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INTERSECTING TIMELINES

As the pace of technological development accelerates, the methodical machinery of procurement must adapt

PLUS:

Changing People's
Minds about Change

Language Matters: Ethics

Renewable Gas

The Smartest Person
in the Room

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PROCUREMENT PONDERABLE

Leveraging Procurement to Close the Budget Gap

Stephen B. Gordon, PhD, FNIGP, CPPO

A respected federal contracting expert has raised a question that all who share an interest in advancing the practice of public procurement must contemplate. That question is: “Is innovative procurement the answer to budgetary constraints?”

Funds that public procurement officials have helped to “free” through savings and cost avoidances often have been used to fulfill low priority needs at the end of the fiscal year, in order to preserve base amounts in clients’ budgets for the following fiscal year. We have had little control over how these funds have been redirected unless we have “had the ears” of budget directors and other senior officials. Your ability to engage your budget and other decision makers in such discussions may have been constrained by factors beyond your control; but, then again, perhaps not.

If procurement officials want to be considered professionals, we must be willing and able to question how things are done, with the end-goal being to optimize results for our clients, stakeholders and entities as a whole. We must be willing and able, using good judgment of course, to ask ourselves and others if there are things that should be done differently.

A newspaper article forwarded to me recently highlights a question we should ask ourselves. That question, which is directly related to the federal contracting expert’s question, is how willing are we to “go along to get along”. The newspaper article described how a local government chief procurement officer, during the hearing of a protest filed by an unsuccessful competitor for a high-profile contract, advanced an argument based on anything but best procurement practice to justify giving the contract to the unsuccessful competitor, a developer that long has had strong political connections within the jurisdiction but did not appear to submit the better proposal.

If we want to do our part to assure that public funds are spent as they should be, we must be willing to advocate and consistently employ sound procurement principles and practices. The wise and competent use of innovative procurement practices clearly can be used to close the budgetary gap in public entities; but such practices must be applied in a broader context of ethical, proven practice procurement and driven by a desire to contribute as much as practicable to achieving enterprise goals.

Innovative procurement can help close budgetary and other gaps; but, so can doing well the things we always should have been doing.

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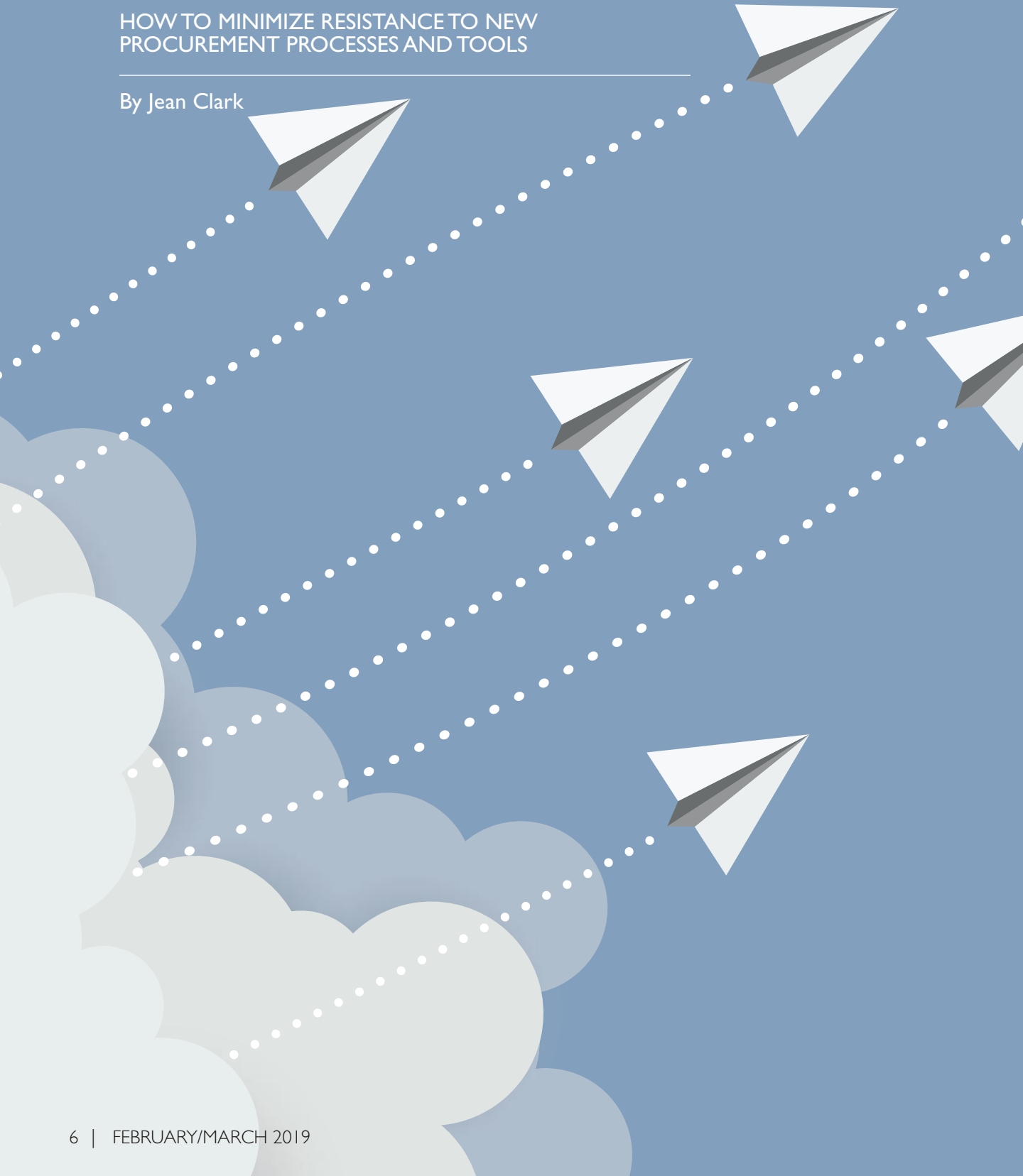
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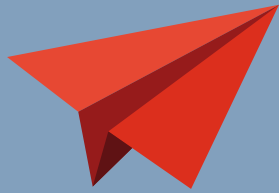


Changing People's Minds about Change

HOW TO MINIMIZE RESISTANCE TO NEW
PROCUREMENT PROCESSES AND TOOLS

By Jean Clark





For most people, change is one of two things: exciting or scary. I have found that public procurement professionals tend to be wary of change, especially when it comes to technology and processes. Not because they aren't open minded, but because "safeguards" have been put in place to drive integrity and fairness into the process. Most acquisition professionals are trained to follow a set of rules using very precise techniques. In the course of their careers, they may be exposed to a few procurement transformations, if they're lucky. Many veteran procurement professionals at the state and local government levels are probably accustomed to conducting business manually or with limited technology, based on what's available.

At the same time, buyers have long been encouraged to remain somewhat scripted in solicitations. And we must rely heavily on regulatory frameworks to inform our actions, which doesn't offer a lot of wiggle room to adapt. Even source selection methods, proposal evaluation frameworks and contract management methods are templated to a certain extent. But that is all about change for agency buyers, if it hasn't already.

Given procurement's central role in the enablement of government business, we are no longer afforded the luxury of remaining a static function. Though we must remain disciplined in our practice, our people, processes and technologies must evolve quickly to keep pace with our customers' demands in the midst of government's digital transformation and mission expansion. Therefore, we must embrace change.

However, new requirements can cause resistance, as many public sector entities are now experiencing. Just a few months back, one of our state customers was explaining that culture shift and change were the two biggest challenges their team faced as it was rolling out the state's new eProcurement system. For 18 months, the state had seven people focused solely on business process re-engineering and culture management as part of the standard implementation

program. Yet, despite these dedicated resources, the state's procurement leadership was constantly fielding questions and complaints about the changes. Not because the technology fell short of expectations, but because buyers simply didn't want to give it a try. Seasoned and novice buyers alike wanted to know if the new system was going to put them out of a job. They wanted to know why they couldn't continue to do things the way they had always done them. They questioned why their employer was making them change. Some even asked if they were going to get a raise if they used the new eProcurement system and followed the new processes because it was not what they were hired to do. In other words, procurement, by nature, had become a practice of habit – and even the best habits are hard to break.

And this is just one example of why "transition and change management strategies" have become a top 5 Horizon Priority for State Chief Procurement Officers per the NASPO 2019 survey. It is challenging to change the way people think, the way people act, and the way people do their job – especially if they did not personally and proactively seek those changes. So, how do you mitigate opposition?

If you take NIGP's change management course, you will learn about the goal-oriented Prosci ADKAR® Model, which outlines "five tangible and concrete outcomes that people need to achieve for lasting change: awareness, desire, knowledge, ability and reinforcement." Here's my take on best practices, which align with these pillars:

- 1. Solicit change agents on day one** – People are more inclined to accept change if they are an active participant in that change. Secure their support early on by acknowledging their pain points and asking for their input on solutions. If you wait until the system is online or the new process is finalized to engage your end-users, then the changes are more likely to feel forced. On the flip side, inviting them to share their experiences, weigh in on your short-listed solution options, and offer recommendations on how to refine strategies will naturally generate that desire to support your effort – even if they are not in total agreement with the final solution. If they feel as though their input was valued, and you are able to articulate why – after weighing all options – you decided to go in a different direction, then they are more apt to accept that outcome.
- 2. Minimize disruption** – Even if you garner early support for your planned changes, disruptions to productivity can quickly turn change enthusiasts

to opponents. Especially when it comes to introducing new procurement technologies and processes. It doesn't matter how many bells and whistles your new system offers, or how "easy" it will make people's jobs. Until it is fully online – and end-users are fully trained (i.e. comfortable) – then your buyers are going to revert to what they believe is most efficient, even if that means utilizing a highly inefficient manual workflow.

3. Anticipate resistance and, in some cases, accept it: Whenever you are re-engineering business processes, you must be prepared to re-engineer behavior, which is no easy feat. Even proven best practices and the best laid plans can fall short of managing change because of the human factor. No one can fully predict how people will respond to change. That is why you must give your change management team the tools – and time – they need to address the many different root causes of resistance. Do what you can to pre-empt objections by quantifying and qualifying the value of your planned changes. Be very transparent about what you are changing and why. Articulate how it will benefit them, even if that means identifying

30 different ways to communicate the value to 30 different stakeholders. Some will be more receptive to change if you can demonstrate how it will benefit them personally. Others will support change if it benefits the greater good.

In some cases, when fear of change stems from a lack of ability or perceived lack of ability, showing value may not be enough. You'll be better served to offer one-on-one training to help boost skill sets and, therefore, confidence that the changes aren't so threatening.

In other words, change is inevitable. So is resistance, no matter what you do to mitigate it. But effectively planning for change, enlisting change advocates, and adapting your strategy during your transition will maximize support – and that will translate into success.

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Top 10 Energy Buying Mistakes You Didn't Realize You Were Making (& How to Avoid Them)

NUMBER 3: LACK OF A PROPER PROCUREMENT STRATEGY

By Bob Wooten

The procurement of energy requires a significantly different process than the procurement of most other goods and services. If you've been your organization's procurement officer for any length of time, this is likely not the first time you've heard that. This series on in the "Top 10 Energy Buying Mistakes" seeks to explain why this process is such a different beast.

We've already covered two key mistakes: not procuring proactively and missing the most

competitive rates. This latest installment will look in more depth at why so many organizations still fail to develop the proper strategy to allow for the procurement of energy.

In many markets around the United States and Canada, electricity and natural gas are deregulated. This means that you, as the consumer, have the ability to evaluate and choose the company you want to actually supply the commodity. With that choice comes the responsibility to develop a

procurement process and strategy to ensure you land the best supplier and contract for your needs.

THE MISTAKE: NOT ESTABLISHING THE BEST PROCUREMENT STRATEGY FOR YOUR ORGANIZATION

Most procurement departments operate according to a fully defined set of processes and procedures. The concern is not necessarily that there is no strategy regarding energy procurement. The concern is that an organization may not be using the right strategy.

WHY IT HAPPENS: ENERGY PROCUREMENT TENDS TO BE TREATED LIKE OTHER PROCUREMENTS

When establishing a strategy or process for energy procurement, many procurement officers make the mistake of trying to match the standard company process used for other contracts for goods and services. This means that they might put more focus on specifications, instead of finding the right time in which to execute.

There are a multitude of factors that go in to developing a sound strategy for the procurement of energy for any organization. Here, we will focus on two key elements:

Evaluation of Suppliers: This is not as simple as it first sounds. In most procurements for goods and

services, specifications are set that allow for the broadest number of quality suppliers to respond. These specifications are typically centered on both the supplier and the end good itself. If you're procuring, say, fire trucks, the vast majority of the specifications are geared toward securing a quality fire truck.

In the case of energy, the end goal is the energy commodity itself. This commodity is the same whether you are receiving it from Supplier A or Supplier B. With the commodity being the same, the procurement process then focuses on developing specifications around the supplier. Unfortunately, specifications are often so limiting that you get only one type of supplier or, more commonly, only one type of offering from that supplier. In reality, most suppliers can meet a broad range of specifications (things such as billing terms, swing tolerance, etc.), but excessively limiting specifications can lead to either higher priced offerings or having suppliers not respond at all. The end results of forcing energy suppliers into a standard evaluation process are fewer suppliers to choose from and less flexibility when it comes to securing the best overall energy supply contract for your organization.

As a general rule, first ensure that you are dealing with quality suppliers (meaning you have established strong criteria regarding financial background, complaint history, and such), and then leave the greatest amount of pricing options open to generate competition leading to the best contract.

Evaluation of Market Conditions: Everything we discussed regarding evaluation of suppliers doesn't amount to much if you are not also evaluating market conditions when looking for the optimal window in which to secure the energy supply contract. You could have the very best supplier and best type of contract lined up and ready to go – but if you execute the contract on a day when prices are not favorable, you just ruined the entire process.

This is why market timing is just as important as forcing strong competition among all qualified suppliers. Market timing means that you know how prices are moving in relation to the contract you are trying to secure. This understanding is based on a solid understanding of past price trends and future expectations for market movement.

There are many tools you can use to ensure that you are finding favorable windows in the market. But this does not mean just monitoring stories and charts on the internet. Many organizations utilize an energy advisory firm to help them stay abreast of market windows and to properly time their energy procurement decisions.



HOW TO FIX IT: CREATE A STRATEGY CONSISTENT WITH YOUR ORGANIZATION'S RISK TOLERANCE AND GOALS

A strategy is only good if it works for your organization. You must first understand the goals you are trying to achieve, combined with the risk your organization is willing to tolerate when it comes to energy prices. If lower prices are more important than budget stability, your strategy should focus on a more interactive relationship with the market so that you are poised to take advantage of downward movements in the market.

An energy advisor can help you develop and maintain the proper procurement strategy – one that matches the key elements we are discussing here. However, you must then back up to see what process you are using to procure the services of the energy advisor. Suffice it to say that only those advisors with the resources and background to evaluate both suppliers and market conditions will help you secure the best results in the long run.

LET THE STRATEGY GUIDE YOUR DECISIONS

Once a proper energy procurement strategy is developed, it truly will guide you through the process and allow your organization to make better-informed, intelligent decisions regarding your energy supply. However, you do not want to be a slave to the strategy. Rather, the strategy needs to be a “living document” that grows and evolves with your organization’s ongoing needs. You may find, over time, that some energy supply choices work well and others do not. You will also almost certainly find that your energy needs change as your organization changes. All of this feedback needs to be included in continual updates to the strategy so that every time you go back out to review energy supply solutions, you are working from an up-to-date strategy that everyone in the organization can support.

BOB WOOTEN, C.P.M., CEP, is director of national accounts for Tradition Energy, and has over 20 years of experience managing commercial, industrial and governmental procurement programs. he holds professional certifications from the Association of Energy Engineers and the Institute for Supply Management, as well as a B.A. from Texas A&M University, and a Masters in Public Administration from the University of Houston.



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Language Matters: Ethics

By Lisa Pimo

> **I**n preparation for a trip to Patagonia in 2015, my hiking partner, a fellow pilgrim I met on the Camino de Santiago, issued me a reading list. As a former firefighter and EMT, he wanted to dispel any of my Pollyanna-ish notions of what we might face with some no-nonsense non-fiction. *Deep Survival: Who Lives, Who Dies, and Why* by Laurence Gonzales was on the list. True stories described experienced professionals who catapulted themselves unexpectedly into sudden death, leaving the reader to ask, “What were they thinking?” The answer, it turns out, is that they weren’t. Emotion-laden memories of intoxicating exhilaration

overwhelmed rational thought, beating a path and short-circuiting common sense and self-preservation.

Sometimes, the environment and what’s immediately in front of us blinds us to long-term considerations and consequences, which takes us to the recent bribery scandal at Atlanta’s City Hall. The chief procurement officer and contractors were the first to be caught for bribery and sentenced to jail time. Others have been charged in the continuing probe, which has exposed bribery, money laundering, wire fraud, tampering with a witness, and filing false tax returns. The investigation is now extending its reach to the previous mayor and his senior cabinet officers

Usually, when we discuss ethics, we shake our heads over the obvious transgressions. What were they thinking? We know right from wrong. Of course, we wouldn't allow ourselves to be compromised. If that's the case, why do these clear betrayals of the public trust continue to occur and spread across our newspapers?

There are sure to be many possible causes. This article will discuss three: Leadership, mission creep, and survival.

Leadership: Whether you work for a Fortune 500 company or play in a symphony orchestra, the tone is set at the top. The character, attitude, words, and actions of the organization's leader will determine whether the pervasive culture is one of ethical behavior dedicated to public service and earning the public trust or individual ambition, greed, favoritism, and favors. Leadership will determine whether whistleblowers will speak out or keep silent. Does the environment encourage communication and transparency or do fear and defeat reign?

Mission Creep: Many of us have played the game of Telephone. A phrase is whispered from one person to the next and somehow, but inevitably, transformed in the process. "Mike and Susan request the honor of your presence at dinner" becomes "The only way home is through the Siskiyou Pass." The way to avoid mission creep is to always refer to the original mission statement. Proofreaders know this. When I worked at a patent office, we always compared our typed version to the original document. Each organization should create a mission statement as well as vision and values statements. A mission states who the organization is and what they do. A mission statement serves as a compass and should be reviewed regularly. Once we stop reminding ourselves of the original mission, we risk drifting.

Survival: The mind can play games. Deep Survival describes experienced hikers that become lost and perish. Rather than taking time to check the map and accurately assess their location, they convince themselves that the bend in the trail or the limbs of the tree ahead seem familiar. There must be something just ahead. They rest their heavy backpacks for a moment and never retrieve them. When we don't take time to review our mission statement, we may stray. Our powers of adaptability may soon cause us to view our new environment as "normal."

Even when we check the map, we must remind ourselves to view our position objectively. If we can't locate our current position, we must return to where we can orient ourselves on the map. There's a saying that there's never time to do, but there's always time to redo. Rather than retrace our steps and return to a

Of course, we wouldn't allow ourselves to be compromised. If that's the case, why do these clear betrayals of the public trust continue to occur and spread across our newspapers?

known location, human nature urges us to push on. I remember driving two hours in the wrong direction on a desolate dirt road trying in vain to find a marker for the Oregon Trail. Eventually, fear of running out of gas or puncturing a tire on a rock with two young girls in the car convinced us to turn around. Sure enough, two hours later, we spotted wagon-wheel ruts off to the left and followed them to the nearby marker.

Another true story in Deep Survival involved experienced snowmobilers. The day was sunny, the temperatures moderate, the snow glistening – perfect avalanche conditions. No matter. One, then two, then three hard-throttled their engines into the beckoning arc. It was too much to resist and the last time they would have to. Reason never stood a chance. The sheer beauty and enticement of the mountain's curve overrode common sense and rational thought.

CODE OF ETHICS

It's easy to resist temptation when management, staff, elected officials, and other stakeholders adhere to a code of ethics and are motivated by public service, public trust and justice, when public procurement values inspire every decision and action. I imagine it would be more difficult, though still not justified, when one is surrounded by a legacy of wrongdoing (the way it's always been) in which personal relationships slowly devolve into rationalized favors. What are you and your organization doing to promote a culture of ethics and to review and adhere to your mission, vision, and values?

NIGP's Global Best Practice "Ethical Procurement" ([link](#)) provides guidance on adopting a Code of Ethics and the importance of incorporating ethical procurement practices in your organization.

LISA PREMO, NIGP Global Practices Manager, collaborates with public procurement practitioners and academics to conduct research and develop useful guidance on public procurement topics.

RENEWABLE NATURAL GAS DRIVES REVENUE

By Kenneth Duke

> **M**illions of dollars can be made from utilizing Renewable Natural Gas as your fleet's energy source. Using Renewable Natural Gas (RNG) to generate revenue been around for over 10 years. The Renewable Fuel Standard (RFS) was established under the Energy Policy Act of 2005 and later modified through the Energy Independence and Security Act of 2007. That federal policy requires renewable fuels to substitute petroleum fuel used in transportation with a goal to replace 36 billion gallons by 2022.

Petroleum refiners and importers must meet these goals. One way to do so is to purchase credits. These credits are called a Renewable Identification Number, or RINs. RINs are traded and used to show volume obligation compliance.

Renewable fuel is assigned a D Code. The D Code is based on how the fuel was generated. RNG is generated mainly from cellulose material found in landfills that produce methane as they decompose and are categorized as D3. The D3 is the most valuable as it is the most environmentally friendly fuel produced.

A D3 RIN will not be given its designation unless it is used as vehicle fuel. A landfill can produce tons of RNG but won't produce a single tradable D3 RINs without partnering with an organization that has a fleet running on natural gas. The great news is that these producers will pay for that partnership by sharing a percentage of the RIN sale.

THE REVENUE AND SUSTAINABILITY

One MMBTU of RNG will produce 11.727 D3 RINs. We have seen offers range from 2.5 percent to 4.5 percent share of the RIN sale price. For this calculation assume a 3.5 percent share of the RIN sale. If an agency's annual RNG vehicle usage is 1 million MMBTUs with a market value of \$2 a RIN, the annual agency take will be \$820,890.

Many municipalities and corporations are implementing sustainability strategies, the majority include the use of alternative fuels such as electric vehicles (EVs). RNG has up to 90.7 percent less greenhouse gas emissions and 85.9 percent less nitrogen oxides (NOx) than electricity as reported by the U.S. Department of Energy's Office of Energy Efficiency and Renewable Energy. RNG also produces zero particulate matter. When a fleet uses RNG, the life cycle of greenhouse

gas is reduced by an additional 83 percent.

DART'S EXPERIENCE

In late 2017, Dallas Area Rapid Transit (DART) received an unsolicited proposal from the Operator and Maintainer of our 4 CNG Fueling Stations through the DART Innovation Portal. Their proposal was simple: DART would receive a minimum of \$250,000 annually and/or 2.5 percent of the Renewable Identification Number (RIN) sales.

In 2018, DART released a RFP for a revenue generating contract for Renewable Natural Gas. Our evaluation criteria weighting was 50 percent technical, which focused mainly on the contractor's experience and processes in generating and selling RINs, and 50 percent revenue. Revenue considered the RNG MMBTUs to be delivered annually and the percentage of RIN sale price.

DART received 4 proposals. and awarded a 3-year contract with one 2-year option. Based on today's market value of D3 RINs DART stands to generate over \$7 million in revenue over 5 years.

THE PRACTICAL STUFF

There is no need to change any natural gas supplier contract when using RNG in replacement of the regular natural gas. Raw biogas from landfills is collected and upgraded to pipeline quality biomethane, or RNG. The finished gas is then injected to a common carrier pipeline, where the Environmental Attributes are separated from physical gas and delivered back when natural gas is converted to vehicle fuel. Data is collected to ensure the proper accounting of Environmental Attributes and fuel usage. That data is then used to generate RINs. Basically, there is a long paper trail but no physical delivery of any sort.

RNG will not affect the quality of the gas. RNG is already being piped into the natural gas pipeline from landfills across the country. You are using those molecules right now in your CNG or LNG fleet.

Remember, the value of RINs fluctuate as they are traded and are susceptible to economic rules such as supply and demand.

KENNETH DUKE is Senior Manager, Procurement, at Dallas Area Rapid Transit



Intersecting Timelines

As the pace of technological development accelerates, the methodical machinery of procurement must adapt.

By Derek Prall

Procurement professionals probably remember the days of typewriters but are now doing their work on laptops and smartphones. Technology has evolved rapidly over the past few decades, and that development will only continue to grow exponentially. What we procure today will be out of date tomorrow if we're not careful, so it's important to rethink the way we procure this category and understand the complexities involved and the flexibility necessary to keep government up-to-date.

Michael Bevis, chief procurement officer for Norfolk, Va., and chairman of the board at NIGP says he's one of those veterans who has seen the rapid acceleration of technology and understands the problem this pace poses for procurement professionals. Bevis feels there are two issues when it comes to procuring technology. "They both come from the same source but they articulate themselves in different ways," he says.

The first issue is that technology advances at a pace that is significantly faster than procurement processes can operate, even when they are working well. This means by the time you get to the completion of a procurement of a particular good or service, there's a good chance it that good or service might already be outdated.

The second issue is that once there's a new solution on the market, that solution is quickly replicated and modified in such a way that a company might appear to be the only source of a particular service at the moment, but by the time you're finished buying it there might be several competitors who are doing the same then better for less cost.

"You have to find a way to move faster or implement contractual structures that will allow you to modify what you're buying as you're buying it," Bevis says. "It's hard for anyone to keep up, even if you're not in the public sector."

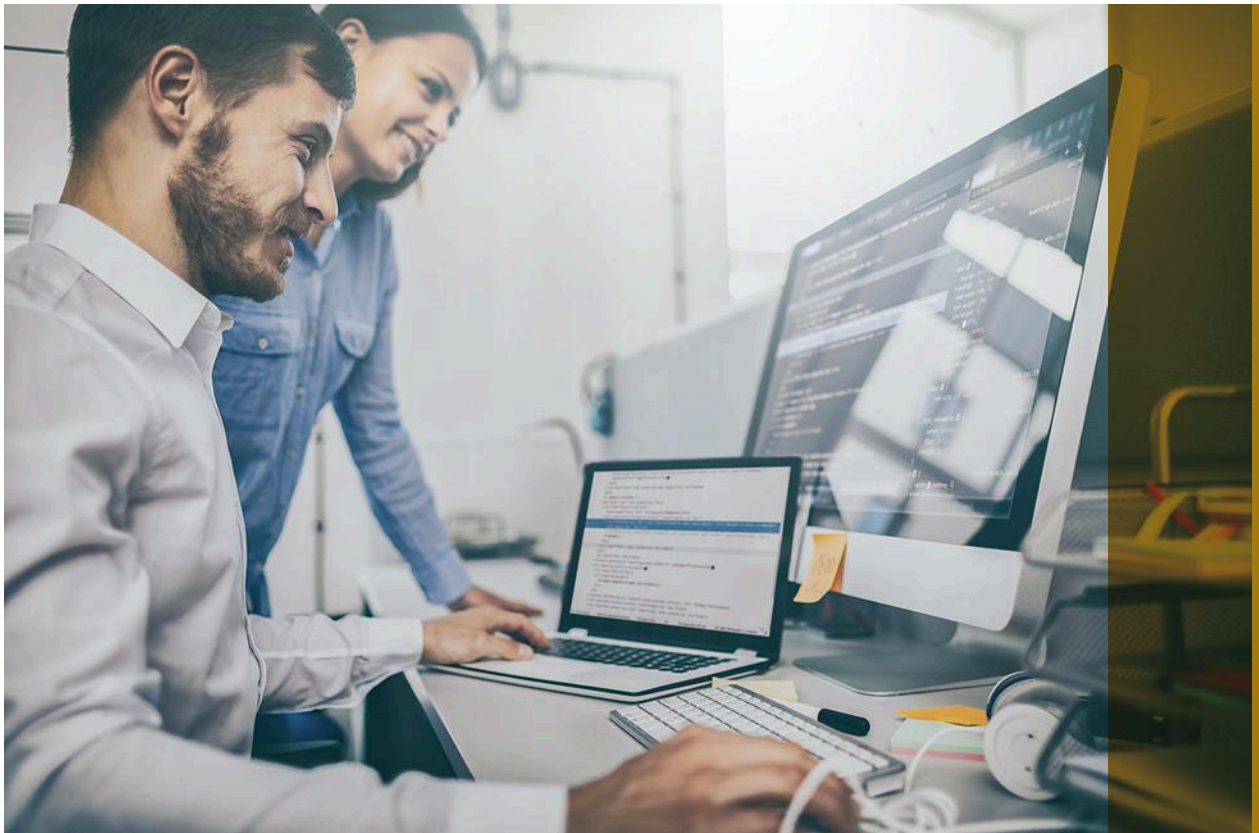
At the surface level, this disparity in timelines might not necessarily be a bad thing. Governments shouldn't operate like startups, and shouldn't be purchasing the next best thing just to be on the bleeding edge, Bevis says. The goods and

services procured by governments should be properly vetted and purchased with confidence that they will do exactly what they need to do. After all, governments are stewards of public funds and have a responsibility to use those funds wisely.

"Sometimes the public would be okay with innovation and the risks associated, but I think the key is understanding our communities can't fail," Bevis says. "The community has to continue to exist. It doesn't have the privilege of dissolving and reforming – we have to plan for 20 years out and plan for 50 years out. We have to know the solutions we come up with will create resilient and sustainable communities. That counts against taking high risks, and that limits the potential rewards."

However, this doesn't mean that the government can't be in the business of innovation. Processes should be refined, and new technologies explored; it's just a matter of doing so in a reasonable, measured, responsible way. "We don't want to be on the bleeding edge," Bevis says, "but we want to be as close to the leading edge as we can comfortably be while ensuring the continued existence of our communities."

This is a challenge, but Bevis feels it can be solved at least in part by building flexibility into the procurement process and bringing the right people to the table. First, the IT people should be the ones making the decisions about which system will best suit them – it's the procurement professional's duty to create processes that are flexible enough for those experts to operate within.





However, procurement professionals can't only be thinking about their side of the equation. For governments to be truly effective in the way they solve problems, they need to approach the private sector – particularly startups – in meaningful, attractive ways.

Jay Nath, the executive director of City Innovate, says governments need to be thinking about how they can solve their community's problems by thoughtfully adopting and integrating emerging technologies. His organization is helping in this process through its Startup in Residence program.

Generally speaking, the program helps governments partner with innovative tech companies to quickly procure new technological solutions they might not have previously considered while mitigating the risks associated with these types of partnerships. Risks that, in the past, have made it impossible for startups and government to work together.

"[Traditional procurement processes] can be a do-not-enter sign for young innovative companies that feel they could make an impact in their community, but don't see the RFP process as one that is meant for them," Nath says. "That's really unfortunate. That blocks innovation, it's not an inclusive process and it favors legacy companies simply because they understand procurement processes well."

Nath agrees that a lot of the disconnect is rooted in the processes by which procurements are made. It's not because governments don't want to work with these business partners, it's because they lack the tools necessary to do so. To bridge this divide, communication will be key. "We need to speak to the people who are not

participating and ask them why. We need to understand what we need to address and resolve," he says.

In doing this work, Nath said he's found three key problems. First, startups simply don't understand the needs of the government. They don't understand the problems governments face, and they don't understand how these challenges are currently being addressed, and how they might help. Second, they don't understand the processes of government. Procurement is an incredibly challenging issue, and without guidance, it can seem insurmountable. Finally, they don't understand the language and values of government – the cultures are too disparate.

Nath also thinks there are some misconceptions on the public-sector side of the fence. Most in government view tech startups as entities whose sole purpose is to make money – that they don't care about the deeper challenges communities face, and that because those perceived values don't line up, startups aren't worth engaging with.

Bridging this divide is at the heart of the Startup in Residence program, Nath says. Over the course of two months, governments work to identify the challenges they face, and startups from around the world are encouraged to apply to solve one or more of these problems. The governments then select their start-up partners and begin a 16-week residency program where the two work closely together to research, design, build and test a solution. The project only goes to contract if the objectives of the scope of work are met and there is a positive working relationship between the team members.

This model, Nath says, streamlines the procurement



of new technologies and encourages companies who have never considered working with the public sector to reconsider. It also effectively mitigates the risk of working with these types of entities, as no purchase order is made until the solution is complete and tested.

“The government is playing the role of the expert in the problem and working hand-in-hand with the startup to develop and design a great solution that meets the outcomes they’re looking for. For the government, it’s a great way to assess the capabilities and understand how they can partner with [a Startup] in the future.”

This collaboration is key, and something that has been missing in purchasing technology. “Right now cities are buying technology based off of a proposal and maybe an interview,” Nath says. “What they’re getting might not be exactly what they need. They’re not getting the utilization on the staff side they were expecting, or having the impact they anticipated.”

So far, 28 local and state organizations have used the Startup in Residence program to develop solutions in their communities, according to program materials. One example where it’s worked well is San Francisco – where Nath previously served as Chief Innovation Officer.

San Francisco Public Works was trying to reduce the amount of litter on city streets and proposed the problem through the Startup in Residence program. They partnered with a European company that placed sensors in the city’s trashcans over the four-month partnership period. They were able to collect real-world data and

“Traditional procurement processes can be a do-not-enter sign for young, innovative companies. They feel the RFP process isn’t meant for them.”

refine their approaches until the number of overflowing trashcans in the test area was nearly zero and street litter was reduced by 80 percent. “They’ve wrapped up a great contract and are moving forward to deploying in thousands of trash cans across the city,” Nath says.

Although procurement and technology are on two completely different timelines, it’s still possible for these two worlds to work with one another in meaningful ways to the mutual benefit of everyone involved. “We think this is a new approach and a better approach to procuring technology for managing risk and being good stewards of taxpayer dollars,” Nath says.

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The Smartest Person in the Room

By Roger Ball

Many people believe that to be a great leader, it requires being the smartest person in the room. Nothing could be farther from the truth. Leadership is not about being the smartest person in the room. It's about being secure enough to surround yourself with people smarter than you.

I recall the days when I first launched into the business world. I would admire the seasoned business leaders around me and hoped that one day I could be like them. They were highly credentialed, skilled, and intelligent. Being tender in years at the time, I thought they were all good leaders because they were so smart. So, I embarked down a path to be like them – the smartest person in the room. Well, as a result of maturity and years of experience under my belt, I wisely dashed that goal, realizing it was not a goal to which I should aspire.

Nonetheless, there are still a fair number of professionals in the workplace, both older and younger workers, who believe that to be a great leader, it requires being the smartest person in the room. Many of these professionals espouse this belief not because of anything they've been taught, rather because of general impressions they've acquired of good leaders they've seen in the workplace. However, if you were to ask some of the most successful business leaders of our day, invariably they would assert that the best leaders aren't the smartest people in the room; they are the ones secure enough to surround themselves with people who are smarter, more creative, or better connected than they are.

As leaders, it can be tempting to want to hire direct reports with less knowledge and skills than we have. Much of this relates simply to the inherent nature of people. When we're the boss, we're in charge, right? And with the "leader hat", there is an innate desire to be viewed by subordinates as capable and competent, and hiring a superior employee could create a sense of inferiority. It's a natural feeling. But just because we're in charge, it doesn't mean we have to be the most intellectually astute and credentialed person in the room. This is not what good leadership is about.

Don't get me wrong – I am not at all subscribing to the notion that leaders shouldn't be intelligent or have good credentials and skills. These are all important to establishing professional competence and being a well-rounded leader. However, good leadership is not about being the smartest person in the room. It's about allowing yourself to be vulnerable - realizing you don't have all the answers and



being open to different perspectives that can challenge you, address "blind spots", and help you fill the gaps of your limitations. It's about being willing to hire subordinate leaders with bright minds who bring to the table unique skill sets and talents that, in some ways, rise above the leader.

The best leaders realize that having exceptional talent and bright minds around them helps to boost the performance of the team and offers the type of group synergy needed to solve complex business problems. These leaders are very secure in who they are because they recognize that the collective strength of the team is greater than the sum of its individual parts. As such, they learn to probe and ask the right questions, sparking and facilitating healthy debate and discussion that cuts to the core of business problems. Through healthy discussion and exchange of ideas, these leaders glean from team members smart ideas and concepts, then skillfully package these in a way that offer solutions that optimally respond to business needs. They then credit the team for the success and quickly acquire reputations as people who can land and build the best of talent. These are exceptional leaders - and they dare to surround themselves with people smarter than they are.

ROGER BALL is Director of Procurement & Contracting for Asian Development Bank in Manila. He formerly was Director of the office of Procurement Services for Fairfax County, Va., Public Schools.

Measuring Up

> Measuring the performance of our suppliers is really nothing new. Organizations often track specific metrics related to contractor performance, and this information can be used for considering future work or contract extensions. This only makes sense.

Just like having an automotive repair shop work on your car. Did they do quality work? Complete the repair on time and on budget? Keep you as the customer informed of their progress?

Supplier performance measurements that have historically been used include things like on-time, delivery, product quality (zero defects), and cost control.

While these areas should remain important to us, there is something else that leading organizations are looking at: sustainability.

Sustainability is a broad area that encompasses environmental, social and economic factors. Things like the use

of 100 percent post-consumer waste (PCW) paper, green cleaning products, and energy efficient equipment have become widely accepted in the past 20 years. Countless public procurement offices have implemented sustainable procurement policies.

More recently, the use of diverse suppliers at both the prime and sub-contract level are being measured. This provides an opportunity for minority-owned, women-owned, and emerging small businesses to compete in the public procurement process. Leading

agencies from Oregon to Virginia are actively promoting the use of small businesses and measuring how well they are doing.

In 2018 the University of California adopted a policy to include sustainability as part of their RFP selection process. For solicitations over \$100,000 a minimum of 15 percent of the selection criteria must be allotted to sustainability (for both goods and services).

Concurrently, UC is partnering with a third party to help evaluate supplier performance in the area of sustainability. EcoVadis is an international leader in this space, offering a robust system for assessing suppliers on their corporate social responsibility (CSR) practices. A scorecard measures their performance in four categories: environment, labor and human rights, ethics, and sustainable procurement. This allows agencies to compare performance in a specific commodity area and help suppliers make improvements where needed.

So how did the first RFP go when factoring in the new sustainability policy? You might be surprised.

While the campus customer was initially resistant, the supplier community seemed to embrace it. In fact, the winning proposal offered more than UC could have imagined. The top supplier earned a good share of points in this category. Some highlights of their proposal included the support of green travel, energy reduction at their US facilities, use of electronic documents to reduce paper usage, and a support program for their employees during gender transition.

Supplier performance measurement will no doubt continue, but what we measure seems to be evolving.

While traditional metrics should remain important to us, there is something else that leading organizations are looking at: sustainability.



DARIN MATTHEWS, FNIGP, CPPO, CPSM, is the director of procurement for the University of California, Santa Cruz. He has extensive management experience, speaks throughout the world on procurement issues, and has published several books and articles on supply chain management. Contact Matthews at darin@ucsc.edu

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