

Adopting a Strategic Procurement System in Louisville, Kentucky



As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro bono technical assistance to help Louisville design and pilot a strategic procurement system to improve the outcomes of the City's contracted dollars.

The Problem: Like many cities, Louisville simply renewed contracts year after year without assessing performance and considering potential improvements to contracts, thereby missing opportunities to achieve better results.

Applying Results-Driven Contracting Strategies: In order to identify the City's most important and challenging upcoming procurements and to develop solutions for improving the performance of the contracts, Louisville and the GPL:

- 1) **Designed a strategic procurement system.** The GPL supported the Division of Purchasing within the Louisville Office of Management and Budget (OMB) in designing a new strategic procurement system that would allow the City to systematically prioritize and focus staff resources on improving key upcoming procurements. Specifically, OMB:
 - a. **Established a Strategic Procurement Committee.** The Strategic Procurement Committee consists of senior department leaders that select key procurements or renewals that are expiring within the next quarter. These contracts are selected if they i) are high value or strategically important, ii) are coming up for renewal, and iii) could produce better outcomes through more strategic planning and management.
 - b. **Assigned working groups to each contract.** The working groups met six times to learn general contracting and procurement best practices, identify challenges for their assigned contract, and develop recommendations for improving the results of

the contract. Each working group was comprised of three members: one staff member from the department that held the contract, one staff member from an external department, and one staff member from OMB. The working groups shared their final recommendations with the Strategic Procurement Committee to get approval and implement changes.

- 2) **Tested the new system on three key upcoming procurements.** The Strategic Procurement Committee selected three upcoming procurements for piloting the new system. The pilot included a security guard services contract, a sidewalk repair and resurfacing contract, and an elevator maintenance contract.
- 3) **Refined the strategic procurement system based on the successes and challenges of the pilot.** Based on the lessons learned from the pilot, Louisville adjusted the structure of the system and formalized it. Notably, representation from the Mayor's Office of Performance Improvement and Innovation, the Office of Risk Management, and the Department of Information Technology was added to the Strategic Procurement Committee. The Committee is now also responsible for making recommendations to improve contracting and procurement system-wide. The working groups were streamlined and will meet less frequently to reduce the time requirements of participating in the new system. Finally, an OMB staff member is now in charge of coordinating and managing the system.
- 4) **Formalized opportunities to collaborate and share best practices from high-performing contracts across multiple departments.** Through the working groups, staff share solutions to contracting challenges and brainstorm new strategies. This formalized collaboration encourages staff across multiple departments to implement solutions developed by the working groups.

The Results: Louisville plans to incorporate the working group recommendations on the three pilot contracts as they are rebid. The Strategic Procurement Committee is meeting on a quarterly basis to review contracts coming up for expiration, identify those that are high-priority, and select working group staff members to analyze contract challenges and recommend improvements. Additionally, they will review purchasing data to identify trends and develop policies for system-wide changes, such as incorporating a vendor report card into facilities management projects.