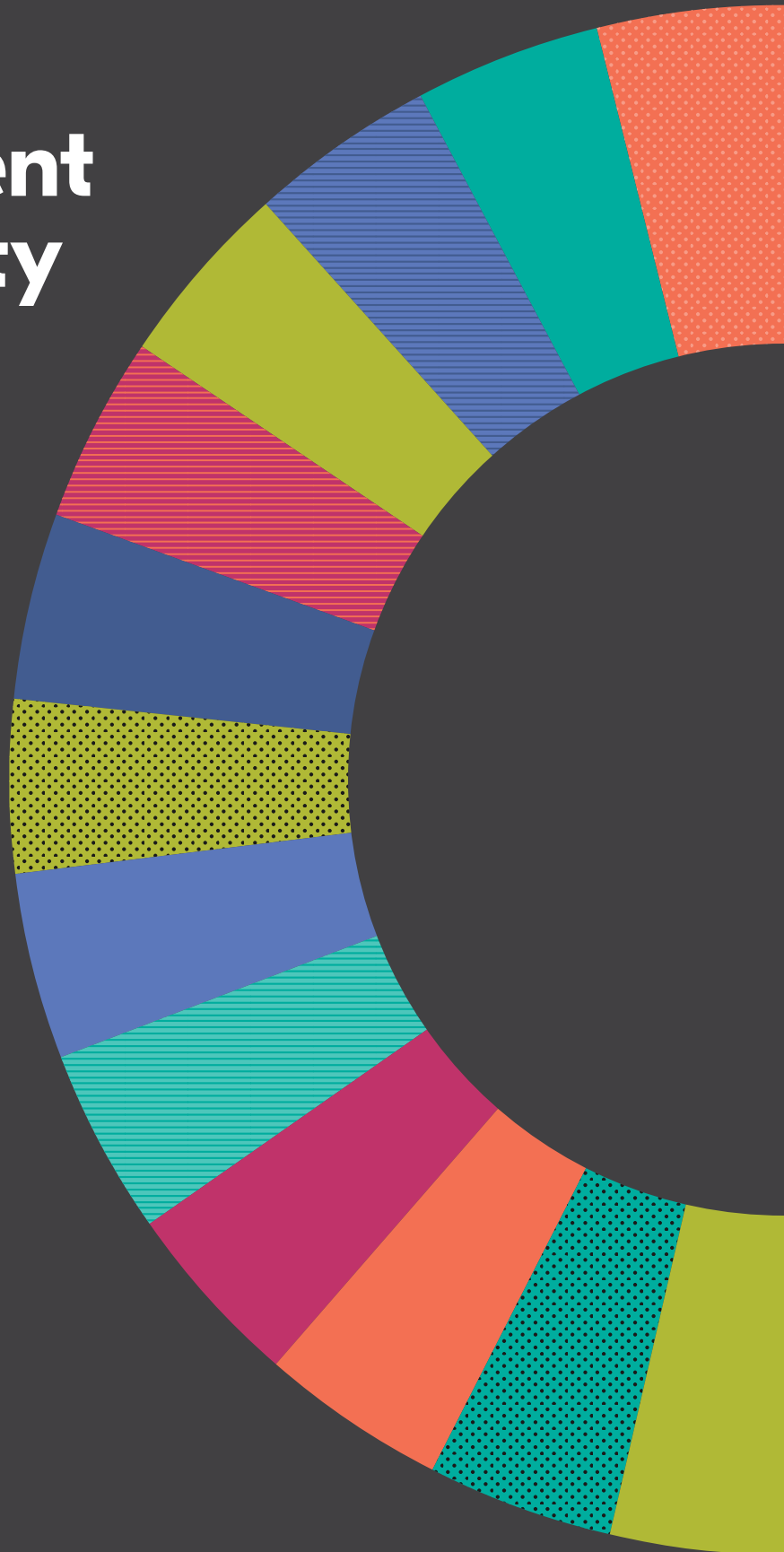


REPORT

# A Procurement Path to Equity

Strategies for Government and the Business Ecosystem



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REPORT

# A Procurement Path to Equity

Strategies for Government  
and the Business Ecosystem

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### With Thanks

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## Foreword



**Mayor  
Randall Woodfin**  
BIRMINGHAM, ALABAMA

My city, Birmingham, has long been at the forefront of civil rights advances. When the specter of Jim Crow cast a shadow of intimidation and oppression over the South, Birmingham became the battleground—quite literally—for a more just country.

*We wanted freedom.*

When the voting rights of people of color remained suppressed, we stood firm, we organized, we marched right up to the nation's capital, ensuring the rights guaranteed by our constitution were more than lip service.

*We wanted a voice.*

In 1979, when a 21-year-old Black woman, Bonita Carter, was unjustly murdered by law enforcement, our community rose up, enacting sweeping changes that reformed our police departments and led to the election of Birmingham's first Black mayor, Richard Arrington Jr.

*We wanted justice.*

Today, Birmingham's passion to be on the vanguard of ushering in a more just world is interwoven with the necessity of building a more inclusive economy. Our generation's battle for justice is predicated on our ability to create opportunity for residents whose talents have been too often overlooked, imperiling our own economic competitiveness.

Minority-owned, women-owned, and other disadvantaged business enterprises have been systemically blocked from experiencing the same successes as their counterparts.

What we want for them, and what our economy needs for them, is opportunity. The opportunity to create, thrive and become economic leaders in their communities.

The arrival of COVID-19 has presented unprecedented challenges for our cities. Like most major American cities, Birmingham is facing large revenue shortfalls, with small and minority-owned businesses bearing the brunt of the public health and economic crises.

Once again, Birmingham—and all communities across this nation—are at a crossroads.

This is the time to make change, for the small and minority-owned businesses that are the lifeblood of our cities, and for the revitalization of our economies.

That is why this report is so key to the rebirth of our business community.

In Greater Birmingham, Black residents make up 28% of the population. However, they own just 3% of businesses. That is the largest racial disparity in business ownership among major metro areas in the country. The gulf in Birmingham's racial representation of business ownership is both morally unacceptable and economically unsustainable.

Doubling the Black business ownership rate would create over 500 new businesses in the region and add more jobs in our community. Increasing opportunities for doing business with the administration can provide an important path to participation/prosperity.

In America's fourth largest majority-Black city, revitalizing our economy starts with revitalizing our Black community.

This report by the Aspen Institute Center for Urban Innovation and the Open Contracting Partnership establishes a starting point for pushing toward economic justice, offering a baseline for us to improve upon each year.

If large and mid-sized employers, as well as city governments like ours, collectively commit to doing business with women- and minority-owned businesses, we will create a more robust and inclusive economy. We will create new, strong contributors to our supply chains, while also providing opportunities to innovative thinkers and dedicated workers who have been denied a seat at the table for far too long.

**“In America's fourth largest majority-Black city, revitalizing our economy starts with revitalizing our Black community.”**

**Randall Woodfin**  
Mayor, Birmingham, Alabama

In Birmingham, 13 of our largest employers are taking this first step alongside my administration by publishing our performance in procuring with women- and minority-owned businesses.

*Join us.*

The well-researched recommendations outlined in this report make an urgent case for reckoning with the systems that have denied opportunities to minority- and female-owned companies. These reforms need to be underpinned by more transparency, better data, and proactive engagement with all stakeholders. We can no longer afford to stifle the imagination of a new generation of entrepreneurs.

This is our chance to once again reimagine the status quo by working together—for the sake of our country, for the sake of our economy, and for the sake of those business owners who deserve opportunity.

# Introduction

The economic crisis caused by COVID-19 has created an urgent need for procurement reform. Before the recent downturn, local governments in the U.S. spent collectively about \$1.6 trillion per year. Now they face severe revenue shortfalls at the same time as demand for their services rises among residents and small business owners struggling to survive. Minority-owned small businesses are particularly hurting: according to analysis completed this summer, the estimated number of actively working Black small business owners fell by 26%, Asian business owners by 21% and Hispanic business owners by 19%.

Local governments, communities, and philanthropists have recognized that “normal” processes and “business as usual” have left communities of color especially vulnerable to health and economic shocks. Long-term inequities and bias have put small minority- and women-owned business enterprises (MWBEs) in a weaker position to both get through the procurement process and survive the economic downturn. Despite years of programs and policies that aim to improve MWBE participation in government procurement processes, not much has changed—and some governments are spending even less on MWBEs than before.

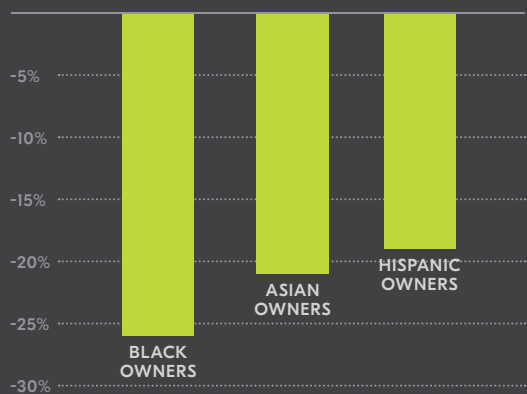
Yet local procurement reform offers a powerful opportunity for local governments to spend wisely and deliver the best service possible, spur economic development in underserved communities, and address longstanding systemic inequities that have locked MWBEs out of opportunities. More open, transparent, and outcome-driven procurement processes can help local governments leverage the spending power they do have to bolster the economic wellbeing and equity of their communities.

**“The people getting hit the hardest in this crisis are minorities both from a health perspective and economic perspective. We have to find a way to work with small minority- and women-owned businesses because they are the crux of the economy.”**

**Sky Kelley**  
Founder & CEO, Avisare

This report is a compilation of insights gathered from open conversations with topic experts and with Open Contracting Partnership and Aspen Institute community members. Its objective is to explore the role of local procurement in building more economically and socially just communities, highlight a variety of experiences and voices, and inspire action. The document is for policymakers, business associations, philanthropists, and others that seek ideas and actionable steps to address equity through the lens of local government procurement. It is not intended to provide a comprehensive survey of best practices or research findings.

**Drop in Active Small Businesses Due to COVID-19**



## Background

This report is based on input from 35 experts and community members from the Open Contracting Partnership (OCP) and Aspen Institute Center for Urban Innovation (CUI) who participated in a series of online conversations over the course of several weeks in the summer of 2020, as well as insights gathered from webinars and community calls held by the OCP and CUI since the outbreak of COVID-19. Respondents ranged from public sector organizations, such as the City of Austin and City of Buenos Aires, private sector organizations like Citymart and CoProcure, philanthropies including Bloomberg Associates and Chandler Foundation, to civil society institutions such as Transparency International and Harvard Kennedy School Government Performance Lab, and others.

Participants were asked to respond in free text to the questions: “How can local governments leverage and change procurement to support a more equitable economic recovery following COVID-19?” and “What role can philanthropy and ecosystem organizations play in supporting better local procurement practices to create opportunities for SMEs/MWBEs as part of COVID-19 recovery efforts?” The findings in this report represent a compilation and synthesis of their ideas, and is not intended to be a comprehensive survey of all potential solutions in this space or assess the utility of presented proposals. Where relevant, we have also cited additional best practices. Quotes have been lightly edited for clarity.

## Key Insights

- Good procurement is equitable procurement. Solutions that advance equity also support other goals like value for money, efficiency, and transparency, so there are myriad reasons for governments to adopt more user-friendly technology and processes, more open data, and outcomes-based contracting.
- Co-creating procurement reforms and solutions with frontline workers, vendors, and citizens will enable solutions that successfully help SMEs/MWBEs overcome barriers to entry.
- Technology cannot fix everything. As we note in the solutions chart, many ideas for improving how procurement is done involve change management, process improvement, and communication.
- Ecosystem actors including community organizations like chambers of commerce, philanthropies, different levels of government, as well as businesses, could play a bigger role in supporting a more equitable municipal procurement system. Right now the government and some businesses and nonprofits are the primary actors pushing for changes in this space. However, experts identified many opportunities for new actors to step in and support change.

KEY FINDINGS

# Executive Summary

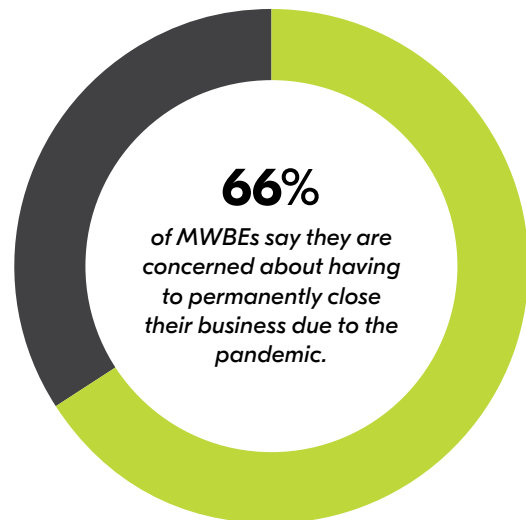
MWBEs are worried about their ability to survive the economic downturn caused by COVID-19. In a poll completed this summer by the U.S. Chamber of Commerce, 66% of MWBE respondents said that they are concerned about having to permanently close their businesses. This outlook is not only bad for the business owners, but also threatens the communities in which they are based. Locally owned small businesses have been found to reduce inequality and stimulate job creation, as well as support social cohesion.

Local governments can do more to expand access to opportunities for MWBEs. This report provides a synthesis of challenges and solutions for building a more equitable procurement system, as identified by experts in our community during a series of open conversations that took place online in 2020. These insights encompass both established and emergent practices, and there is not necessarily consensus around what is most effective. The conversations focused on actions that governments, businesses, and ecosystem organizations such as philanthropies, chambers of commerce, and associations can take to make a difference. The activities of community actors were not the primary target of this report, although they play an important oversight and engagement role in procurement, as we have argued elsewhere.

**“A more equitable economic recovery needs to start by asking the question of how are you delivering services and making sure you are not leaving anyone behind?”**

**Rudi Borrmann**  
former General Director of Innovation and Open Government, City of Buenos Aires

We grouped the steps governments and ecosystem actors can take into three procurement stages: planning; solicitation and submission; and award and implementation. We included two other groupings for actions related to broader policy and organizational processes: culture and values; open data and user-friendly processes. These actions are not intended to be followed strictly in sequence, and many issues should be tackled concurrently. The challenges and solutions for each category can be summarized as follows:



## Lay the Groundwork: Culture & Values

The work of transformational change starts before any one particular procurement process. Dismantling closed and opaque procurement systems that lock SMEs and MWBEs out of the market is hard to do alone, either as one government procurement official, one community organization, or one philanthropic institution. Our community members called for a concentrated effort to collaborate and commit to creating a more open, fair, and efficient procurement process designed around user needs. Potential actions include setting meaningful reform goals (such as improving small business access), fostering an inclusive coalition of allies that aim to promote equity, and building SME/MWBE capacity to bid for and win public contracts.

## Build the System: Open Data & Processes

Equitable procurement involves open and accessible processes and information. Governments must support digital systems and processes that are easy to understand, use and re-use. Otherwise, larger vendors that have the capacity and familiarity to navigate the current system will maintain their significant advantage. To be effective, these processes and systems should be grounded in an understanding of the current barriers for SME/MWBEs to engage with the procurement process.

## Set Shared Goals: Planning

Much can be done at the planning phase of the procurement process to enable more equitable outcomes. Clear communication and dialogue with the marketplace about what governments are thinking of buying or the problem they want to solve supports engagement, helps shape better needs assessment and helps engage and prepare smaller businesses to enter the solicitation process. Governments can open more opportunities for smaller vendors and deliver better services for their communities by supporting outcomes- and value-based procurement approaches as well as coordinating and collaborating on purchasing with other governments.

## Widen Our Reach: Solicitation & Submission

Information sharing is critical for boosting the number of SME/MWBE bids submitted. Vendors need to know that opportunities exist, and much more can be done to get the word out about upcoming opportunities and meet these businesses where they are. This might include releasing forecasts of upcoming opportunities or helping smaller businesses to qualify for more bids through flexible experience requirements.

## Follow Through: Award & Implementation

A government is more likely to find trustworthy vendors if information is shared among governments and the vendor community about performance on contract delivery. This helps to build confidence in the capabilities of SMEs/MWBEs, and the government as a good business partner. The work to support a more equitable procurement process continues after a contract is signed. Governments can set up new vendors for success through active collaboration and contract management to help ensure the vendor is meeting the government's and community's needs. Governments can also work to ensure that SMEs/MWBEs are paid, and paid on time—cash flow is very important for these businesses to stay afloat, and right now experts feel that many local governments are falling short.

The body of this report discusses in more detail the many insightful ideas shared by our community members and experts for building a more equitable procurement system. We hope their reflections point to practical changes that local governments, ecosystem actors, and businesses can make to ensure this influential government function boosts local economic development in underserved communities and curbs racial and gender inequalities.

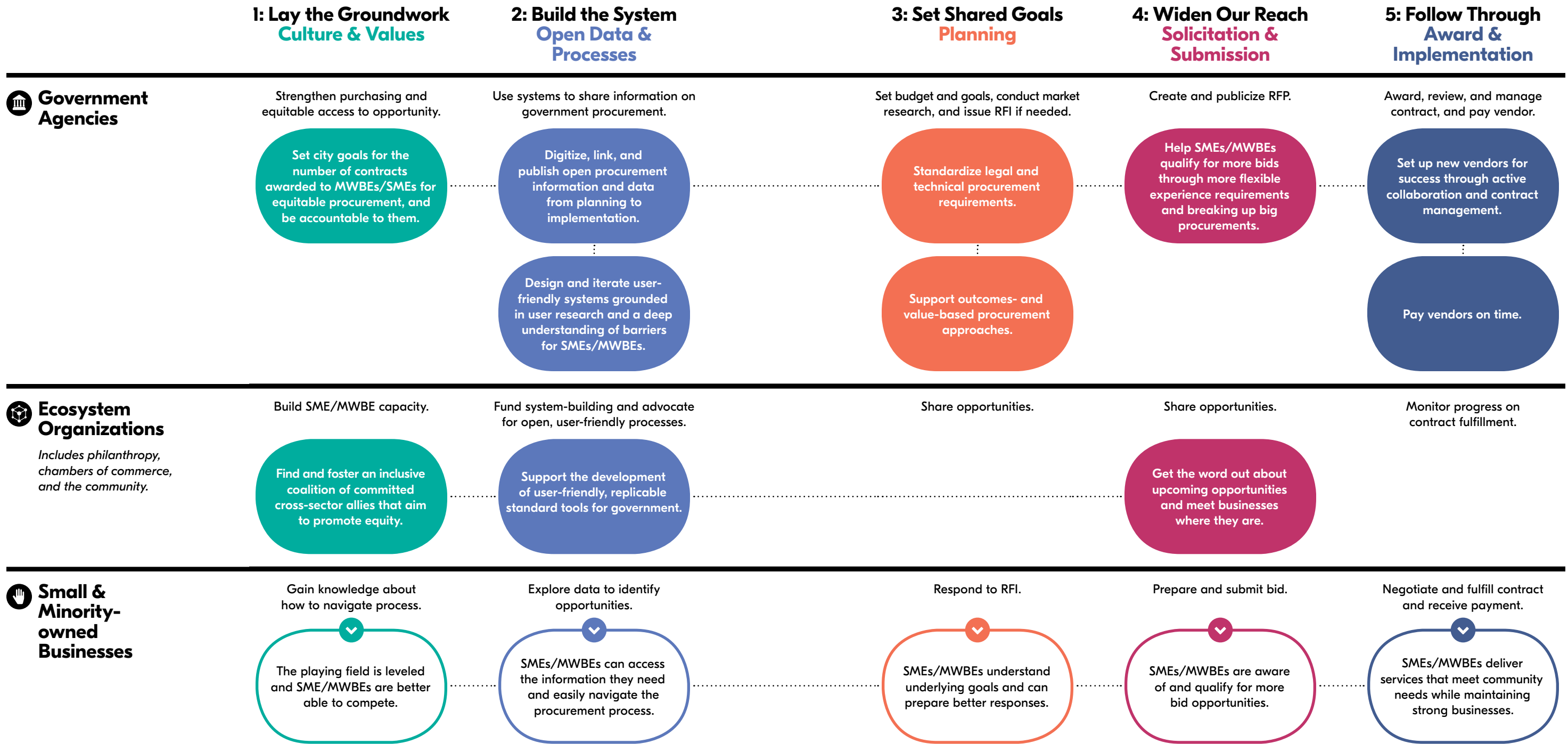
KEY FINDINGS

# Game-Changing Procurement Solutions

GAME CHANGERS

We often hear from government officials, members of the business advocacy ecosystem, and businesses themselves that they would like to better understand how they can work together. Below are the key steps in the procurement process and the activities each stakeholder is responsible for.

Also shown are several potentially game-changing moments and solutions—both process- and data-driven—that could make a big difference in supporting a more equitable procurement system. These solutions were identified based on insights from our expert conversation and organizational experience.



# Solutions Overview

## 1: Lay the Groundwork Culture & Values

<b>GAME CHANGER</b> Set city goals for the number of contracts awarded to MWBEs/SMEs for equitable procurement, and be accountable to them.	  
Increase collaboration across government, from frontline staff to city leadership.	   
<b>GAME CHANGER</b> Find and foster an inclusive coalition of committed cross-sector allies that aim to promote equity.	   
Prioritize collaboration with the community and government.	 
Build SME/MWBE capacity to bid, win, and deliver contracts.	   
<b>HOT TOPIC</b> Develop meaningful certification programs for target businesses.	 

## 2: Build the System Open Data & Processes

<b>GAME CHANGER</b> Digitize, link, and publish open procurement information and data from planning to implementation.	 
<b>GAME CHANGER</b> Design and iterate user-friendly systems grounded in user research and a deep understanding of barriers for SMEs/MWBEs.	   
Support stronger regional procurement portals, marketplaces and intermediaries.	  
<b>GAME CHANGER</b> Support the development of user-friendly, replicable standard tools for government.	 
Provide financial support and training for civil society and journalism organizations to cover procurement and the recovery.	 

















### Stakeholders Key

-  GOVERNMENT
-  ECOSYSTEM ORGANIZATIONS
-  BUSINESSES





### Solution Areas Key

-  PROCESS IMPROVEMENTS
-  COMMUNICATION & ENGAGEMENT
-  DATA
-  CAPACITY BUILDING
-  POLICY









## 3: Set Shared Goals Planning

Build and leverage inter-governmental relationships for coordinating and collaborative purchasing.	 
<b>GAME CHANGER</b> Standardize legal and technical procurement requirements.	   
<b>GAME CHANGER</b> Support outcomes- and value-based procurement approaches.	 
Enable innovative and effective solutions for government problems by supporting pilots and proofs of concept.	   
Support more open and transparent networking and matchmaking between SMEs and government.	   

## 4: Widen Our Reach Solicitation & Submission

<b>GAME CHANGER</b> Get the word out about upcoming opportunities and meet businesses where they are.	 
<b>GAME CHANGER</b> Help SMEs/MWBEs qualify for more bids through more flexible experience requirements and breaking up big procurements.	 

## 5: Follow Through Award & Implementation

<b>GAME CHANGER</b> Use active collaboration and contract management to set up new vendors for success and deliver better results.	 
Communicate results and performance on contract delivery among governments and the community.	   
<b>GAME CHANGER</b> Pay vendors on time.	 



# 1: Lay the Groundwork Culture & Values

**Delivering a more fair, open, and efficient procurement process will require systemic change. Change like this begins with supporting strong culture and values, within the government and beyond. To foster these values, stakeholders can come together as allies, and support each other in setting goals, building capacity, collaboration, and more.**

**Funding and supporting efforts to reform procurement should also be considered an entry point to wider government reform. Meaningful procurement reform, grounded in equity, is about more than supporting the economic vitality of SMEs/MWBEs—it's also about improving communication and collaboration, better and open data, building trust, and improving how government delivers essential services.**

## CULTURE & VALUES

### Challenges

#### **Bias and discrimination against SMEs/MWBEs can manifest throughout the procurement process.**

As recent research has highlighted, SMEs/MWBEs face many challenges with bias and discrimination. For example, these businesses can struggle against perceptions that they are less competent or will require more work to manage. This can contribute to officials writing requirements so as to discourage or exclude them (either consciously or unconsciously).

#### **SMEs/MWBEs are often underrepresented in government contracts.**

While some efforts have been made to achieve more equitable outcomes, studies have found that many local governments or departments are falling short of their goals for inclusion.

#### **Current procurement processes are overly cumbersome and give advantage to businesses that are familiar with government procurement.**

Navigating government procurement can require significant knowledge and human capital. Smaller businesses, particularly MWBEs, are at a disadvantage to larger companies that are familiar with the government procurement process and have the resources to pursue these opportunities.

#### **SMEs/MWBEs face challenges accessing financial services.**

This has a significant impact on their ability to attain credit and bonding capacity, limiting their ability to bid on and win contracts.

#### **Procurement reform is often a siloed conversation in government, philanthropy, and ecosystem organizations alike.**

Many of the core challenges with procurement reform go beyond the procurement office itself. But often there is little dialogue across governmental departments or across the ecosystem to address these challenges.

#### **Organizational change can be tough.**

This holds true for complex processes like procurement, where making a big difference requires behavior and systems change across multiple offices and service delivery. Effective procurement reforms can also be hampered by bad investments in the wrong solutions, such as adopting a problematic e-procurement system, or codifying new processes without actually changing how the process is carried out.

Some discussion participants believe the pandemic has made organizational change harder than ever due to shortages, while others say that this moment has opened the way for faster change.

#### **Funders have historically shown little interest in supporting public sector capacity building.**

Procurement reform can have a deep and measurable impact on issues of longstanding interest for philanthropy, from homelessness to education to criminal justice. Yet funding in this space remains limited, as the “vast majority” of funders have avoided investing in public sector capacity building.

## Set city goals for the number of contracts awarded to MWBEs/SMEs for equitable procurement, and be accountable to them.



GAME CHANGER

Publicly announcing goals around inclusive procurement and working towards those goals can galvanize city staff, build public support for the issue, and encourage public accountability.

To be useful, these targets must be precise, realistic, and achievable. This will require that the government has clarity on who its efforts are intended to benefit. For example, some strategies may aim to benefit local businesses, while others may aim to benefit just SMEs. Approaches might vary by sector. For legal reasons, governments should also take into account their legal contexts. This can have an impact on the kinds of strategies that they can pursue.

It is also crucial that the government grounds these goals in data by setting a baseline of current levels of participation of bidders and suppliers, and a nuanced understanding of the barriers that SMEs face based on research.

**“Define ‘equitable’ economic recovery and help staff prioritize around this definition. For me, equity is both about how the government works (can the government deliver critical services at a time of need, especially for vulnerable populations) as well as who gets to work with governments (which businesses win contracts). The government needs to function—to respond at this critical time—when the government does not work the pain is inequitably distributed. How is the government measuring its response in terms of the lives of residents?”**

**Mariel Reed**  
Co-Founder and CEO, CoProcure

**“Use buying power to drive inclusive purchasing. When I was the CPO of Pennsylvania, we were able to quadruple the percentage of state dollars going to minority- and women-owned businesses by aggregating the spend of all state agencies and telling the market we expected inclusion. Rather than using low-bid solicitations like Invitations for Bid, we used RFPs more frequently, even for categories where cost was the main driver, so that we could factor in supplier diversity in our evaluations.”**

**David Yarkin**  
Founder and CEO, Procurated

## Increase collaboration across government, from frontline staff to city leadership.



Government stakeholders have important roles to play in developing and implementing smart changes. To foster collaboration, a government may consider conducting training and coaching.

**“Accelerate the efforts on connecting supply and demand. Procurement reform, seriously, should be a whole of government enterprise. Setting a strong and transparent system, training to the different areas, and then work with the community to understand the local opportunities of those providers. In the govtech narrative for example we are looking for new tech startups that can provide tech services, new and old, but also to have more players aware of the opportunities.”**

**Rudi Borrmann**  
Deputy Director, Open Government Partnership Local

**“Support the connective tissue/collaboration infrastructure among frontline procurement staff and \*not\* just elected and/or executive leadership. The folks doing the procurement work and making day-to-day procurement decisions have a ton of power in supporting better procurement practices, but are oftentimes not included in these kinds of conversations and projects. These folks are the champions for procurement innovation; support should focus on these line-buyers and the work that they do.”**

**Mariel Reed**  
Co-Founder and CEO, CoProcure

## Find and foster an inclusive coalition of committed cross-sector allies who aim to promote equity.



We heard from experts that this challenge is best tackled together with partners from across the ecosystem, some of whom may not have been engaged in procurement reform efforts before, including community groups, nonprofits, businesses, government agencies and funders. This effort will take proactive outreach and engagement, and members should be committed to addressing biases throughout the procurement system.

In addition to the ideas highlighted below, governments might consider establishing a consultation mechanism or coalition to design goals and cowork on the most effective way to meet these goals. Officials might also consider maximizing their efforts by sharing what works with their regional network of governments.

**“Map key actors invested in equitable response and recovery. Some may be those that the government doesn’t usually formally engage with, for example, hyperlocal community groups, and mutual aid efforts. They may be doing incredible work and have capacities that the government doesn’t, but do not have resources to serve their communities. Adapt partnership frameworks to collaborate and to support their work rather than develop new or temporary public infrastructure.”**

**Panthea Lee**  
Executive Director, Reboot

**“In the context of strategic digital agendas, consider policies that encourage and strengthen coordination among local and regional stakeholders, and encourage investment and confidence in the digital economy, including policy frameworks, reducing administrative barriers, creating tax and financial incentives, support for research and development, and training and technical assistance.”**

**Rudi Borrmann**  
Deputy Director, Open Government Partnership Local

**“With few funders focused on procurement as a sector, it’s important for those who do fund the space to draw upon the nexus between procurement and other sectors that philanthropy tends to support, for example, global health, diversity, ease of doing business, and so forth. In addition to providing financial resources and innovation capital to grantees, engaged philanthropists should try to grow the size of the pie of philanthropic capital in the governance and procurement sector, which is relatively limited.”**

**Leslie Tsai**  
Director of Social Impact of the Chandler Foundation

**“The ecosystem needs to come together around a collaborative action plan for managing prolonged austerity and the role for SME/MWBEs. Funders may then help procurement to be resourced in a way to deliver this agenda.”**

**Sascha Haselmayer**  
CEO and Founder, Citymart

**“Philanthropies can be great connectors, they can use their network to provide a platform for city officials/local governments to connect to experts and other cities. Experts can answer questions providing objective information about the pandemic, while other cities can serve as brainstorming allies and best practices examples from which cities can learn innovative responses to current challenges.”**

**Rose Gill Hearn**  
Principal, Municipal Integrity and Transparency Team, Bloomberg Associates

**“Encourage/fund/co-convene spaces for dialogue on procurement practices and aligning procurement policies with local development priorities and values—help raise understanding of the potential of procurement to help reinforce the changes that communities want to see.”**

**Michael Jarvis**  
Executive Director, Transparency and Accountability Initiative

**“Ecosystem organizations—such as established business associations—can often provide a data-informed, historical perspective when local governments are discussing process equity. A small-to-medium-sized enterprise often cannot marshal such a response.”**

**Sabine Romero**  
Transformation, Communications and Technology Management, City of Austin

SOLUTION / CULTURE & VALUES

## Prioritize working together with the community and government.



Governments frequently rely on third-party vendors to facilitate procurement processes. These vendors have an opportunity to collaborate with the government to support more equitable outcomes for communities.

“Support providers, such as tech supporters, advisory service companies, innovation accelerators and others, can embrace the values of open contracting and promote goal- and data-driven digitized procurement that is collaborative. Don't sell systems to city governments that don't give them free and easy access to their own data. Involve residents and companies, especially from marginalized communities, in the design of your projects to make sure that the end products and results serve them.”

**Kathrin Frauscher**  
Deputy Executive Director, Open Contracting Partnership

SOLUTION / CULTURE & VALUES

## Build SME/MWBE capacity to bid, win, and deliver contracts, including access to financial services.



Increasing SME/MWBES' capacity to successfully navigate the procurement process can help bolster participation, while access to financial services could enable them to access credit and increase their bonding capacity, thereby expanding their ability to qualify for opportunities.

Ideas for building capacity include technical assistance programs, and providing bonding and insurance assistance.

“Given the barriers to entry in receiving government contracts, it is particularly vital that assistance is given to organizations that may otherwise struggle.”

Anonymous

“Philanthropy and ecosystem organizations could make investments in capacity building for SBEs/MWBES that increase their chances of success in obtaining government contracts. These investments could take a few different forms: individual coaches on navigating the procurement processes of specific jurisdictions, help getting necessary licenses, proposal writing classes, networking with local governments, etc.”

**Elena Hoffnagle**  
Project Lead, Harvard Kennedy School Government Performance Lab

“SMEs need guidance and resources. Philanthropy efforts should focus on both. Assist local governments to establish spaces for helping those SMEs/MWBES to find support and guidance. The city of Buenos Aires has several incubators programs; the Metropolitan Center for Design for example has many dedicated workspaces for entrepreneurs, which they can use after applying to a specific program.”

**Rudi Borrmann**  
Deputy Director, Open Government Partnership Local

## Develop meaningful certification programs for target businesses.



HOT TOPIC

Some experts propose strengthening certification programs that would prioritize consideration of SMEs/MWBEs during the award process. To be meaningful, these certification programs must be based on an understanding of the current barriers to entry and how the program will help overcome these barriers. It also must be simple to enroll in, assuming the criteria are met, and well-targeted. Otherwise, burdensome or ill-targeted certification programs may have a negligible impact on reaching city goals, or at worst, risk creating additional barriers to entry.

**“Most successful businesses have a diverse procurement portfolio; post-COVID, this is more vital than ever.”**

Anonymous

**“Remove barriers to entry for small and minority businesses, disadvantaged business enterprises and women-owned business enterprises as it relates to small and diversity business certification, education around the process of doing business with governments and a location for prime contractors to local business for subcontractor opportunities instead of relying on meet and greets or good faith efforts.”**

**ShaKeia Kegler**

Founder and CEO, GovLia

**“Seek to reduce steps and barriers to entry/ costs of doing business with governments for everyone. This will help SMEs and MWBEs more than setting up special programs (which may cause more barriers especially to those kinds of businesses not yet in the programs).”**

**Marisel Reed**

Co-Founder and CEO, CoProcure

**“Implement diversity programs or set-aside goals or increasing set-aside goals for existing programs.”**

**ShaKeia Kegler**

Founder and CEO, GovLia

**“Local governments in the U.S. can have minority- and women-owned business enterprise contracting goals if they do the due diligence of researching the status of local contracting and meet related constitutional legal standards for race- and gender-based decisions. The City of Austin contracts for this required research every 5 years and produces a publicly-available disparity study.”**

**Sabine Romero**

Transformation, Communications and Technology Management,  
City of Austin

## 2: Build the System

# Open Data & Processes

The government must develop and maintain open and user-friendly systems and processes. The work starts before any one procurement process takes place, and this effort should span the entire procurement cycle.

Open and user-friendly procurement can help government, SMEs/MWBEs, and other stakeholders easily and actively engage with each other and for more equitable outcomes. More open and navigable processes equip SMEs/MWBEs with the information they need to submit and win bids. Increased openness and transparency encourages greater accountability throughout the process, promoting better results for the community. Moreover, digitization also gives the government better data on where its money goes, allowing it to set and measure against stronger goals.

## Challenges

### **Lack of technological infrastructure.**

Many procurement processes are still paper-based, and procurement data is not easy to access or analyze. This creates issues for SMEs/MWBEs when navigating the procurement process, as well as for the government when ensuring that purchases deliver the best results for their communities.

### **Current procurement processes are tough to navigate.**

This can make government procurement an intimidating process for new vendors that have not done work with the city before, and set smaller organizations at a disadvantage in comparison to larger companies with more experience and resources to pursue opportunities.

### **SMEs/MWBEs need more support to learn of opportunities and navigate the procurement process.**

SMEs/MWBEs still cannot easily find or become aware of opportunities that they might be eligible for. Even if they do learn about opportunities, they can lack capacity to successfully pursue them.

### **Limited transparency and accountability.**

An opaque procurement process can lead SMEs/MWBEs and the community to question whether the system is fair. SMEs/MWBEs may be disinclined to participate in a system they don't trust.

## Digitize, link, and publish open procurement information and data from planning to implementation.



### GAME CHANGER

Digitization is one of the most crucial actions that governments can take to improve outcomes, both in terms of delivering better results for residents, and enabling vendors to successfully apply for and win contracts. While tremendously important, this can also be a major undertaking. Philanthropic institutions and other ecosystem actors can consider how they might support the digital transformation effort, from providing direct technical assistance to supporting the use of open data.

Digitization is also very important for gathering data, setting a baseline, and monitoring what is working—and what isn't—when it comes to efforts to increase equity.

**“Information and data has to be open so that it can be used for better decision making and for analysis. Many local governments don’t know how many contracts they have awarded to SMEs, how many of them are minority owned and if contracts were delivered on time or within budget. SMEs don’t know which RFPs are right for them or don’t trust that they can win or will get paid.”**

**Kathrin Frauscher**

Deputy Executive Director, Open Contracting Partnership

**“Procurement processes have been heavily paper-based and face-to-face going into the pandemic. Governments have now been forced to move to things like online vendor submission—no longer will you have to drop off ten hard copies of your proposal in a marked box...These kinds of adaptations that get rid of outdated, cumbersome practices we hope will live on and are good permanent improvements to the procurement process.”**

**Gregory Wass**

Senior Advisor, Harvard Kennedy School Government Performance Lab

**“Accelerate any effort on digitalization beginning and prioritizing procurement reform. COVID-19 has shown the gaps and flaws of the old system, especially when buying fast. Financial support for the modernization/digitalization process should include procurement as a vital component both on transparency but fundamentally on efficiency, building a strong case on the benefits of buying better. Improving the data architecture is key here as well. So it’s not only the procurement but actually better understanding your community, your population, your general indicators of service delivery.”**

**Rudi Borrmann**

Deputy Director, Open Government Partnership Local

**“Data flows within and across supply ecosystems are critical to driving enhanced value, requiring an integrated data architecture including contract and commercial management. This matters both within organizations and across organizational boundaries.”**

**Sally Guyer**

Chief Executive Officer, World Commerce & Contracting

**“The procurement system could be provided by a larger jurisdiction, facilitating the technology and training for local administrations. Investing in this kind of technology is usually a challenge for smaller governments with no technology capacity, facing future problems of implementation, maintenance, etc.”**

**Rudi Borrmann**

Deputy Director, Open Government Partnership Local

## Design and iterate user-friendly systems grounded in user research and a deep understanding of barriers for SMEs/MWBEs.



Designing more navigable systems requires understanding users' current barriers and needs. A thorough understanding of the barriers that SMEs/MWBEs face is critical to creating useful solutions. This is true both in terms of improving discrete systems, such as a website, and the procurement process as a whole. For example, if research exposes that a major barrier for SMEs/MWBEs is lack of awareness of relevant opportunities, then this is something that the government should address as it considers reforms.

Understanding user needs and barriers should be an ongoing effort and requires engagement by businesses. To this end, governments should consider establishing feedback mechanisms to understand what challenges SMEs/MWBEs are facing with particular solicitations.

**“To get more minority-owned businesses to successfully bid and deliver contracts, governments have to engage these users when designing procurement systems, processes and RFPs. Communities have to be engaged in deciding what they need most and how contracting can help them to get the best public goods, works and services. The more user-friendly and collaborative contracting is, the better results you will see.”**

**Kathrin Frauscher**  
Deputy Executive Director, Open Contracting Partnership

**“Reduce the barriers for MWBE and SMEs in learning about, applying for, and negotiating for public contracts. Spend time with/conduct design research with MWBE/SMEs, (especially the ones you'd like to contract with) to understand \*from their perspective\* what the existing barriers or challenges are. Start with interviews/observations to get deep in pinpointing the challenges, (and designing alternatives), then do surveys to understand the breadth of each need and determine how to prioritize.”**

**Panthea Lee**  
Executive Director, Reboot

**“Assess equity and success outcomes from existing procurement practices to learn what types of businesses and vendors are left out. Reach out and listen to businesses who are left out, ask what would help. Oftentimes I think communication and outreach and support is key, also improving accessibility and readability of procurement documents and processes.”**

**Katy Podbielski**  
Customer Success Manager, City Innovate

## Support stronger regional procurement portals, marketplaces and intermediaries.



These portals could make it easier for SMEs/MWBEs to learn about opportunities within their communities, in government and beyond.

**“Support the development of marketplaces to connect SME/MWBEs that are offering services with local businesses/nonprofits that may need them, and subsidize the costs of services. This keeps the organizations afloat, ensures the funding continues to circulate in communities, and helps build connections and communities between local organizations that help drive resiliency.”**

**Panthea Lee**  
Executive Director, Reboot

**“Philanthropy could play a clear role in supporting the development of regional procurement portals that source opportunities from numerous towns/cities/counties/special districts in their target area of focus. There's a potential to use these portals to flag opportunities appropriate for small businesses.”**

**Elena Hoffnagle**  
Project Lead, Harvard Kennedy School Government Performance Lab

**“Stand up super-streamlined procurement intermediaries to: 1) engage SME/MWBE vendors, 2) simplify the RFPs, 3) create regional open data systems to promote new business partnerships. If philanthropy and ecosystem organizations demonstrate how well new procurement models meet equity and accountability needs, cities could eventually integrate these in-house.”**

**Alexander Shermansong**  
CEO, Civic Consulting USA



## Support the development of user-friendly, replicable standard tools for government.



GAME CHANGER

These replicable tools and guidance could help governments with limited capacity.

**“Lead the effort to identify public sector recovery needs and find/develop open source solutions and teams to help governments deploy them. Examples might be software to streamline assistance distribution, or producing an entire curriculum of textbooks online. This would remove both the need to procure and the cost of purchasing.”**

**Jason Whittet**

Digital Innovation Lead, Amazon Web Services

**“Support initiatives that bring down the costs of buying and selling into government, period. I’ve written about this before, but the analog here is the ‘Common Application’ in higher education and what dramatically simplifying the application process did for women and minority higher education enrollments. Instead of focusing on building out more special programs and hoops to jump through for SMEs/MWBEs (which can often create additional barriers to entry), focus on interventions that reduce barriers for all.”**

**Marisol Reed**

Co-Founder and CEO, CoProcure

## Provide financial support and training for civil society organizations to cover procurement and the recovery.



Outside stakeholders play an important role in monitoring procurement processes and supporting more fair processes that yield better results for residents. In addition to supporting journalists, philanthropists might consider how they can support advocacy and such activities as communications and messaging campaigns.

**“In a time when local journalism is hurting everywhere, but public dollars are being spent on a massive scale, philanthropic support for a ‘procurement beat’ at a local news organization has the potential for outsized impact. Even better: support a network of procurement reporters in a half-dozen or more cities, so they can also learn from each other.”**

**David Algosio**

Social change strategist, Open CoLab

**“Civil society organizations and independent journalists have essential monitoring roles—and with the lockdown and mounting government censorship, the challenge could not be greater.”**

**Frank Vogl**

Chair, Partnership for Transparency Fund;

Co-founder, Transparency International

# 3: Set Shared Goals Planning

Before the government can make a purchase, it first engages in the planning process. This is when the government determines precisely what its needs and objectives are, and how these needs might be met through consulting with vendors. Planning is also tied to considerations around equity since this process has a deep impact on how services will be delivered and who is able to participate in the bidding process.

## PLANNING

### Challenges

#### **Government will be asked to do more with less.**

The recession caused by COVID-19 means that many local governments face a decline in revenue. Recent estimates forecast a \$500 billion shortfall for states and local governments. At the same time, vulnerable residents will rely more on government services. This means that governments will be under great pressure to make smart spending decisions to meet the needs of residents.

#### **Complex and varied legal and technical procurement requirements.**

These requirements can create additional bureaucracy and deter small businesses.

#### **Lowest bid procurement policies.**

These limit the government's ability to consider other values-based factors and limit strategic investments. Sometimes the lowest bid is not the "best" bid according to other considerations.

#### **Overly broad or too restrictive framing of procurement specifications.**

Narrow procurement specifications can make it hard for SMEs/MWBEs to qualify for opportunities.

#### **SMEs/MWBEs have smart ideas that could help solve entrenched government challenges, but lack funding to pilot their ideas or scale up.**

This can limit the government's ability to pursue innovative ideas from potential partners.

#### **SMEs/MWBEs need more time and proactive engagement to respond to government requests for information.**

SMEs/MWBEs have less capacity to respond to requests for information. Yet excluding them from the planning process means that the government is at risk of shaping a Request For Proposal (RFP) that SMEs/MWBEs are less able to respond to, and limits the new thinking and innovation in terms of service delivery that these businesses are able to provide.

SOLUTION / PLANNING

## Build and leverage inter-governmental relationships for coordinating and collaborative purchasing.



Collaborative and coordinated purchasing can help governments get lower prices for the goods and services they need, as well as open up opportunities for SMEs/MWBES.

**“Build better collaboration muscles. There are so many opportunities to save taxpayer dollars and help local businesses grow especially in a region by leveraging and sharing procurement work. Knowing what already exists and can be shared is the first step, then coordinating to track performance and make new purchases. (Example: San Mateo County and cities in the county spend \$750M year on purchasing, and could be saving \$108M+ a year by just sharing and coordinating better within the county on purchases.) [In addition,] default to include cooperative language in contracts. Including cooperative language can help SMEs/MWBES sell to other governments at lower costs, overall lowering the costs of buying and selling into governments for businesses.”**

**Marisol Reed**

Co-Founder and CEO, CoProcure

SOLUTION / PLANNING

## Standardize legal and technical procurement requirements.



GAME CHANGER

This would reduce bureaucracy for both the government and vendors.

**“Within procurement, investment has focused on cost reduction. There is now wide recognition of the need for appropriate technology, but procurement must take steps to simplify and standardize process and design and develop improved contract templates and clause libraries.”**

**Sally Guyer**

Chief Executive Officer, World Commerce & Contracting

**“Consider assisting with revising and/or standardizing local public procurement rules and regulations. The ABA Model Procurement Code was last updated ~20 years ago. Many local governments (and state, too) struggle with the capacity to revise and update procurement policies, and being able to offer a template or guidance here in a more standard way would be very valuable both for government staff doing the work as well as for SMEs/MWBES trying to navigate the buying process.”**

**Marisol Reed**

Co-Founder and CEO, CoProcure

SOLUTION / PLANNING

## Support outcomes- and best value-based procurement approaches.



GAME CHANGER

Both of these strategies are a departure from the requirements-based and lowest-bid approaches that many cities take to procurement. Outcomes-based procurement can help governments get better results and open the way for innovation by smaller vendors. Best value-based procurement can allow governments to take city values, such as investing in local businesses, into consideration when selecting a vendor.

**“Approach funding for community support as a collaborative endeavor rather than a competitive one in which contracts go to the lowest bidder. Fund organizations that commit to data-sharing across community partners, and tackling issues rather than providing siloed service verticals. Although budgets will be tighter, it is more essential now than ever before to fund organizations based on their sustainability practices, and to take time to determine the best use of public dollars.”**

**Katya Abazajian**  
Researcher, Beek Center at Georgetown University

**“When writing procurements, focus less on requirements and more on outcomes.”**

**Katy Podbielski**  
Customer Success Manager, City Innovate

**“Change the procurement conversation and support outcome-focused procurement practices. This could include cross border/ municipality addressing of particular issues or help defining critical metrics that multiple jurisdictions could use to define success.”**

**Story Bellows**  
Partner, CityFi

**“Encourage high-level municipal officials to pass executive orders or council resolutions in support of best value or outcomes-based procurement. Allow procurement officers and buyers to make value-based decisions on purchases that align with citywide goals for economic recovery. This effort might curb the amount of “response spending” that gets quickly OK’ed and sent out the door, and would instead prioritize strategic investments that build toward long-term recovery goals.”**

**Katya Abazajian**  
Researcher, Beek Center at Georgetown University

**“Measure and incentivize supporting worker-owned businesses and cooperatives. The same way many governments carve out contracts for SMEs/MWBEs, prioritizing worker ownership and cooperatives as suppliers ensures procurement dollars are shared more equitably and circulate within a community, spurring further economic growth.”**

**David Algosó**  
Social change strategist, Open CoLab

SOLUTION / PLANNING

## Enable innovative and effective solutions for government problems by supporting pilots and proofs of concept.



Such projects provide SMEs/MWBEs with resources to develop new solutions for government while supporting the local small business community.

**“Local governments need to empower SMEs and MWBEs by launching incubators, accelerators, and innovation labs to nurture local innovation while piloting new solutions, which supports more equitable economic recovery. By shaping the local market, municipalities give these smaller businesses an advantage over the more established national vendors.”**

**Beto Altamirano**  
Co-founder and CEO, Cityflag

**“Enable opportunities for risk-taking that would not otherwise get access to public funding. It can be \*so\* hard to try new things in government, esp. now when public budgets are tight taking risks will be even more challenging. Philanthropic support can help identify key levers for change (i.e. revising what a procurement looks and feels like, within the constraints of existing legislation, to reduce barriers to entry) and subsidize experiments that govs otherwise wouldn’t be able to take.”**

**Marisol Reed**  
Co-Founder and CEO, CoProcure

**“Make research and development funds available for innovative upstart efforts that are developing, testing different approaches/ solutions for response and recovery. Once they have a proof of concept, help them connect with and sell into government to help them scale. There are many incredible new efforts right now that could have transformative impact if they had the ability to scale, but they need support to be able to do so.”**

**Panthea Lee**  
Executive Director, Reboot

**“Use a proof of concept period to try before you buy; only contract when vendors show commitment and ability to deliver on outcomes. Offer more support during proof of concept to vendors who are left out.”**

**Katy Podbielski**  
Customer Success Manager, City Innovate

SOLUTION / PLANNING

## Support more open and transparent networking and matchmaking between SMEs and government.



This outreach and engagement work can give the government a stronger understanding of vendor capabilities and alert SMEs/MWBEs of relevant upcoming opportunities.

**“Support more networking events for local businesses to learn about the procurement processes and needs of government. In our work promoting local procurement in the private sector, we see a lot of low-hanging fruit come out of such events in terms of common-sense matchmaking.”**

**Jeff Geipel**  
Founder, Managing Director, Mining Shared Value

# 4: Widen Our Reach

## Solicitation & Submission

This is when the government drafts and issues RFPs, and selects the winning bid. How the RFP is written, scoped, and publicized will all impact who is able to submit and win a bid. Governments can also take past performance into account when selecting a winner—creating a disadvantage for potential new vendors such as MWBEs that have historically been locked out of government contracting opportunities.

### SOLICITATION & SUBMISSION

## Challenges

**Potential vendors are either unaware or don't have enough advance notice of opportunities.**

SMEs/MWBEs have less capacity to look for or apply for government opportunities.

**SMEs/MWBEs may be unable to meet the requirements for large procurements.**

These limitations can preclude smaller vendors from accessing opportunities. For example, some able smaller businesses may not meet experience or bonding requirements, while others simply lack capacity to deliver the entirety of a complex contract.

**Potential vendors may have to pay fees to access opportunities, putting small SME/MWBEs at a disadvantage.**

According to a survey of U.S. cities conducted by Citymart, 40% of governments "use platforms that try to generate revenue from business users in the form of upsells or mandatory fees to access public documentation." This can deter small businesses with limited resources from participating in government procurement processes.

SOLUTION / SOLICITATION & SUBMISSION

## Get the word out about upcoming opportunities and meet businesses where they are.



GAME CHANGER

SMEs/MWBEs have limited time and resources to find opportunities. If governments are committed to working with these businesses, they must make a strong effort to proactively share relevant opportunities, and not create technological or financial barriers to accessing public information. For example, governments should consider reaching out through social media or community platforms that are used by these businesses, and making their language approachable.

Moreover, governments should do so early enough to give these businesses enough time to submit bids. As part of these efforts, governments can release forecasts of upcoming opportunities.

**“Cities should collect contracting opportunities from city departments and release their updated city-wide procurement forecasts to the entire vendor community at the same time (not just to existing vendors). When contracts cannot be broken or debundled, forecasting permits MBE firms the time to design teaming arrangements and join ventures to increase their competitive profile. Every effort should be made to reach the MBE community that does not have established relationships with the city.”**

**Elizabeth Reynoso**

Associate Director of Public Sector Innovation, Living Cities

**“Advertise RFPs where the MWBEs and SMEs already are, e.g., social media, chambers of commerce, trade newsletters, Business Improvement Districts.”**

**Alexander Shermansong**

CEO, Civic Consulting USA

SOLUTION / SOLICITATION & SUBMISSION

## Help SMEs/MWBEs qualify for more bids through more flexible experience requirements and breaking up big procurements.



GAME CHANGER

This can expand the number of opportunities that SMEs/MWBEs are eligible for. Such thinking should begin in the planning phase as governments consider the value of the bids.

**“Make sure qualifications for bids = qualifications smaller and new businesses can meet. Two ways to start this are by 1) Be flexible on the experience qualification—often years of experience requirements disqualifies capable bidders and 2) Chunk up size of the procurement—often the size and scope of the procurement is so large that smaller and newer businesses are unable to qualify to bid.”**

**Andrew Salkin**

Founding Principal of Resilient Cities Catalyst

# 5: Follow Through Award & Implementation

After the contract is awarded, the vendor delivers the goods or service while the government conducts oversight and provides payment. This period matters a great deal for improving equitable outcomes even though the vendor has already been selected.

SMEs/MWBEs often operate on tighter budgets, making prompt payment very important for maintaining financial stability. New vendors unfamiliar with working with the government may need more assistance to navigate the bureaucratic hoops and successfully deliver the terms of the contract. Moreover, collaborative contract management that is focused on meeting goals, rather than creating a culture of compliance, can lead to stronger results that better meet community needs.

## AWARD & IMPLEMENTATION

### Challenges

#### **Government prefers to work with known, trusted vendors.**

This has negative implications for new vendors that seek to work with the government, including MWBEs. It can also exacerbate the belief that the procurement process is unfair, further deterring SMEs/MWBE from participating in the process.

#### **“Hands-off” compliance-based contract management disadvantages new vendors, and inhibits responding to changing needs.**

New vendors that are unaccustomed to working with the government may need more support to successfully deliver during implementation. This format can also make it hard for businesses to raise concerns and have them addressed, or receive feedback generally on their performance. Moreover, a hands-off approach can limit the vendor's—and the government's—ability to pivot when something is not working well or new needs arise.

#### **Small vendors cannot wait for slow government payment.**

Slow payment times are particularly challenging for smaller SME/MWBE vendors that operate on tight budgets and need revenue to maintain solvency. Bad experiences with government payment can also deter SME/MWBEs from pursuing future government opportunities.



## Use active collaboration and contract management to set up new vendors for success and deliver better results.



GAME CHANGER

Active engagement during delivery can help vendors deliver strong results, shift course when things are not working well, and adjust based on emerging community needs.

**“International evidence from recovery in the past decade shows it is critical for procurement to quickly embrace what austerity really means: cuts at a time when community needs are highest. A very small number of governments have succeeded at not just cutting costs but taking an asset-based community development approach to contracting suppliers with roots in the community and investing in contract management with flexible contracts to weekly optimize service outcomes responding to changing needs.”**

**Sascha Haselmayer,**  
CEO and Founder, Citymart

**“The pandemic has confirmed the fragility of many supply chains, undermined by years of aggressive sourcing strategies focused on overall cost reduction. Moving forward, relationships need to be more adaptive and this requires increased levels of cooperation and trust. These depend on a shift in focus for contract negotiations.”**

**Sally Guyer**  
Chief Executive Officer, World Commerce & Contracting

**“The key is that SMEs should not only win city contracts, but also successfully deliver them. For this to happen, government agencies, vendors and communities can work together to build better delivery capacities, give feedback on implementation and collaborate to address performance issues. To get the best value for many, you can’t stop at contract awards but you have to work together through contract implementation.”**

**Kathrin Frauscher**  
Deputy Executive Director, Open Contracting Partnership

**“Collaborative relationships imply a more balanced approach to the traditional risk allocation terms (limits of liability, indemnities, liquidated damages etc.) and greater focus on provisions and practices which assist in the identification and management of risk.”**

**Sally Guyer**  
Chief Executive Officer, World Commerce & Contracting

**“During crises, local governments benefit from allowing extra flexibility on their procurement so that goods and services needed are delivered on time to citizens. At the same time, a focus on monitoring and accountability are key during the procurement process, both now and during the recovery. Local governments should incorporate procedures/rules to monitor the award of contracts, disbursement of funds and completion of orders/projects, in order to reduce the risk of fraud, waste and abuse.”**

**Rose Gill Hearn**  
Principal, Municipal Integrity and Transparency Team,  
Bloomberg Associates

## Communicate results and performance on contract delivery among governments and the community.



Sharing information on performance with governments builds their confidence in unfamiliar vendors. Improving information and data sharing on outcomes of a bidding and procurement process can also help build trust and credibility among small businesses and the community as a whole, as well as improve future potential for small businesses to succeed in the bidding process.

**“Procurement professionals are among the most collaborative people you will ever meet. Providing them with tools that allow them to share information about the suppliers they have worked with allows them to select the best diverse suppliers and avoid suppliers who have not performed well. To give confidence that companies can do equally good work, we can share the positive experiences that other governments have had with MWBEs, small, LGBTQ- and veteran-owned businesses.”**

**David Yarkin**  
Founder and CEO, Procurated

**“Information sharing about performance should not be limited to sharing with other governments. Ideally, you would want 360-degree performance review systems that allow tracking both vendor and government performance in contract delivery. This could address issues with trust on behalf of the vendor community, and promote government accountability.”**

**Oscar Hernandez**  
Senior Program Manager, Open Contracting Partnership

**“If a company is not selected but receives a clear explanation why, then it is a lesson learned for future opportunities. The company will come back better prepared and more experienced. If a company does not receive any explanations, then it will continue to be at a disadvantage for future opportunities, and may be deterred from bidding at all because of low trust in the system and perceptions of corruption. Be transparent at every stage of the process—prove to everyone that the system is fair and rules are equal.”**

**Viktor Nestulia**  
Senior Manager, Open Contracting Partnership.

## Pay vendors on time.



Prompt payment helps SMEs/MWBEs stay afloat—and makes future government bidding opportunities more appealing. Prompt payment matters for subcontractors as well. If the government pays the main vendor on time, this can enable better cash flow and help SMEs/MWBEs keep their doors open. Likewise, the government can also work with its vendors to help ensure that subcontractors are paid on a timely basis.

**“Even if they can cut through all of the red tape, payment terms are often so unfavorable that it’s nearly impossible for many smaller and younger companies to engage with cities. This issue isn’t new, but if equity is to be a priority and cities want to contract with businesses that look like their residents, it’s an issue they need to address.”**

**Story Bellows**  
Partner, CityFi

**“A commitment to fast payment on invoices makes a world of difference in terms of suppliers managing cash flow.”**

**Jeff Geipel**  
Founder, Managing Director, Mining Shared Value

**“Prompt payment is still a huge struggle for local governments, and late payments disproportionately affect SMEs/MWBEs. If unable to pay on time, at least track and publish payment metrics so businesses can better plan around gov payment cycles (not the promised, but the actual/lived experience).”**

**Mariel Reed**  
Co-Founder and CEO, CoProcure

**“Understanding that small businesses do not have the same capacity as bigger companies and need to have a process for prompt payment. There needs to be a policy change to ensure payment for products or services within 15 days.”**

**ShaKeia Kegler**  
Founder and CEO, GovLia

**“Local governments can ensure prompt payments to small businesses using the services of a bank, thereby reducing the processing time.”**

**Anonymous**

## CONCLUSION

# Key Takeaways

How our local governments respond to the current crises will lay the foundation for more equitable communities in the recovery to come. Public procurement is a way to support communities and businesses owned by people of color and make progress on the long, hard work of closing the racial wealth gap. Purchasing from businesses owned by people of color can also embed better products and new ideas into city government to the benefit of residents.

Change is possible, and necessary, at every step in the procurement process. In fact, it starts well before local governments identify a specific need or bid opportunity. As the views of the topic experts and community members consulted for this report show, procurement

**“Cities have been struggling with SME/MWBE procurement for so long, and the pace of change needs to accelerate.”**

**Alexander Shermanson**  
CEO, Civic Consulting USA

is the linchpin of so many public and philanthropic sector goals—many of which pre-date the current pandemic, economic crisis, and renewed calls for racial justice. Entities from hyperlocal neighborhood groups to philanthropic institutions to local, county, and state governments to international NGOs have a stake in making procurement systems better for SMEs/MWBEs and, as a result, for residents.

We hope this report provides new ideas and motivation to either get curious about procurement or continue working to use this powerful tool and the millions of dollars it leverages to build stronger, more inclusive, more equitable communities in the wake of COVID-19.

# About Us

## Open Contracting Partnership

The Open Contracting Partnership is a silo-busting collaboration across governments, businesses, civil society, and technologists to open up and transform government contracting worldwide. We bring open data and open government together to ensure public money is spent openly, fairly and effectively. We focus on public contracts as they are the single biggest item of spending by most governments. They are a government's number one corruption risk and they are vital to ensuring citizens get the services that they deserve. Spun out of the World Bank in 2015, the Open Contracting Partnership is now an independent not-for-profit working in over 50 countries. We drive massively improved value for money, public integrity and service delivery by shifting public contracting from closed processes and masses of paperwork to digital services that are fair, efficient and “open by design”.

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## Aspen Institute Center for Urban Innovation

The Aspen Institute Center for Urban Innovation is a network hub that catalyzes and supports a broader movement to define values-led approaches to the development, piloting, regulation, and evaluation of urban technologies. We connect city leaders, non-profit organizations, and emerging businesses who share the belief that people deserve more than “smart cities.” We deserve cities that promote human flourishing and digital infrastructure that enhances the experiences and opportunities that city life affords for all residents, particularly those in underserved neighborhoods. That's the standard that we seek to develop and promote.

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# Notes

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