lessons in Purchasing and Contracting from Minnesota and Virginia

Pew Center on the States, May 2010

<http://www.pewstates.org/research/reports/states-buying-smarter-85899379328>

Vendor's Guide: How to Do Business with the City of Philadelphia

Procurement Department, City of Philadelphia

<http://mbec.phila.gov/procurement/forms/Vendorguide.pdf>

Review of the City of Philadelphia Procurement Function

Investigative Report, March 2013

Office of the Controller, City of Philadelphia

<http://www.philadelphiacontroller.org/publications/audits/ProcurementFunctionReview2013.pdf>

Online Procurement Handbook

Pennsylvania Bureau of Procurement, Department of General Services

http://www.portal.state.pa.us/portal/server.pt/community/procurement_handbook/14304

Strategies for Procurement Innovation and Reform

IJIS Institute, December 2013

http://ijis.org/docs/procurement_report.pdf

ORGANIZATIONS

[GovTech Exchange](#)

[National Association of State Procurement Officials](#)

[National Contract Management Association](#)

[National Council for Public Procurement and Contracting](#)

[National Procurement Institute](#)

[National Institute of Governmental Purchasing](#)

[Institute for Supply Management](#)

EXPERTS

William Eggers, Senior Fellow at the New York-based Manhattan Institute for Policy Research.

Dr. Sherri Greenberg, Director of the Center for Politics and Governance at the LBJ School of Public Affairs at the University of Texas at Austin; Lecturer and Fellow of the Max Sherman Chair in State and Local Government. Recent publication, "Beyond the Bid: An Evaluation of State and Local Government Procurement Practices."

Clay Johnson, Founder of Big Window Labs and Blue State Digital, Former director of Sunlight Labs.

Dr. Jerrell Cogburn, Associate Professor and Chair of the Department of Public Administration, North Carolina State University.

Stephen Goldsmith, Professor of Practice at Harvard Kennedy School and former Mayor of Indianapolis, writes and speaks on government innovation and on procurement reform.

Steve Kelman, Professor of Public Management at Harvard Kennedy School has written widely on procurement reform and served in the Clinton Administration as an official at the Office of Management and Budget with oversight for streamlining federal government procurement efforts.

Trevor Brown, professor at the John Glenn School of Public Affairs. He is an expert on federal government procurement and has also written on state and local government procurement.

Sergio Fernandez, Associate Professor and Director, Ph.D. Programs in Public Affairs and Public Policy at Indiana University, has conducted research on state and local government procurement.

Cliff McCue, Associate Professor at Florida Atlantic University School of Public Administration is an expert on state and local government procurement and directs the research efforts for the National Institute of Government Purchasing.

David Gragan, Procurement Director, Consumer Financial Protection Bureau, has experience reforming public sector procurement efforts in state, local and federal government. He served as procurement director for the State of Texas, the State of Indiana and the District of Columbia.

Andrew Wolk, Founder and CEO of Root Cause and faculty at the Harvard Kennedy School of Government and MIT Sloan School of Management.

APPENDIX II: Points from Key Resources

Recommendations for Procurement Transparency Improvement from the Sunlight Foundation ^{xxvii}

- ✓ Provide online access to up-to-date information on the procurement process (including laws, regulations and specific contract information), so that new vendors will not be discouraged and citizens and watchdog organizations will be able to assess the fairness or effectiveness of the process.
- ✓ Each contract should be assigned a unique identifier that is used consistently through the lifetime of the contract – from solicitation to expenditure reporting – to allow departments and the public to follow the contract.
- ✓ Detailed bid documents for each contract, including the full text of the contract, should be posted online.
- ✓ Communications between bidders and procurement officers during the bidding process should be available to the public.
- ✓ Awards should be publicly posted as soon as they are awarded, including contractor and subcontractor information, selection criteria, the full text of the contract, any modifications, and any disputes and subsequent resolutions.
- ✓ An explanation of any justifications or exemptions to regular procedures should accompany the contract award information.
- ✓ Updated status information on the contract, including contractor and subcontractor performance, estimated and actual completion date, estimated and actual payment information and contract modifications should be posted during and after the contract period.

Procurement Reform Recommendations from the National Association of State Procurement Officials ^{xxviii}

- ✓ Eliminate complexity by reducing or consolidating the number of regulations per type of procurement policy.
- ✓ Find and eliminate redundancies and streamline the information-seeking and application processes for potential vendors.
- ✓ Automate and standardize processes across the various types of procurement, which can often be diverse and complex to reduce application and review time.
- ✓ Determine if complex oversight requirements by a legislature can be fulfilled or replaced by the audit capacity of automated procurement solutions.
- ✓ Discretion should be preserved and built into the procurement system for senior procurement officials, or those with subject matter expertise. For example, small purchase thresholds and procurement card limits for high volume transactions can be established.

ENDNOTES

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