



## Evaluating Vendor Performance for Critical Resident Services in Gilbert, AZ

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*As part of Bloomberg Philanthropies' What Works Cities initiative, the Government Performance Lab (GPL) provided pro-bono technical assistance to support the Town of Gilbert in rolling out a new vendor performance evaluation system to improve critical resident services.*

**The Challenge:** The Town of Gilbert, aspiring to be 'best in class' in resident services, has made a concerted effort to invest in data-driven approaches to improve its operations. Recognizing that procurement is a critical part of this approach, staff wanted to ensure that every request for proposals (RFP) that the Town issued was used strategically to improve results for Gilbert residents. However, department staff sometimes felt they ended up paying for services that were mediocre or even performing poorly. The Town did not have the infrastructure in place to consistently monitor vendor performance, so contracts were often renewed by default, without regard to a vendor's previous track record. In some cases, department staff were aware of anecdotal accounts of poor vendor performance but did not feel equipped to act on this information, and in other cases staff just didn't know how vendors were performing. For example, for years Gilbert had contracted with a waste disposal vendor which had been (unknowingly to the Town) illegally throwing biohazard waste into a U-Haul truck.<sup>1</sup> Gilbert wanted a way to better collaborate with vendors and capture performance data, particularly for critical safety, public works, and economic development services that have a high impact on the resident experience.

**The Innovation:** With help from the GPL, the Town of Gilbert rolled out a new vendor evaluation system to drive service improvements and achieve better results for residents.

### **Implemented a Vendor Performance Evaluation System for Critical Town Services**

The Town of Gilbert processes nearly 1,000 contracts with a team of only four Purchasing buyers. To maximize these limited resources, Gilbert staff wanted to create an easy-to-use system for evaluating vendor performance for their most important contracts. Data from this system could provide a basis for better collaboration with vendors in order to achieve strategic goals for resident services. While staff wanted the evaluation system to help determine vendor non-responsiveness (in the case of serious issues), they envisioned it primarily as a resource for resolving problems collaboratively with vendors to improve contract performance.

With support from the GPL, the Gilbert Purchasing team developed an evaluation form for Town staff to systematically assess vendor performance and elevate any performance contract issues for professional services, non-professional services, and goods contracts. First, project partners identified essential dimensions of vendor performance, including quality, efficiency, and cost. Then, Gilbert staff developed a survey for departments to rate vendors across these dimensions for individual contracts. The Town's Office of Digital Government helped to develop a digital

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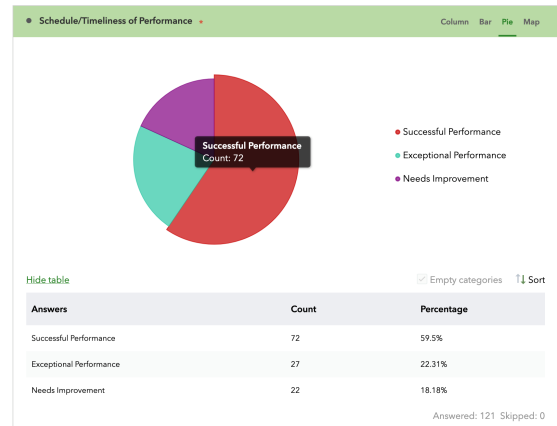
<sup>1</sup> Courtney Holmes and Joe Ducey, "Valley Biohazard Company Endangering the Public?," *ABC15 Arizona*, May 22, 2019, <https://www.abc15.com/news/let-joe-know/valley-biohazard-company-endangering-the-public>.

dashboard which is automatically populated with survey responses so that Purchasing staff can track vendor performance across all contracts. Every quarter, the Town evaluates 25 percent of its contracts (meaning each contract gets reviewed at least once per year). Contracts that are not performing well are subject to multiple reviews, as well as performance improvement meetings with the respective vendor(s). This new process has helped the Town communicate better and more often with its vendors, in addition to providing opportunities to modify contract expectations and elevate past performance data when making renewal decisions. The evaluation surveys and live dashboard standardize how Purchasing staff and departments work together to monitor and improve performance across the Town’s contracts.

The Town initially piloted the new vendor evaluation system with contracts for professional services (which historically had received a high number of complaints), focusing on high dollar contracts that were critical to residents. The Town distributed a survey asking departments to identify problematic contracts, and flagged approximately fifteen contracts experiencing performance challenges with which to test the new system. As a result, town staff worked collaboratively with vendors on these fifteen contracts to improve performance, and in three instances Gilbert decided not to continue with a vendor.

The Town then rolled out the system across all departments, following up regularly to help ensure that the evaluation surveys were consistently filled out, reviewed, and used to inform future contracting decisions. As part of this, Purchasing staff meet with department subject matter experts every six months and request they fill out the evaluation surveys for all of their critical contracts. When one or more contract dimensions (such as quality, efficiency, or cost expectations) needs improvement, the contract is flagged and formalized as a discussion item with the relevant department for support. For example, the image to the right shows that 22 vendors (out of 121) have been flagged in the Vendor Performance Evaluation System as needing improvement on the ‘Timeliness of Performance’ contract dimension. To resolve issues like this, department subject matter experts would often have collaborative performance improvement meetings directly with the vendor.

Vendor Performance Evaluation System:  
Timeliness of Performance Metric



### Using Performance Metrics to Evaluate Public Safety IT Services

Gilbert’s Public Safety Departments were going through significant information technology (IT) transformations. In the Fire Department’s effort to replace its existing record management system (RMS), which allows the department to collect data to locate and respond to incidents and emergencies, the department wanted to allow for more advanced predictive analytics and robust reporting. The GPL supported department staff in identifying critical short and long-term performance metrics to include in the procurement to reflect these goals. These performance metrics set the groundwork to meaningfully evaluate ongoing vendor performance once the contracts are signed. The Town’s new vendor performance evaluation system will allow department staff to track these metrics to ensure that vendors for these critical IT contracts are performing to the highest standard. As a result, project partners expect that selected vendors will provide Gilbert with high-quality public safety technology platforms, which in turn will help personnel respond to and resolve emergency situations more quickly.

**The Results:** Although it is still early after the rollout of the vendor performance evaluation system, the Town has seen promising results. In particular, project partners have:

**1. Made progress towards the Town’s goal of contracting with only high-performing vendors, in order to deliver ‘best in class’ resident services**

Due to the new vendor evaluation system, Town services and programs are better set up to meet pre-defined outcome goals that improve the resident experience. For example, departments most commonly analyze three performance metrics: responsiveness, quality of work, and scheduled timeliness, and any issues across these three dimensions are proactively flagged for follow-up.

Department staff have also used these metrics to identify exceptional vendors, and to communicate how appreciative the Town is of their services. The image to the right demonstrates the vendor performance evaluation dashboard in use, showing scores for the nine vendor evaluations that had been completed so far across metrics like timeliness, budget, work quality, and responsiveness.

Vendor Performance Evaluation Dashboard



The new system incentivizes high-quality services and has created new expectations around performance monitoring and improvement. Contracts are no longer renewed by default, and to date the Town has decided not to renew three separate contracts based on data from the vendor evaluation system. In the long term, Town staff hope to contract with only the highest performing vendors in order to deliver Gilbert residents ‘best in class’ services and programs.

**2. Built capacity of department staff to systematically monitor vendor performance and drive improvements in the delivery of critical resident services**

Purchasing staff, with support from the GPL, have delivered training sessions (and distributed templates/resources) on evaluating vendor performance across all Gilbert departments. Through these trainings and the roll-out of the new vendor evaluation system, Town staff have refined skills related to identifying relevant performance metrics in RFP solicitations, systematically collecting data related to these metrics and overall program goals, and collaboratively reviewing program performance with vendors. Gilbert staff have started to use these strategies across all of their critical and resident-facing contracts.

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