



# **RFP: THROUGH THE SUPPLIER'S EYES CREATING CONNECTIONS TOGETHER FORUM 2017**

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## Origins of Inclusion Training in Minnesota

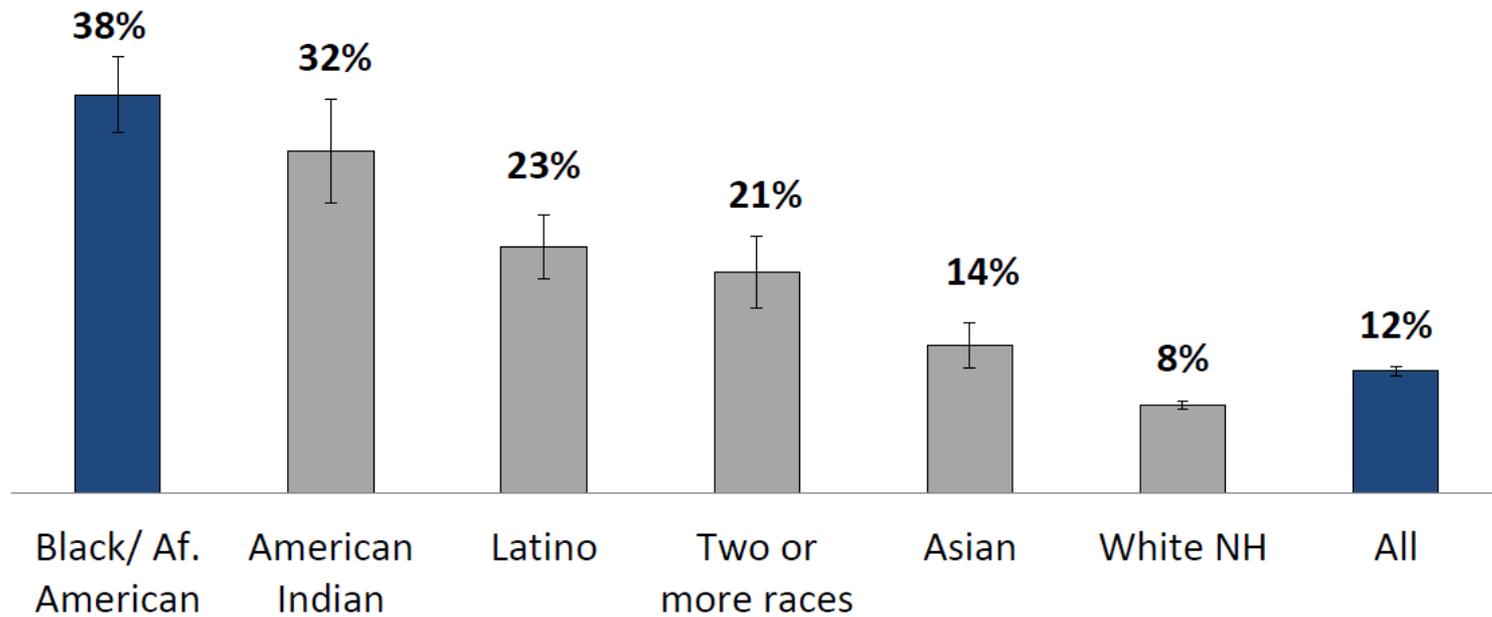
# A Tale of Two Contractors

(not by Charles Dickens)

- Contractor A
  - Started with an old pick-up truck and a dream
  - Was able to find resources, financing, mentors, and other opportunities.
  - Contractor A in turn worked with other minority businesses, mentored those businesses, and helped them find additional opportunities.
  - Serves as a role model to others and helps other achieve (a chain reaction).
- Contractor B
  - Also started with a pick-up truck and a dream.
  - Encountered barriers and obstacles at every turn.
  - Became frustrated and disenfranchised.
  - No longer seeks public contracting opportunities.

# Rates of Poverty

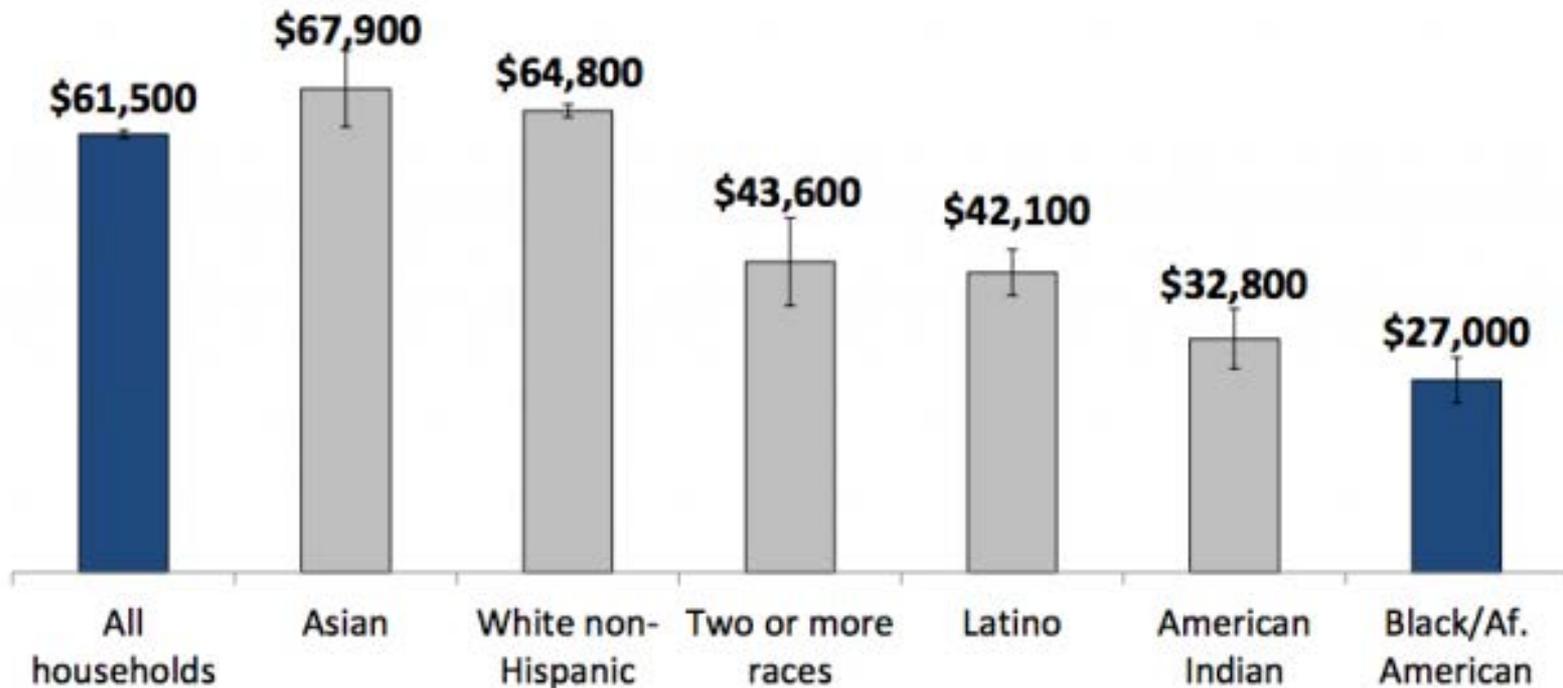
Percent in Poverty  
Minnesota, 2014



Note: Confidence intervals are shown at the 95% level.

# Median Household Income

Median household income, 2014



Note: Confidence intervals are shown at the 95% level.

## Minnesota's worsening racial disparity: Why it matters to everyone

Minnesota has some of the worst racial disparities in the nation — gaps that have widened over the past five decades and that soon may create a statewide economic crisis.

...As racial and ethnic minorities approach 20 percent of the state's population, all Minnesotans' economic futures will be influenced by how well those residents succeed.

- Pioneer Press, April 29, 2016

# FY 2015 – 2017 Spending – with Commentary

Category	FY17 Spend	% of Total Spend	FY16 Spend	% of Total Spend	FY2015 Spend	% of Total Spend
Asian	\$16,315,204.00	1.100%	\$10,616,293	0.682%	\$12,635,493.00	0.722%
Black	\$1,586,463.00	0.110%	\$882,429	0.057%	\$135,960.00	0.008%
Hispanic	\$2,780,672.00	0.190%	\$2,016,749	0.130%	\$1,449,871.00	0.085%
Indigenous	\$141,720.00	0.010%	\$356,689	0.023%	\$73,148.00	0.004%
Woman	\$47,241,273.00	3.200%	\$37,167,355	2.388%	\$39,897,957.00	2.328%
Disabled	\$207,581.00	0.015%	\$1,477,272	0.095%	\$1,101,024.00	0.064%
Economically Disadvantaged	\$6,044,551.00	0.390%	\$6,405,015	0.412%	\$16,598,245.00	0.113%
Veteran	\$6,839,966.00	0.460%	\$3,226,856	0.207%	\$1,938,922.00	0.969%
Total TG/ED/VO	\$81,157,430.00	5.500%	\$62,148,658	3.994%	\$73,560,620.00	4.293%
Total State Spend	\$1,430,941,035.00		\$1,556,104,862		\$1,713,463,144.00	

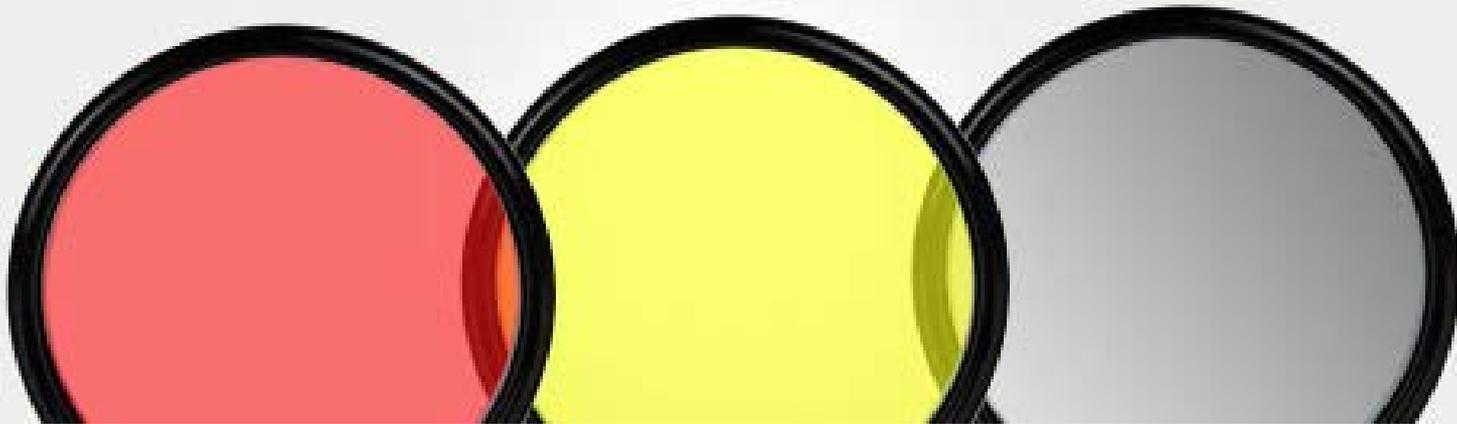
# FY 2015 - 2017 Spending

## The above amounts include:

- Direct spend with certified, Targeted Group businesses (i.e. the state money paid to a certified vendor for goods or services for which we directly contract with the certified Targeted Group, Economically Disadvantaged, and veteran-owned businesses).
- State dollars (general fund and non-general funds) but not federal dollars for highways and bridges
- Spend for all state agencies; excluding Minnesota Department of Transportation and other agency federal spend that is subject to disadvantaged business enterprise program and not Targeted Group. Excludes all University of Minnesota, Minnesota State Colleges and Universities, and Metropolitan Council spending.

## The above amounts do not include:

- Second-tier spend, meaning state funds spent with prime contractors who are expected to meet subcontracting goals. This is considered 'indirect spend.' The Department of Administration is working to measure this amount, but such data is not included in the SWIFT system.
- Spend with minority- or woman-owned businesses that are too large to qualify for the Targeted Group, Economically Disadvantaged, and veteran-owned certifications. The Targeted Group business program is a small business program.



## Through the Supplier's Eyes

- To better understand the struggles and barriers vendors often face when trying to navigate a public procurement process;
- To learn how you can be a catalyst and key to meaningful change (how you can make a difference); and
- To provide you with specific ideas and techniques to begin implementing a new path toward greater inclusion in our procurement processes.

# Our Role as Public Procurement Officials

- Promote fair and open competition
- Encourage broad and diverse competition
- Further social objectives as mandated by the legislature

# How effective are we at achieving these objectives?

- Do vendors perceive opportunities are fair and open to them?
- Do they feel able to participate, or do they believe it is futile?
- Are we succeeding in meeting our social objectives?



## How Supplier's Understand RFP's

Let's see for ourselves

# The Secret Box Exercise

- Please gather around the tables with a Box Exercise packet on them
- If you are sitting at a table that does not have a Box Exercise packet, please move to another table
- DO NOT OPEN THE PACKET until instructed to do so!

# Instructions

- Today we are going to be doing a little role playing and giving you a scenario where we can get some robust competition going. Bragging rights and recognition are at stake!
- You are no longer government employees. Each table is a company. Each table, as a company, needs to work together as a team and respond to the RFP.
- Your job is to respond to the RFP that is in front of you.
- Once I say go, I magically turn into a consultant with Open the Box Consulting. My fee schedule is posted. Your available funds are in your packet.
- Responses are due 10 minutes from now.
- I no longer have any free instructions for you. I am starting the clock right now. GO!

# BOX EXERCISE CONSULTING

SERVICE	FEE
Yes/No Question	\$100
1 Tip	\$200
2 Tips	\$300
1 <sup>st</sup> Step Demo	\$500

**NO REFUNDS!**

# What Barriers Did You Encounter?

- Not enough time
- Long and complex direction
  - Page 22 – Important requirements listed. Things that would exclude a business if not done correctly.
  - Page 28 – Actual instructions
- Lack of access (unequal access) to help
- Overly rigid requirements
  - Wearing Orange Disqualifies
  - More than 1 person with boots disqualifies
  - Pg. 26 – Insurance – Do we need auto liability insurance; Professional liability insurance?
  - Pg. 28 – Discussion of team's financial ability to complete the proposed work
  - Pg. 28 – A description of up to 5 similar boxes opened by the prime contractor
- Subjective requirements
  - Any table with individuals who, in the sole discretion of the state, appear overly frustrated.

# Were Everyone's Barriers the Same?

- Did anyone see one of us working with anyone before the training began? What does that represent?
- Two RFP's were flagged and highlighted and provided to two tables
- Not everyone had the same (or any) amount of money

# What Else Did You Notice?

- Was there frustration?
- Many of us see and use the RFP template often – Imagine what it is like for people unfamiliar with the forms?
- Was that a fair RFP process?
- Was it unrealistic?

# What Other Barriers Are Common in Solicitations?

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_



## Executive Orders

### Executive Order 16-01

# Executive Order 16-01

- Governor Mark Dayton signed Executive Order 16-01 (formerly 15-02)
  - Established Diversity and Inclusion Council
    - Employment Practices
    - Civic Engagement Practices
    - **Contracting Practices**

# Barriers Identified by Contracting Practices Committee

- The committee obtained information on barriers through presentations, group discussions, and survey results. The barriers identified fell into three main themes, namely:
  - Information/communication shortfalls;
  - Issues surrounding the cultural and competitive landscape; and
  - Process barriers.

# Information/Communication Shortfalls

- Barrier 1: Opportunities and Information are Difficult to Find
- Barrier 2: The Process is not Approachable or Understandable
- Barrier 3: Lack of Dialogue Between Agencies and Vendors — No Outreach or Feedback
- Barrier 4: Inadequate Tools and Resources

# Cultural and Competitive Landscape

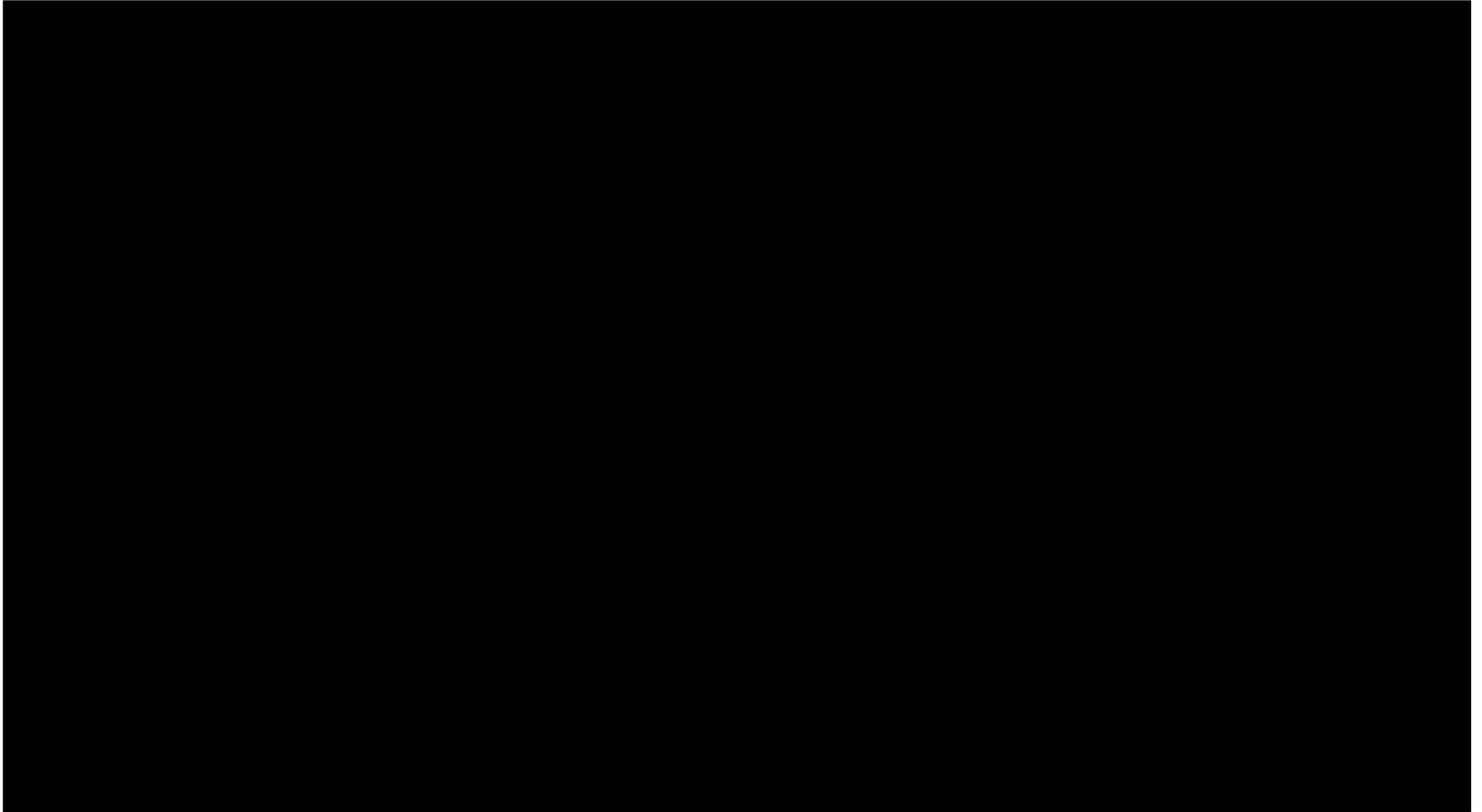
- Barrier 1: Competitive Landscape and Inability to Compete
- Barrier 2: Lack of Buy-in by Contractors and Agencies
- Barrier 3: Financial and Resource Limitations for Small Businesses
- Barrier 4: Questionable Business Practices
- Barrier 5: Disillusionment Among TG Businesses

# Process Obstacles

- Barrier 1: Difficulty with Certification Program Design and Implementation
- Barrier 2: Targeted Group Certification is linked to Business Size
- Barrier 3: Requirements Within Solicitations are Burdensome
- Barrier 4: The Structure and Mechanics of the Process Limits Ability to Respond/Succeed
- Barrier 5: Selection/Evaluation Process Favors Larger Businesses
- Barrier 6: Contract Requirements and Post-Award Practices Present Barriers



## Information / Communication Shortfalls



# Why share this?

- A large part of government procurement takes place by exchange of written documents
  - RFPs and responses to RFPs
  - Contracts
- Government can be unclear when describing what it needs
  - Written instructions are open to interpretation!
- Both parties have an idea of what **THEY THINK** the project is about



Where Do We Go From Here?

# What Can We Do To Make Solicitations Better?

- Avoid overly rigid or prescriptive specifications or requirements that favor established, long-term vendors
  - Does the responder need prior state experience?
    - Public sector experience?
  - Does the responder need 10 years of experience?
  - Timelines
  - Contract requirements (for example, insurance)

# Suppliers want to be empowered to take action!

- REMEMBER: Be clear and concise, but give suppliers the flexibility to tell you how they can best meet your requirements
- Don't tell your suppliers how to do their work, empower them to take action (it's all about context!)
  - State the need
  - Describe the need
  - Explain why the need
  - Describe the intended result
  - Repeat (as needed)
- Giving vendors additional context will help them resolve any ambiguity that remains in your statement of work in a manner that aligns with your needs

# Vendors want specificity!

- When writing your RFPs, try to be as detailed as you can in describing the issue you are trying to resolve or the work you are trying to complete
  - Careful to be detailed, but not overly prescriptive
- Have multiple people look at your RFPs – subject matter experts as well as people who are not involved in the project
- Practice “intentionally misunderstanding” what you’re asking for – is there any ambiguity?

# What Can We Do To Get Better Results?

- Better Communication
  - Meeting when there is no solicitation process in place
  - Calling or emailing to notify vendors of opportunities (once public)
  - Pre-proposal conferences
  - Bidder conferences
  - Question and answer period
- You can talk to vendors... and should... you just have to do it at the right time.

# Let's Make an Impact!

- Talk with other members of your group, and answer the following question:
  - What two (2) things will I do to make my next solicitation better and more inclusive?
  - *Be prepared to share!*



Thank you!