

## Promoting Vendor Diversity in Boston, Massachusetts

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*Mayor Walsh signs a Memorandum of Understanding announcing the creation of the Boston Small Business Center in June 2017. (Mayor's Office Photo by Jeremiah Robinson)*

*As part of Bloomberg Philanthropies' What Works Cities initiative, the GPL provided pro bono technical assistance to help Boston improve its vendor diversity by contracting with more Minority- and Women-owned Business Enterprises (MWBES).*

**The Problem:** Contracting with government can be a challenge for MWBEs for several reasons. First, government contracts tend to be larger than private sector contracts and involve burdensome procurement processes that can be overwhelming for smaller businesses, including those owned by women and people of color. Second, minority small business owners may have less access to capital. In particular, small businesses often depend on family and friends for start-up and growth capital, and on average people of color have only a fraction of the net worth of white families. Third, people of color and women can face discrimination in the private marketplace. Like many other cities, Boston wanted to improve the racial and gender diversity of its vendors so that contracted dollars also support the City's equity goals. This effort further aligns with the City's goal of having local residents win a greater fraction of its contracts.

**Applying Results-Driven Contracting Strategies:** With the assistance of the GPL, Boston's Department of Innovation and Technology (DoIT), Department of Neighborhood Development (DND), and Office of Small Business Development (OSBD) collaborated on several initiatives to improve vendor diversity:

- 1) **Establishing vendor diversity goals and creating a performance tracking system to monitor progress toward goals.** In Boston, Mayor Walsh publicly set goals for increasing

the number of MWBEs with which the City contracts, signaling his commitment to vendor diversity to City employees as well as to businesses. Boston is also setting up an internal visual dashboard to monitor several outcomes for the City as a whole and for individual departments. In addition to reviewing the percentage of total contracted spending going to certified MWBEs, the City will track complementary metrics to get a more complete picture of challenges and successes. For example, the City will monitor the size and distribution of contracts to highlight if absolute or percentage spend targets are met by giving a small number of large contracts to MWBEs or by giving many small contracts to a small number of MWBEs. Either of these scenarios would suggest that the City or a specific department was not successful in its outreach or in building the capacity of smaller MWBEs.

- 2) **Streamlining procurement practices.** DoIT and other departments have streamlined procurement processes and focused on strategically structuring contracts to make contracting with the City more accessible and transparent. Process and systems improvements have included:
  - Improving timeliness of payment to vendors;
  - Encouraging departments to eliminate or lessen deposit or bonding requirements;
  - Clarifying language on the City's contractor registration website and creating a single landing page ([www.boston.gov/contracting-city](http://www.boston.gov/contracting-city)) for all organizations interested in working with the City;
  - Minimizing paperwork requirements, including allowing for documentation to be submitted electronically wherever possible;
  - Breaking up large contracts into multiple small contracts to increase accessibility for small businesses;
  - Facilitating partnerships between new and established firms, including by sharing contact information between businesses that attend City-led information sessions about procurements;
  - Sharing request for information (RFI) responses to publicize which vendors are potentially interested in a procurement, both to facilitate the formation of joint ventures between firms and to provide a window into how competitors view the opportunity; and
  - Providing feedback to contractors who did not win a bid on how to strengthen future applications.
  
- 3) **Expanding technical assistance for diverse vendors.** Boston has assembled a team of motivated DND and OSBD staffers, who are skilled in project management and business development and have roots in the communities they serve, to provide intensive outreach and technical assistance to small businesses, which are disproportionately MWBEs. These efforts include:
  - Providing one-on-one support and guidance to vendors on the City's requirements for business registration, certification, bidding, contracting, and payment processes;
  - Conducting workshops on business development in predominantly low-income or minority neighborhoods;
  - Partnering with nongovernmental organizations to increase access to capital and pro bono legal services for smaller vendors;
  - Attending community group meetings, including those affiliated with churches and trade organizations; and
  - Cold-calling publicly listed businesses to inform them of new bidding opportunities.

**The Results:** Initial signs suggest that these strategies can be effective. For example, DND estimates that 70 percent of its maintenance expenditures on City-owned, vacant plots in the first half of 2015 was spent on contracts with MWBEs. DND, OSBD, and DoIT are sharing their practices with other City departments as they seek to build momentum around improving vendor diversity throughout the City government. Furthermore, the City launched a New Small Business Center in June 2017, which will serve as a one-stop resource for small business owners and entrepreneurs, providing professional training, networking, and one-on-one coaching sessions. The Mayor's Office of Economic Development has also set out to conduct a disparity study to support the City's equity-based policies, with a request for proposals (RFP) for a consultant released in October 2017.