

Establishing a Vendor Evaluation System in Little Rock, Arkansas



The Little Rock Purchasing Team has been implementing reforms to improve the City's procurements.

As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro bono technical assistance to help Little Rock adopt results-driven contracting strategies across its entire procurement portfolio, improving consistency, vendor management, and data usage throughout the City.

The Problem: Little Rock's Purchasing Division historically performed compliance-based functions, shuttling solicitations developed within various departments to the City Attorney's Office and ensuring minimum standards were met during the procurement process. The City had been struggling with contracts regularly needing to be re-solicited due to an insufficient number of respondents or poorly constructed requests for proposals (RFPs) and requests for qualifications (RFQs). Additionally, the City became concerned that vendor competition and diversity were declining, and the lack of performance evaluations in previous contracts meant that departments often selected underperforming vendors. The City believed that centralizing the procurement process, improving consistency among solicitations, and focusing on vendor performance could result in increased competition and greater value for the City.

Applying Results Driven Contracting Strategies: To improve the procurement process and increase competition and performance tracking of vendors, Little Rock and the GPL:

- 1) **Conducted interviews with City departments to understand existing procurement practices.** The GPL and the City Purchasing Manager conducted 11 interviews across City departments to better understand existing procurement practices. The interviews highlighted that City staff found the procurement rules difficult to navigate,

practices were inconsistent across the City, and there was a hesitancy to engage with Purchasing staff since they were perceived to add bottlenecks to the procurement process. As a result, each City department went through its own process for developing RFPs, meaning that relevant staff were not always consulted on the development of a solicitation, vendors and Purchasing staff were often not expecting the procurement to be released, and expectations were frequently unmet. To address these concerns, the Purchasing Division developed several guideline documents for departments to follow as they create new solicitations, including who needed to be included at various stages of the process.

- 2) **Invited new and/or recently rejected vendors to speak with procurement staff about the application and procurement experience.** To better understand the procurement experience from the vendor's perspective, the GPL and the Purchasing Manager interviewed vendors that had recently either been awarded a city contract for the first time, or had applied and not been selected. These conversations flagged steps in the procurement process that were confusing to vendors and sometimes counterproductive in encouraging participation of new vendors.
- 3) **Designed a new outcomes-focused RFP template to improve consistency across the City.** Using the information gathered through the interviews, the GPL assisted the Purchasing Division in developing a performance-based RFP template. The template included directions for city staff on how to develop each section and ensured that each solicitation contained the appropriate information in a consistent format. Beta testing of the template allowed for staff to become comfortable with the new format and provide feedback on how to make it more user-friendly.
- 4) **Developed a vendor performance review framework.** To better track vendor performance and enable a dialogue with vendors about project progress, the GPL drafted a simple vendor performance review form. For the first time, the City was able to collect vendor performance information over the course of a contract—and across multiple contracts with the same vendor—and use that information to influence future contracting decisions.

The Results: In 2016, Little Rock transitioned 100 percent of their RFPs to the performance-based RFP template developed in partnership with the GPL, a practice that has been sustained. Since launching the new RFP template, the City has observed a decrease in re-procurements and change orders as well as increased cost control. Initial vendor performance reviews have been productive and poor performing vendors are beginning to be replaced. Furthermore, the City created a cross-departmental Procurement Task Force to review existing procurement policy and make recommendations for changes based on best practices and the work done with the GPL. These recommendations are presented to the City Manager who will then move them forward as changes to the City's procurement code to be approved by the Mayor and Board of Directors. These changes are expected to further improve contract management, increase vendor competition in Little Rock, and deliver greater value for taxpayers.