



# Vendor Performance Evaluation Roundtable

December 6, 2022

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# Icebreaker

## *In the chat:*

Share your name, what government you represent, and whether/how your government currently tracks vendor performance.



# Agenda

1. [3 min] What is vendor performance evaluation? Why should I do it?
2. [5 min] What Works Cities Certification Criteria
3. [10 min] Examples
4. [7 min] Group Discussion
5. [25 min] Breakout Discussion
6. [10 min] Additional Resources & Final Questions

What is a vendor performance evaluation system? Why should my government invest in tracking vendors' performance?

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# Why formally capture information about your vendor's performance?

- **Use Case #1: As a performance tool for active vendors**
  - Used as a tool to provide more formal feedback to improve vendors' problem areas, discuss what's working and what's not.
  - Especially good practice to build the capacity of firms newer to contracting with government (i.e., small, local and diverse businesses)!
  - Can open the door to improved two-way communication between a vendor and government.

# Why formally capture information about your vendor's performance?

- **Use Case #2: As a deciding factor when renewing contracts or expanding the contract scope**
  - Do you base your renewal decisions on who is a good performer?
  - For job order or bench contracts, an evaluation can help decide who gets more work.

# Why formally capture information about your vendor's performance?

- **Use Case #3: As valuable supplementary information in a future contracting decision**
  - The same firms frequently bid or propose on contracting opportunities in many governments. Can you use your past experiences with a vendor **to avoid working with them** or **give preference to a better firm?**
    - As a supplementary reference
    - In declaring non-responsible and awarding away
    - As a formal evaluation criterion

# Sample language that could allow evaluations to be used in future contracting decisions

1. Proposals from individuals who have provided inadequate services to municipalities in the past, or proposals offering services proven unsatisfactory in the City's sole judgment may be rejected and not considered.
2. When the term of the contract under this RFP has concluded, the City will evaluate the Contractor's performance....The City will use the final City evaluation and any response from the Contractor to evaluate Proposals and to conduct reference checks when awarding future service contracts.
3. **Determining Responsibility.** In conjunction with the weighted criteria being used to determine the capability of the proposal, the City may consider the proposer's ability to meet or exceed the following criteria:
  - .....
  - The quality of the performance of previous contracts or services including previous performance with the City; ....



# Sample language that could allow evaluations to be used in renewal or work allocation decisions

- **Renewal:** The Contract extension will be contingent upon the availability of funds, Contractor's continuing compliance with applicable Federal, State, and local government legislation, and an evaluation of the Contractor's performance.
- **Work Allocation:** The City will monitor the performance of the Agency. The City expects to aggregate performance data and compare individual Agency performance against other Agencies qualified to place personnel in the same work categories. This relative performance measurement will be shared by the Procurement Division with Agencies privately to offer them a sense of how compare with competing Agencies (which will be anonymized) in the services they are providing with the city. This same data will be used by Appointing Authorities to inform future decisions concerning which Agencies to select to meet their temporary staffing needs.

# What Works Cities Certification: Results-Driven Contracting Criteria

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# What Works Cities Certification: Results-Driven Contracting Criteria

**RDC 3:** Your local government assesses the performance of contractors in order to compare the effectiveness of similar contractors.

**Requested validation:**

- Materials used to track data for comparing vendor performance such as vendor report cards, dashboards comparing vendors across a consistent set of metrics, and/or reports with process and outcome metrics for two or more products or service types. If available for only one product or service type, it must be used by at least three departments.
- Examples of contracts with vendors providing similar products or services that outline consistent metrics and/or performance reports of similar vendors.

# What Works Cities Certification: Results-Driven Contracting Criteria

**RDC 6:** Your local government reviews vendor performance data to inform future contracting decisions, including the selection of vendors, renewal of contracts, and/or expansion of existing scopes.

## Checklist (must meet 2 of 2):

- RDC 6.1: Past performance data of similar contractors is collected by your local government and shared across departments.
- RDC 6.2: Your local government uses past performance data for any of the following decisions about:
  - Contract renewal decisions
  - Allocating or expanding existing scope of work
  - Selecting vendors for new contracts

## Requested validation:

- Contracts that specify contract renewal depend (in part) on using clearly defined processes and outcome metrics and possibly some qualitative information (i.e., was the vendor responsive? A good collaborator?)
- Examples and/or evidence that allocation or expansion of an existing scope of work under current contracts is informed by performance.
- RFPs that specify that the selection of the vendor will be decided in part by past performance of that vendor.
- A brief summary of how past performance data of similar contractors is collected and how materials used to track data for comparing vendor performance are shared across departments.

# Examples

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# Systems vary based on the needs and capacities of different jurisdictions.

## Lower Intensity Approach

### Data Collection:

- Performance data is only captured about underperforming vendors OR
- Only a small subset of the gov't's contracts are evaluated. OR
- Limited data fields are captured, potentially just one overall score at contract end.

### Reporting and Data Use:

- Data is primarily shared only with internal staff.
- How the data is used may not be formally codified.



## Higher Intensity Approach

### Data Collection:

- Performance data is collected for most contracts.
- Performance is evaluated on a regular basis during the contract term, such as every six months.
- A variety of unique data fields may be captured, including cost control, staffing.

### Reporting and Data Use:

- Performance data is regularly discussed with vendors as a tool to give feedback and course correct.
- Data is formally used when future contracting decisions are being made.

# A light-intensity approach from a larger city

- For all commodity/goods contracts, information about vendor performance problems are **only recorded if the vendor did not perform** up to the city's standards.
- Aim to record:
  - Was there a problem?
  - What was the problem?
- **Creates a flag in that vendor's record** in the system, which helps staff avoid them in the future.



# A medium intensity approach from Arizona

## Vendor Performance Evaluations

10/1/2020



10/11/2022



319,001,231 - Uniform Rental and Laundry Service

100,987 - CAD/RMS Software Maintenance and Support

319,001,231 - Uniform Rental and Laundry Services

319,000,077 - PD COUNSELING SOFTWARE - EHR YOURWAY

319,001,231 - Uniform Rental and Laundry Services

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List Details

Total Evaluations Completed

**225**

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Evaluations Where Metrics Are Being Met

**120**

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Evaluations With Negative Scores

**58**

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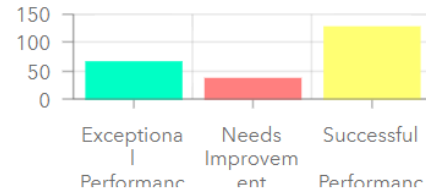
Contract Vendors Not

**7**

Recommended For Future Use

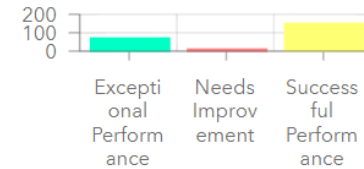
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### Schedule/Timeliness of Performance



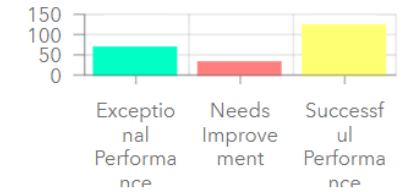
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### Budget/Cost Control



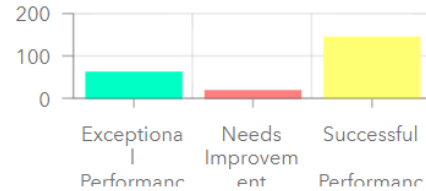
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### Quality of Work Performed



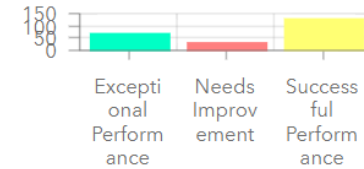
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### Invoicing and Payments



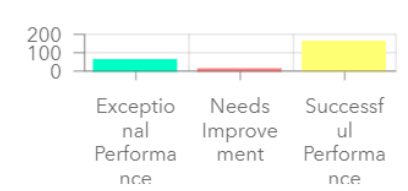
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### Deliverables



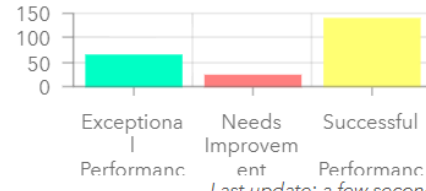
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### Regulatory Compliance and Permitting



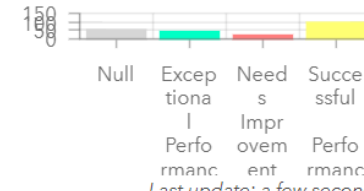
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### Adequacy and Availability of Workforce



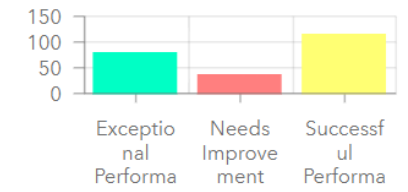
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### Project and Contract Management



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### Responsiveness



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# A high intensity approach from Toronto, Canada

The frequency of CPEs that a contractor can expect depends on the complexity and duration of the project, and will be based on the following suggested guideline:

Project Duration	Frequency of CPEs
up to 1 month	The option to conduct a final CPE
1 – 3 months	A final CPE at the end of the project with the option to conduct one interim CPE
3 – 6 months	A final CPE at the end of the project with the option to conduct one to two interim CPEs
6 – 12 months	A final CPE at the end of the project with the option to conduct one to three interim CPEs
Over 12 months	A final CPE at the end of the project; one mandatory interim CPE per year, with the option to conduct up to three interim CPEs per year

**CPE=**  
**Contractor**  
**Performance**  
**Evaluation**

Source: <https://www.toronto.ca/business-economy/doing-business-with-the-city/follow-up-on-city-contracts/contractor-performance-evaluation-cpe-form/>

# A high intensity approach from Toronto, Canada

The contractor is rated on each criterion with one of:

Rating	CPE Definition of Rating
EX (Exceptional Performance)	Far exceeded expectations due to exceptionally high quality of performance and work in all areas of responsibility adding value to the project.
EE (Exceeds Expectations)	Consistently exceeded expectations in all essential areas of responsibility and overall quality of performance and work excellent.
ME (Meets Expectations)	Consistently met expectations in all essential areas of responsibility with few if any issues.
I (Improvement Needed)	Performance failed to meet expectations in one or more essential areas of responsibility. Usually required some additional staff time and resources.
U (Unsatisfactory)	Consistently below expectations in most essential areas of responsibility. Usually required much additional staff time and resources.

**CPE=**  
**Contractor**  
**Performance**  
**Evaluation**

Meeting or exceeding the expectations of the Contract will result in a score of 3.0 or more.

Source: <https://www.toronto.ca/business-economy/doing-business-with-the-city/follow-up-on-city-contracts/contractor-performance-evaluation-cpe-form/>

# A high intensity approach from Toronto, Canada

The score generated by an approved CPE form results in the following:

Score	Action
Any one of the following <ul style="list-style-type: none"><li>• Total score below 50% – (weighted average)</li><li>• Criterion check of 20% or 40% for A1 “Compliance with OSHA / Legal Health &amp; Safety requirements (applicable for CPE and PSPE)”</li></ul>	Warning letter to contractor indicating risk of suspension
Any one of the following: <ul style="list-style-type: none"><li>• A final score of 40% or less</li><li>• Two interim/final scores below 50% within 5 years</li><li>• Two interim/final criterion checks of “20” or “40” within 5 years for A.1 “Did the contractor comply with OHSA requirements?”</li><li>• One final criterion check of “U” for A.1: “Did the contractor comply with OHSA requirements?”</li></ul>	May initiate report to Council recommending suspension for a minimum of one year.

**CPE=**  
**Contractor**  
**Performance**  
**Evaluation**

Source: <https://www.toronto.ca/business-economy/doing-business-with-the-city/follow-up-on-city-contracts/contractor-performance-evaluation-cpe-form/>

# Discussion

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# Group Discussion

*In the chat or out loud:*

How are you currently tracking vendor performance in your jurisdiction?

Which of these approaches feels most feasible for your government?

# Breakout discussion 1: Designing a VPE process

Key questions to answer	Considerations
<b>1. Which contracts and vendors will you evaluate?</b>	<ul style="list-style-type: none"> <li>• Type of vendor (goods, prof. services, construction)</li> <li>• Dollar amount</li> <li>• Impact on residents, visibility of the contract</li> </ul>
<b>2. How frequently will you evaluate vendors?</b>	<ul style="list-style-type: none"> <li>• On a regular basis during the contract?</li> <li>• At the end of the contract?</li> <li>• More frequently if they have past performance issues?</li> </ul>
<b>3. What will you evaluate the vendors on?</b>	<ul style="list-style-type: none"> <li>• Timeliness, capacity, staffing, adherence to budget can all be options</li> <li>• Include mix of qualitative and quantitative questions.</li> </ul>
<b>4. Who will complete evaluations? Who will review evaluations?</b>	<ul style="list-style-type: none"> <li>• Prioritize staff working most closely with vendor</li> <li>• Evaluations should be reviewed for fairness, if possible</li> </ul>
<b>5. Who will manage the vendor evaluation system?</b>	<ul style="list-style-type: none"> <li>• We've seen someone in a central purchasing office generally be the right fit.</li> </ul>
<b>6. Who will have access to the evaluation data? How will it be shared?</b>	<ul style="list-style-type: none"> <li>• Lots to consider before sharing publicly!</li> </ul>
<b>7. How will you measure if the new system and process is working?</b>	<ul style="list-style-type: none"> <li>• Consider whether evaluations are being completed and whether the juice feels worth the squeeze!</li> </ul>

# Breakout discussion 2: Sharing out and discussing VPE Examples

We'll now break you out into small groups to discuss actual VPE forms from real governments. Each group will discuss the following VPE forms, all found in [this Dropbox folder](#):

- **GROUP 1:** Broward County, FL
- **GROUP 2:** Colorado
- **GROUP 3:** Oakland, CA
- **GROUP 4:** San Diego, CA

For **7 minutes**, small groups will review the assigned workplan(s) and discuss the following:

- What do you like about this Vendor Performance Evaluation form?
- What would you do differently with this Vendor Performance Evaluation form?
- How could you tailor it to your own government? Does this make you think of other customized questions you could add in your own forms?

We'll then take another few minutes to report back and discuss.

# Don't let perfect be the enemy of the good!

- Tips for getting started:
  - **#1: Start small!** Choose a subset of your city's contracts to pilot an evaluation form or procedure with (e.g., one department's contacts OR all construction contracts OR those over \$750k OR those with prior performance challenges)
  - **#2: Engage department stakeholders early on.** Talking early on with staff who manage or administer contracts and getting their buy-in and interest will help prevent later resistance.
  - **#3: Invest in data organization.** Before you can decide what pool of contracts to evaluate, you likely need to know the full universe of active contracts in your jurisdiction. That might involve some upfront data cleaning and organization!