

## Strategically Procuring City Services to Improve Resident Outcomes in Memphis, TN



*Discussion of procurement data during the Mayor's October 2019 Performance Review Meeting*

*As part of Bloomberg Philanthropies' What Works Cities initiative, the Government Performance Lab (GPL) provided pro-bono technical assistance to help Memphis elevate the strategic role of procurement in order to improve results of the city's high-priority contracts.*

**The Challenge:** Like many cities across the country, Memphis procures for a number of important services that directly impact the city's residents, including custodial services, technology systems, and fire safety equipment. Recognizing this, the city aimed to use procurement more strategically to improve the results of their contracted services and provide a better organizational and resident experience. Previously, procurement had been viewed as an administrative, back-office function rather than a strategic priority. While city leadership employed data-driven performance management practices for a range of core services across divisions, the role of procurement had been largely overlooked. The city had not allocated resources to planning for high-priority procurements, and resulting contracts often lacked clearly-defined goals or standardized performance metrics. This sometimes led to subpar service delivery, for example, inconsistent cleaning of city libraries and community centers where a number of programs are offered for residents. To address these challenges, Memphis aimed to set up systems to identify upcoming high-priority contracts on an on-going basis, better plan those contracts to improve resident-level outcomes, and use data to spotlight procurement process challenges which may be affecting contract performance.

**The Project:** With help from the GPL, the city of Memphis developed a new system to improve procurement processes and the performance of priority contracts. As part of this, project partners:

- 1. Began monthly reviews of procurement data with city leadership to address key contracting challenges and improve city-wide procurement processes**

The Mayor's monthly performance review meetings are one of the few opportunities for leaders across city divisions to come together and make decisions on the city's upcoming

strategic priorities. The Office of Performance Management, alongside the GPL, produced a series of procurement data dashboards to be discussed by city leaders at these monthly meetings. The data dashboards help to increase visibility into the procurement process, timing, and workload across the city. For the first time, city leaders are reviewing data on the length of the procurement process, the level of competition for city contracts, and the frequency with which the city is re-releasing procurements. This has both elevated the strategic importance of procurement and created a mechanism to identify procurement performance challenges that need to be addressed.

Bringing procurement to the table at the Mayor's monthly meetings stimulated data-driven discussion about how to address key procurement process challenges and gave the Chief Procurement Officer (CPO) a mandate to implement solutions to these challenges. For example, the data revealed that many procurements were being re-released due to insufficient competition - they did not receive any responses following their initial release. Ultimately, city leaders expect to review and use data to manage both internal procurement processes and service delivery for the city's highest-priority contracts.

## **2. Developed a new system to identify and improve upcoming high-priority procurements across city divisions**

Memphis' Purchasing Division (Purchasing), with support from the GPL, initiated a practice of regularly meeting with leaders from the top five city divisions with the highest volume of contracting activity. During these meetings, the Purchasing team and city divisions review upcoming procurements and determine which are the highest priorities for additional support. Once procurements are flagged as high-priority, the Purchasing team provides expertise to help divisions address contract challenges, standardize performance metrics, and apply results-driven contracting strategies to improve resident outcomes.

This new approach yielded opportunities for the Purchasing team and the GPL to provide light-touch support on procurements for medical equipment (defibrillators) for Fire Services and IT staff augmentation for Information Services. Project partners also worked extensively to draft results-driven requests for quotations (RFQs) for janitorial and landscaping services, two high-priority contracts for the city.

## **3. Drafted two results-driven RFQs to improve resident outcomes for janitorial and landscaping services**

During the meetings between Purchasing and city divisions described above, project partners identified two high-priority upcoming procurements that would benefit from collaborative troubleshooting and improvement efforts: janitorial services for the Division of Libraries and landscaping services for the Division of Parks and Neighborhoods. Since a range of programs and services are offered through the city's parks and libraries, they are among the most heavily used community assets and a challenge to maintain. Despite good working relationships between the city and its janitorial and landscaping vendors, maintenance of parks and libraries was inconsistent, and residents sometimes complained about the condition of these facilities. To help the Division of Parks and Neighborhoods receive consistent, high-quality landscaping services, project partners consolidated the division's eight separate RFQs (which were virtually identical in scope) in to one streamlined landscaping procurement. Similarly, project partners consolidated the Division of Libraries' three separate RFQs to contract janitorial services in to a single procurement. Previously, the divisions had released separate RFQs for similar services in the interest of making these opportunities accessible to small businesses. To retain this accessibility, the two new RFQs allow for contracting with multiple vendors and will be put out to bid through the city's sheltered market program.

To better communicate the city's goals for these services, both divisions used the RFQ to outline key outcome metrics and establish standards by which the quality of service delivery would be assessed: standards tied to the satisfactory performance of key landscaping and cleaning tasks. Divisions met internally to develop new inspection routines aimed at regularly verifying satisfactory service delivery and leveraged existing tools to streamline the generation of performance and inspection data. For example, both divisions developed a new tool within the existing performance monitoring system that will allow contracted service providers to submit time-stamped and geo-tagged photo documentation of service completion.

**The Results:** Through their efforts to improve results of Memphis' high-priority contracts, project partners have:

**1. Improved and streamlined two key city procurements, expected to yield cleaner libraries and better-maintained parks**

By consolidating eleven separate solicitations for landscaping and janitorial services into two RFQs, the administrative burden (number of staff hours) of procuring these services will be reduced by more than 50%. This frees up staff time to more actively manage the two resulting contracts: for the first time, the city of Memphis will regularly track whether its parks and libraries are being cleaned and maintained to a high standard and work collaboratively with vendors to ensure a consistently high level of maintenance. Using the performance metrics specified in the janitorial and landscaping services contracts, the city is set up to determine whether facilities are cleaner and more presentable for residents. Janitorial and landscaping services play an important role in how residents experience government; having clean libraries for services like youth after-school programs and well-maintained parks that everyone can enjoy enhances the way that Memphis residents experience their city.

**2. Established a longer-term strategy for using procurement to accomplish city goals and improve the resident experience in Memphis**

Introducing procurement data into the Mayor's monthly performance review meeting, which had historically focused on core government services like Police, Fire, and capital projects, helped elevate the status of procurement as a strategic rather than administrative function. Through consistent performance measurement and collaborative discussions, the city is able to increase the quality of high-priority services, ranging from landscaping or janitorial services to lead abatement or street re-paving, as well as make process improvements to increase the level of competition for procurements and reduce procurement cycle times.

In addition, Purchasing's regular meetings with division leaders has increased the number of city divisions regularly and accurately forecasting upcoming procurements from zero to five (the five divisions with the largest number of procurements). This is an important and necessary step in order for divisions to identify high-priority procurements and focus their efforts to get better results. This new system has led city staff to apply results-driven contracting strategies, including better articulating the goals for procurements, structuring selection and evaluation to reward proposals aligned with those goals, including metrics to track performance, and communicating a plan for contract management. As a result, Memphis is on track to create more value for its residents by better addressing challenges related to high-priority, poor-performing contracts and the city's procurement process in general.