SURVEY OF GOVERNMENT PROCUREMENT PROFESSIONALS 2017
UNDERSTANDING AGENCY CHALLENGES & INSIGHTS FOR CONTRACTORS
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With a noticeable decline in performance since the last survey, state and local government procurement is facing some difficult challenges that may result in unwanted consequences for both buyers and sellers. But there are viable solutions identified for agencies to improve, and a clear opportunity exists for vendors to serve as trusted, collaborative partners. The following summary highlights the major findings from the research:

<table>
<thead>
<tr>
<th>PROCUREMENT PERFORMANCE INDEX (PPI)</th>
<th>STAFF WORKING EXTRA HOURS</th>
<th>#1 TOP CHALLENGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016: 76.4</td>
<td>NEARLY 40% OVER-WORKED</td>
<td>25%</td>
</tr>
<tr>
<td>2017: 72.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 76.4 -5% DECLINE
- 72.8

- MEETING REGULATORY/CONTRACTING GUIDELINES/RULES: 18.1%
- WORKLOAD/STAFFING LIMITATIONS: 17.8%
- WORKING WITH USERS/STAKEHOLDERS: 15.8%
EXECUTIVE SUMMARY, CONTINUED

INFRASTRUCTURE

We used a broad definition of related industry sectors:

- Construction
- Architecture & engineering
- Water & energy
- Transportation
- Environmental services
- Landscaping

TOOLS/SOLUTIONS FOR AGENCIES

- More funding for procurement teams
- Better engagement with users, stakeholders and government leaders
- Efficient purchasing methods such as co-op buying
- Leverage the benefits of automation with e-Procurement systems

EXAMPLES OF AGENCY CHALLENGES FACED

NOT ENOUGH TIME TO PREPARE/PLAN FOR BIDS/RFPS

“Woefully inadequate time available to perform necessary and beneficial research/related activities.” — Senior Buyer

LACK OF STAFFING RESOURCES IN THE PROCUREMENT FUNCTION

“Being expected to do more with less staff at all levels.” — Senior Buyer

CHALLENGES WORKING WITH USERS/STAKEHOLDERS

“Lack of support from upper management.” — Purchasing Director

TOOL/SOLUTIONS FOR AGENCIES

- More funding for procurement teams
- Better engagement with users, stakeholders and government leaders
- Efficient purchasing methods such as co-op buying
- Leverage the benefits of automation with e-Procurement systems

CHALLENGE FOR CONTRACTORS

- Greater wait times and uncertainty add cost and risk

OPPORTUNITY FOR CONTRACTORS

- Need for strategic partners that will help assist over-worked buyers and satisfy users, even when there is uncertainty or a lack of preparation
INTRODUCTION

Onvia’s 2nd annual survey of government procurement professionals monitors and tracks progress in key areas of purchasing, from vendor recruitment to turnaround times to quality of service. This report is designed for use by the entire business-to-government (B2G) community, both agency procurement professionals and the government contractors and vendors that sell to these agencies and seek to better understand their customers.

OBJECTIVES
The insights in this report will enable government buyers and procurement professionals, as well as businesses, to better understand the contracting environment and make informed decisions.

For the Agency Procurement Professional:
• Examine growth in purchasing activity
• Understand buying trends/directions
• Explore constraints or concerns
• Track usage of purchasing methods
• Monitor agency trends in efficiency
• Examine changes in overall performance or effectiveness

For the Contractor or Vendor:
• Gain deeper insight into the procurement process
• Discover buying trends and agency needs
• Understand differences between agencies and their bid process

A REPRESENTATIVE SAMPLE
To achieve these objectives, a total of 668 survey responses were received in May 2017 from procurement professionals and key decision makers from state, county & city agencies, and school & special districts nationwide. The survey has a statistical margin of error of +/- 3.8%.

BREAKOUTS BY TYPE OF AGENCY
Throughout the report we highlight differences by level of government, as well as by other dimensions such as agency size (population served) or whether a centralized or decentralized approach is used for purchasing.

LEVELS OF GOVERNMENT COMPARED

MEASURING AND TRACKING PERFORMANCE
This edition introduces a new index that helps describe how well government agencies are improving in overall performance.

Procurement Performance Index (PPI)
The PPI tracks performance in terms of how well each agency is doing in offering acceptable turnaround times, good customer service and meeting requirements for integrity, fairness and trust.

Measuring Contractor Participation
The best, most effective agencies will tend to receive more interest from contractors in their solicitations, which we measure with a single question in the survey. Procurement professionals are asked whether the number of responses they typically receive for competitive bids are adequate for their needs.
The procurement professionals and government executives surveyed were representative of the broader universe of state, local and education (SLED) agencies.
Agency buyers continue to see stability in procurement spending.

**CURRENT PROCUREMENT PERSPECTIVE**

In the current survey, a majority of agencies indicated no change in their spending on procurement. The share of agencies that reported recent growth rose from 34% to 40% since 2016 while there were minor offsetting differences in their responses for expected changes. IHS Global Insight predicts a 3.4% increase in state and local agency spending for 2017—similar to their 2016 prediction—which is consistent with these levels.

**CHANGE IN AGENCY SPENDING (Last 12 months vs. Next 12 months)**

```
<table>
<thead>
<tr>
<th></th>
<th>Higher</th>
<th>Lower</th>
<th>Same</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last 12 Mo</td>
<td>40.1%</td>
<td>7.4%</td>
<td></td>
</tr>
<tr>
<td>Next 12 Mo</td>
<td>34.7%</td>
<td>12.6%</td>
<td>52.5%</td>
</tr>
</tbody>
</table>
```

**PROCUREMENT VIEWPOINTS**

State and local agency leaders and experts in procurement have described the current environment as generally healthy and improving but still facing fiscal challenges.

“The city’s budget is in the best place it’s been in years, even as Pittsburgh — like many cities — is facing long-term legacy commitments to its municipal pension system.”

— Mayor Bill Peduto of Pittsburgh

**CONTRACTOR PERSPECTIVE**

Government contractors were generally upbeat and slightly more confident about their sales expectations in the April 2017 vendor survey. They expected rates of growth in a pattern that was directionally similar to that of the agencies in this survey. For example, 36% of companies reported growing in the past 12 months and the forecast called for 37% to grow over the next 12 months. Meanwhile, few expect to decline in sales.

“While there is certainly uncertainty in the air, overall there is a sense of confidence in the economy, that I believe will translate into more tax revenue and larger budgets.”

— Furniture vendor
Procurement professionals expect stability in formal bids and RFPs similar to the pattern for spending.

**PROCUREMENT PERSPECTIVE**
39% of procurement staff expect growth in bid volumes in the next 12 months – 4% higher than the 35% expecting growth in spending. Some of this difference can be attributed to the recent surge in demand for infrastructure bids stemming from the $200 billion in tax initiatives for these projects approved by voters nationwide in November. 51% indicated remaining the same in their volume of bids and RFPs in the last 12 months.

**PROCUREMENT VIEWPOINTS**
Agency staff generally regard the formal bid/RFP process as one of the most challenging aspects of their job, particularly in the areas of research, planning and specifications.

“The work on the RFPs is the most challenging area of procurement...”
— Grants and Financial Manager

“Developing specifications for bidding is one of my top challenges.”
— Department Manager

### CHANGE IN BID & RFP VOLUMES (Last 12 months vs. Next 12 months)

- **Higher**
  - Last 12 Months: 43.6%
  - Next 12 Months: 38.5%
- **Lower**
  - Last 12 Months: 8.4%
  - Next 12 Months: 10.9%
- **Same**
  - Last 12 Months: 48.0%
  - Next 12 Months: 50.5%
Nearly 40% of the procurement staff surveyed indicated their teams were “stretched” or working extra hours to meet their deadlines—up 4% from last year.

**PROCUREMENT PERSPECTIVE**
Last year’s report noted the long-term trend of understaffed procurement teams, which resulted from agencies not replacing the staff that were cut during the Great Recession and being asked to do “more with less.” Nearly forty percent (39.4%) of the procurement staff and managers indicated being “stretched” or working extra hours to meet deadlines.

**PROCUREMENT TRENDS**
Since last year there has been an increase in the share of procurement staff that are stretched or overworked, which has grown by around 4%.

**TYPICAL WORKLOADS**

<table>
<thead>
<tr>
<th>Workload Description</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough work to do; have unused capacity</td>
<td>1.6%</td>
</tr>
<tr>
<td>The volume of purchases is about right</td>
<td>59.0%</td>
</tr>
<tr>
<td>We’re stretched/working extra hours</td>
<td>39.4%</td>
</tr>
</tbody>
</table>

**CONTRACTOR PERSPECTIVE**

Having access to adequately Stafford procurement teams can be important to some contractors—particularly those well-established firms that are more proactive or those that respond often to bids. When staff are overworked it can have negative impacts such as poorly worded bid language that can add preparation time for a bidder. In the 2016 survey a vendor recognized this connection, complaining that

“We have understaffed client agencies.”
— Printing/publishing vendor

In the 2017 survey one company noted that

“We process over 150 bids per year and our staff has been cut in half.”
— Purchasing Manager

“Not enough time or personnel to properly perform the procurement functions as it should be done.”
— Purchasing Specialist

“We have understaffed client agencies.”
— Printing/publishing vendor

“RFPs need to be better matched to the actual scope of work and more up-to-date.”
— Healthcare vendor
When asked to discuss top challenges, procurement teams brought up a number of different issues that often had to do with organizational problems of staffing and cooperation with users and stakeholders.

**PROCUREMENT PERSPECTIVE**
Agency procurement staff were asked to list the top 1-3 challenges they face in procurement. Topping the list at 25% was “pre-bid research & planning” referring to the various tasks and work needed prior to a bid or RFP being issued.

**TOP CHALLENGES**

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-bid research &amp; planning</td>
<td>24.8%</td>
</tr>
<tr>
<td>Meeting regulatory/contracting guidelines/rules</td>
<td>18.1%</td>
</tr>
<tr>
<td>Workload/staffing limitations</td>
<td>17.8%</td>
</tr>
<tr>
<td>Working with users/stakeholders</td>
<td>15.8%</td>
</tr>
</tbody>
</table>

**IMPlications FOR AGENCIES**
While vendor participation was clearly important as a category of verbatim comments, agencies seem to agree that staffing and engagement issues are even more “top of mind” as challenges that affect the ability of staff to perform their work and achieve their objectives.

Example comments below provide further insight and understanding of key roadblocks or barriers:

**NOT ENOUGH TIME TO PREPARE/PLAN FOR BIDS/RFPs**

“Woefully inadequate time available to perform necessary and beneficial research/related activities.”
— Senior Buyer

“The additional time/effort spent on RFPs is challenging.”
— Engineer/building official

“I am a generalist and sometimes don’t know a great deal about the service or good being purchased.”
— Finance Director

“Staying ahead of the procurement trends is a challenge.”
— Chief Procurement Officer

**LACK OF STAFFING RESOURCES IN THE PROCUREMENT FUNCTION**

“Not enough time to get things accomplished.”
— Senior Contract Specialist

“Excessive workloads.”
— Contract Officer

“Not enough staff.”
— Purchasing Administrator

**CONTRACTOR PERSPECTIVE**
The most successful government contractors do not wait around for a bid or RFP to be issued but are actively building constructive, consultative relationships with government agencies. Without demanding loyalty or future business, these proactive companies will offer helpful advice to busy, overworked buyers about market or product trends, best practices and pricing guidelines that can help procurement staff during the critical pre-bid phase of research and planning mentioned here.
Looking deeper, the actual comments of procurement staff revealed an urgent need for better understanding, cooperation and engagement with users and stakeholders. This “disconnect” between those in procurement and others can help explain the lack of progress of a given agency in procurement effectiveness (see next section).

While it can be frustrating and inefficient within the agency, this lack of alignment can also have negative impacts on the experience of bidders as they compete for work and interact with those involved in the purchase decision.

Businesses depend on government not only to offer fairness and acceptable turnaround times but to feature a project team and procurement staff operating in unison with a consensus about the approach and expectations, consistent in their communication.

### Need to Set Realistic Expectations with Users and Stakeholders

“Having our customers have a realistic expectation of how long the procurement function will take, so we have sufficient time to properly solicit their needs (in other words, don’t shorten our time as your schedule slips).” — Chief Procurement Officer

“Questions and/or interference from individuals who don’t understand the operation.” — Airport manager

### Need to Improve Cooperation and Involve the Buyer Earlier

“Getting responsible departments to provide information in a timely manner. There are too many ‘rush’ requests.” — Purchasing Specialist

“Staff comes to me at the end or middle of the process instead of the beginning and bids are often rushed.” — Purchasing Specialist

“Having the procurement department be included during the decision-making process.” — Purchasing Director

### Need Better Alignment with Management

“The lack of knowledge in procurement by those higher in management. They don’t see the importance of procurement within each department. They make light of this area.” — Project Manager

“The challenge of gaining City Council approval.” — Department Manager

“Getting upper management to follow our direction. Getting approval for training our staff.” — Senior Purchasing Director

“Convincing City Council of the need and reason for purchasing from out-of-town vendors.” — Department Manager

“Lack of support from upper management.” — Purchasing Director

“The resistance of departments to the procurement process. They don’t want to change vendors if they are satisfied with current ones.” — Purchasing Director

“Persuading executive staff members to view procurement as a strategic planning component.” — Procurement Manager
Performance in response agility has deteriorated by 8% in just the last 12 months, pointing to a need for special attention by agency leaders and procurement chiefs.

**PROCUREMENT PERSPECTIVE**
Frequent delays or greater uncertainty in wait times for processing bids and making award decisions can represent an additional negative for the established government vendor thinking about which agencies to target for business opportunities. The results indicate that high performance in this area is statistically correlated with having enough bidders to formal bids or RFPs (comparing those with lower vs. higher performance).

**PROCUREMENT TRENDS**
The percentage of agency staff reporting either high or above average performance in response agility declined from 70% last year to 62% currently.

**PERFORMANCE IN RESPONSE AGILITY**

**CONTRACTOR PERSPECTIVE**
At a high level, contractors certainly understand and expect a certain amount of wait time and uncertainty in the competitive bid process. This is part of the "expense" of doing business with the government. However, these bidders also appreciate agencies that have shorter or more predictable turnaround times, and can either prefer the more "business-friendly" agencies or be less interested in those agencies that are losing ground in this area. For example, one vendor in the 2017 contractor survey specifically complained that,

"Purchasing decisions at agencies are taking longer..."
— Furniture vendor

"Clerical duties can become tedious."
— Contracts Specialist

"The process is not difficult but it is time-consuming."
— Executive Director
EROSION IN CUSTOMER SERVICE

Only 69% of agency staff rate themselves as high or above average in friendly, responsive customer service – down 9% from last year.

PROCUREMENT PERSPECTIVE
One of the consequences of the extra demands, challenging workloads and lack of alignment with leaders is an erosion in the area of service. Friendly, responsive customer service is an important attribute that NIGP conducts training on for government staff.

PROCUREMENT TRENDS
The percentage of agency staff reporting either high or above average performance in customer service declined from 78% last year to 69% currently.

PROCUREMENT VIEWPOINTS
“We have poor internal communication.”
— Contracting Officer

“We making sure that our customers understand the process and the tools that are out there for them.”
— Program Manager

PERFORMANCE IN “FRIENDLY, RESPONSIVE CUSTOMER SERVICE”

<table>
<thead>
<tr>
<th>Performance Level</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>High performance</td>
<td>26.9%</td>
<td>43.6%</td>
</tr>
<tr>
<td>Above average performance</td>
<td>25.1%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Average performance</td>
<td>78.2%</td>
<td>68.8%</td>
</tr>
<tr>
<td>Below average performance</td>
<td>4.4%</td>
<td>25.1%</td>
</tr>
</tbody>
</table>
77% of agency staff rate themselves above average or high on maintaining a reputation for integrity and transparency—down 6% from last year.

**PROCUREMENT PERSPECTIVE**
Procurement staff are expected to operate with integrity and transparency at all times, helping maintain trust and remain accountable both to vendors and internal users. A total of 77% of agency contacts surveyed rated themselves as either high or above average, including 36% that gave the highest rating.

**PROCUREMENT TRENDS**
Over the last year there was a decline of 6% in the percentage of procurement staff reporting above average or high levels of integrity and transparency (83% down to 77%).

**PROCUREMENT VIEWPOINTS**

“Getting departments to understand and follow the rules.”
— Finance Director

“Maintaining control over our procedures.”
— Purchasing Agent

“Poor contract administration.”
— Purchasing Manager

“Maintaining a good public perception about how we procure and what we procure.”
— Contract Manager

“We’re dealing with public skepticism regarding purchasing and contracting.”
— Assistant Chief Procurement Officer
PURPOSE OF THE INDEX
The Procurement Performance Index (PPI) is a single metric that will measure and track the progress of government in achieving its goals and objectives related to purchasing.

HOW IT WORKS
The PPI is based on three inputs from the survey, with equal weight given to each. This weighting was chosen based on each variable having similar statistical correlations with each agency’s ability to receive enough bidders. Values within each component were assigned on a 0-100 scale based on the answer.

TRACKING PROGRESS
Between the 2016 and 2017 surveys, the PPI decreased by 5.0%, moving from 76.4 last year to a current value of 72.6.

### COMPONENT

<table>
<thead>
<tr>
<th>COMPONENT</th>
<th>SURVEY QUESTION</th>
<th>WEIGHT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response Agility</td>
<td>Providing acceptable turnaround times for bids</td>
<td>33%</td>
</tr>
<tr>
<td>Effective Service</td>
<td>Providing friendly, responsive customer service</td>
<td>33%</td>
</tr>
<tr>
<td>Effective Compliance &amp; Trust</td>
<td>Maintaining a good reputation for integrity and transparency</td>
<td>33%</td>
</tr>
</tbody>
</table>

All three components declined, by 4-6% each. Response agility saw the single largest decrease of 6.2%.
MEASURING DIFFERENCES
Differences by type or size of agency were often noteworthy. Governments ranked highest included school districts and special districts, smaller agencies and those using a more centralized approach.

When considering the higher scores for smaller agencies one should keep in mind that many of these are towns with less than 20,000 population that simply do not have to issue many formal, advertised competitive bids each year.

Some of the organizational challenges mentioned in this survey such as lack of coordination between departments or lack of alignment with executives can arguably become even more difficult with greater scale and size of the agency.
Nearly forty percent of procurement staff indicate having difficulties gaining enough interest from contractors in their competitive bids and RFPs, a situation that has improved slightly but remains a challenge.

**PROCUREMENT PERSPECTIVE**
Four out of ten agency respondents indicate that they are failing to attract enough interest among vendors and contractors to their competitive solicitations.

**PROCUREMENT TRENDS**
Since last year there was a slight improvement in the share of agency staff indicating they received enough interest in bids and RFPs (58% up to 61%). With this difference falling within the margin of error of the study, the overall conclusion remains that agencies continue to struggle in this area.

**PROCUREMENT VIEWPOINTS**
“Getting more qualified contractors to bid on projects.”
— Project Manager

“Getting businesses to respond to all the paperwork required by HUD.”
— Executive Director

“The challenge is getting good solid bids.”
— Engineer/Building Official

**SUFFICIENT RESPONSES TO BIDS/RFPS**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than enough</td>
<td>10.0%</td>
<td></td>
</tr>
<tr>
<td>Right amount</td>
<td>51.1%</td>
<td></td>
</tr>
<tr>
<td>Not quite/nearly enough</td>
<td>38.9%</td>
<td></td>
</tr>
</tbody>
</table>

**MORE THAN ENOUGH/RIGHT AMOUNT**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>57.6%</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>61.1%</td>
<td></td>
</tr>
</tbody>
</table>

**NEARLY 40% NOT ENOUGH BIDDERS**
Higher procurement performance is generally associated with a greater willingness of bidders to participate in competitive solicitations - regardless of agency size or how the buying function is organized.

PROCUREMENT PERSPECTIVE
High performing procurement teams are able to generate additional interest from bidders regardless of agency size or how the staff are organized and deployed.

As we demonstrated in last year’s study, businesses apparently do notice these types of differences in key areas such as response times.

IMPLICATIONS FOR AGENCIES
Attracting attention from bidders is not simply a function of agency and contract size. These charts provide a strong case for investing in the procurement function itself within an agency, with the goal of providing the most effective buying services.

Government that provides a more fair, consistent, timely and smooth buying process can attract attention from established bidders that have options on where to focus their marketing efforts and may not have time to bid on every deal.
EFFICIENT PURCHASING CONTINUES AND IN MANY CASES EXPANDS

“Efficient” types of purchasing continue to be used by the majority of agencies.

PROCUREMENT PERSPECTIVE
Nearly all agencies use at least one of these six “efficient” purchasing methods of non-traditional buying that don’t require formal, advertised bids/RFPs. Usage ranges from 63-85% per type and participation rates are generally similar to last year’s survey.

With the exception of government buying cards where the majority of agencies are growing in usage, use of each “efficient” method is increasing among 22-44%.

At the same time, only around 7% of agencies are decreasing or cutting back in their use. Since last year, GSA schedules and national co-ops were stable in the percentage of increased usage while the percentages of increased usage of piggy-back, local co-ops and statewide contracts tended to shift downward.

PERCENT OF PROCUREMENT STAFF REPORTING INCREASING USAGE OF EACH “EFFICIENT” BUYING METHOD

<table>
<thead>
<tr>
<th>USE OF EFFICIENT BUYING METHODS</th>
<th>2016</th>
<th>2017</th>
<th>DIFFERENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statewide fixed term contracts (managed by a state agency) for multiple purchases that local agencies can use</td>
<td>84.6%</td>
<td>85.3%</td>
<td>0.7%</td>
</tr>
<tr>
<td>Piggy-back contracts (not statewide) where agencies in a state buy from an existing contract issued by another agency</td>
<td>75.3%</td>
<td>78.4%</td>
<td>3.1%</td>
</tr>
<tr>
<td>Regional or local cooperatives</td>
<td>73.7%</td>
<td>73.5%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>National co-ops such as U.S. Communities, NASPO-ValuePoint, NJPA, etc</td>
<td>64.6%</td>
<td>59.6%</td>
<td>-5.0%</td>
</tr>
<tr>
<td>GSA Schedules that state or local governments can use</td>
<td>64.4%</td>
<td>66.2%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Government purchase cards (i.e. “P Card”) method to make micro purchases</td>
<td>62.9%</td>
<td>67.1%</td>
<td>4.2%</td>
</tr>
</tbody>
</table>

AVERAGE | 36.3% | 34.9% | -1.4% |
CO-OP SHARE OF TOTAL SPEND CONSIDERABLE

Agency buyers typically spend 14% of their purchasing dollars at co-ops of all types.

**PROCUREMENT PERSPECTIVE**
State and local agency procurement staff and managers reported a fairly high share of 14% (median value) of their total purchasing dollars going to co-ops, whether local, regional or national. It’s worth noting that many (around 40%) of agency buyers were not able to give an answer so these responses may not match perfectly those of the entire marketplace.

With some of the largest national co-ops having tens of billions of dollars worth of associated transactions and with the previous finding of local/regional co-ops being used even more than the national ones, co-ops are clearly an important component of the contracting landscape and a popular tool to maximize efficiencies.

**MEASURING DIFFERENCES**
Differences by type or size of agency were often noteworthy. Agencies with the largest share of spend included school districts, those with a centralized approach and those where staff were stretched or working extra hours.

**PERCENT OF BUYERS SPENDING 10% OR MORE AT CO-OPS**

<table>
<thead>
<tr>
<th>BY TYPE OF AGENCY</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>City or town</td>
<td>53.0%</td>
</tr>
<tr>
<td>County</td>
<td>56.3%</td>
</tr>
<tr>
<td>School district</td>
<td>70.9%</td>
</tr>
<tr>
<td>Special district (i.e. transportation, utilities, etc.)</td>
<td>37.8%</td>
</tr>
<tr>
<td>State</td>
<td>53.1%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BY PROCUREMENT STRATEGY</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centralized procurement</td>
<td>63.5%</td>
</tr>
<tr>
<td>Decentralized procurement</td>
<td>49.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BY TYPICAL WORKLOAD OF STAFF</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than enough time/right amount</td>
<td>51.1%</td>
</tr>
<tr>
<td>We’re stretched/working extra hours</td>
<td>60.8%</td>
</tr>
</tbody>
</table>
39% of agency staff surveyed indicated their agency used an e-Procurement system of some kind.

**PROCUREMENT PERSPECTIVE**

Nearly forty percent of procurement staff reported having some type of e-Procurement system or platform at their agency. 18% were not certain of their status.

**PERCENT OF BUYERS REPORT USE OF E-PROCUREMENT SYSTEM**

- **Yes**: 39.2%
- **No**: 43.0%
- **Don’t Know**: 17.8%

**MEASURING DIFFERENCES**

There were some key differences by type of agency. Agencies reporting an e-Procurement system were more likely to be state agencies, those serving 500,000+ population, those with a centralized approach and those where staff were over-worked.

**BY TYPE OF AGENCY**

- **City or town**: 34.7%
- **County**: 45.8%
- **School district**: 31.0%
- **Special district (i.e. transportation, utilities, etc.)**: 28.6%
- **State**: 62.0%

**BY SIZE OF POPULATION SERVED**

- **Less than 50,000 pop.**: 26.5%
- **50,000 - 499,999 pop.**: 43.6%
- **At least 500,000 pop.**: 60.9%

**BY PROCUREMENT STRATEGY**

- **Centralized procurement**: 47.8%
- **Decentralized procurement**: 34.8%

**BY TYPICAL WORKLOAD OF STAFF**

- **More than enough time/right amount**: 32.1%
- **We’re stretched/working extra hours**: 53.1%

**PROCUREMENT VIEWPOINTS**

Several comments were made in the survey related to upgrading procurement technologies and systems to increase productivity and efficiency.

- “We have a new purchasing program.” – Purchasing Manager
- “We’re implementing new technology.” – Director of Procurement
- “We are learning a new operating system.” – Purchasing Agent
EROSION IN PROCUREMENT UNDERSCORES URGENCY FOR UNDERSTANDING AND IMPROVEMENT
The size of the recent declines in effectiveness speak to an urgent need for a new holistic focus around improving and strengthening the procurement function. This should take into account not just the purchasing staff and their processes but the end-users, stakeholders and leaders who play crucial roles in the buying process.

If nothing is done to alter this downward trend, it will lead to unacceptable outcomes for government as well as negative impacts on the business community. This can include loss of trust and confidence in the process, longer wait times, and more uncertainty that can discourage bidders from participating in competitive solicitations.

RECOMMENDATIONS TO IMPROVE PROCUREMENT

ADDRESS THE WORKLOAD PROBLEM
The 5% decline in the procurement performance index correlates strongly with the 4% negative shift in workloads since last year and is further backed up by a host of verbatim comments. Staff are basically saying that they are being asked to do their job without the funding or support.

WORK ON ENGAGEMENT AND COOPERATION
Verbatim comments pointed to a major disconnect between procurement staff, users and stakeholders. Those outside of procurement need to be more understanding of these realities and have more respect for the important role these individuals play in meeting agency needs.

MAXIMIZE USE OF EFFICIENT BUYING METHODS
Efficient purchasing methods such as co-ops and piggy-back contracts can help streamline operations and allow more time for bids and RFPs. Agencies are already spending 14% of their contracting dollars at co-ops and most are using a broad range of efficient methods. But there may be additional room to optimize use of these buying methods while still maintaining the larger goals such as quality and ability to select highly specific items to meet user needs. The survey results demonstrated that where buying teams reporting being stressed or over-worked, there was more use of co-ops.

PURSUE AUTOMATION
The trend of e-Procurement is not new but seems to be reaching a mainstream status, with 39% percent of agencies making the investment in the hopes of providing significant efficiency benefits. One of the factors that helps predict which agencies will do this is their workloads, with 53% of the “over-worked” staff members reporting having an e-Procurement system in place.

CONTRACTOR TAKEAWAY: OPPORTUNITY FOR VENDOR-PARTNERS
Forward-thinking and proactive contractors should pay attention to these trends and consider how to be sensitive to buyer and user needs in their outreach, communications and project management. Where there is greater uncertainty, stress or confusion on the buying side, vendors that become known for working well with agency teams as valued partners can help differentiate themselves and earn more business even if they are not typically the lowest-priced option.
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