How can you engage in this session?

Please use the **"Raise Hand"** function on Zoom

If able, please **turn on your Zoom camera!**

Look out for **discussions and resources** in the Zoom chat!

Session Roadmap

1. Why Vendor Certification Matters
2. Assessing the Need for Certification
3. Streamlining Certification Programs
4. Supporting Certified Vendors

Join us for a post-event session (30 minutes) to learn and share **vendor certification success stories and challenges**!

Section I: Why Vendor Certification Matters

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Common Types of Vendor Certification Programs

MBE and WBE:
Minority-Owned and Women-Owned Business Enterprise*

Certifies businesses with majority ownership and control by minority or women individuals

*The Federal Department of Transportation uses a similar designation called **DBE** (Disadvantaged Business Enterprise).*

SBE:
Small Business Enterprise

Certifies businesses based on employee count, revenue, and other metrics

LBE:
Local Business Enterprise

Certifies businesses headquartered in specific geographic areas, typically defined by a city or county

Other Certifications:

- **Veteran-Owned Business (VOB)**
- **Service-Disabled Veteran-Owned Business (SDVOB)**
- **LGBTQ+ Owned Business**

The Role of Vendor Certification Programs: Balancing Benefits and Burdens

Certification programs are **important tools for governments and vendors to expand access to government contracts** and promote economic inclusion.

However, these programs often **introduce significant administrative burdens** that can deter businesses from participating.

PEN Poll

Does your government run any vendor certification programs?

What challenges do you foresee, or have you experienced, running certification programs?

Section II: Assessing the Need for a Vendor Certification Program

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Key Reasons to Launch a Vendor Certification Program

Governments might launch a vendor certification program if their goal is to implement a bid preference or set-aside program to provide formal advantages to certified businesses.

Preference Programs

Certified businesses (such as small or local firms) receive additional points in bid evaluations

Set-Aside Programs

Specific solicitation opportunities are reserved for only certified businesses (such as small or local firms)

Subcontracting Requirements

Certification allows prime contractors to meet subcontracting requirements through partnerships or direct spend with certified businesses

Is launching a new vendor certification program the right strategy?

👎 **If you just want to collect data, *probably not.***
If the goal is simply to understand vendor demographics in your jurisdiction (e.g., business size, location), this can often be achieved without implementing a certification program.

👎 **If another certification exists that you can direct vendors to, *a new certification probably isn't needed.***

👍 **If you are giving a unique preference, *a new certification can be a helpful tool!***

Decision Matrix: When to Use Vendor Certification Programs vs. Standard Data Collection

Question	Vendor Certification Program	Data Collection Only
What is the goal of the program?	Looking to create a **bid preference or set-aside program** for businesses (such as small or local firms) or increase subcontracting with firms	Want to **understand the breakdown of vendor competition by demographic group**
Does your jurisdiction allow preference programs?	**Yes** – Certification helps maintain integrity of the program	**No** – Use data collection to monitor outcomes without preference programs
How will you measure success?	Success measured by **contracts awarded** to certified businesses	Success measured by **demographic insights** and **service gaps** identified
Are you concerned about administrative burden?	**High administrative load** but necessary for specific programs offered to support certified vendors	**Lower burden** – Focus on surveys, vendor eProcurement registration, or outreach tracking

Certification Alternatives: Collecting Data Without a Formal Program

If a formal vendor certification program is not the right fit, **governments can still collect crucial data on vendors**. By gathering vendor information during other parts of the procurement process (eProcurement registration, bid submission, etc.) or using ongoing surveys, governments can track the demographics of their vendor base without requiring formal certification.

This approach can be especially **useful in jurisdictions where legal restrictions prevent governments from implementing preference programs** based on race or gender.

Long Beach Case Study: Leveraging Existing Data

Case Study:
Long Beach, CA

Challenge: Long Beach wanted to promote local business participation in procurement but worried that a full certification program was too resource-intensive for staff and cumbersome for smaller vendors.

Innovation: Instead of creating a separate vendor certification program, Long Beach utilized vendor data through its existing e-procurement system and business license registry to update its **10% local preference** for businesses headquartered within the city. This approach reduced administrative burdens while still promoting local economic growth.

Key Outcomes: The simplified approach increased participation from local businesses and allowed the city to prioritize spending within the local community. Vendors benefited from the preference system without needing to navigate a separate certification process.

Best Practices

- **Use Existing Vendor Registration Data**: Track demographics and business information from other systems without requiring separate formal certification programs. Utilize contract data to evaluate the success of local spend initiatives.

- **Implement Local Preference**: Offer bid advantages to businesses located within the community (especially relevant if legal complications for race-conscious initiatives).

- **Simplify Processes**: Minimize administrative barriers to encourage vendor participation. Don't require vendors to submit information collected/verified elsewhere.

Utilizing Reciprocal Certifications

Reciprocal certifications **allow firms already certified by one entity to receive recognition across other entities**, minimizing duplication and streamlining access to procurement opportunities.

How Reciprocal Certifications Benefit Vendors and Government:

1. **Minimize Administrative Burdens**: Firms avoid reapplying for similar certifications multiple times.

2. **Faster Approvals**: Governments expedite certification eligibility determinations by recognizing existing certifications.

3. **Increase Vendor Participation**: Reducing barriers encourages more businesses to get certified and ultimately engage in procurement opportunities.

Reciprocal Certifications in Action (Part 1): LA City's Proprietary SBE

PROPRIETARY SMALL BUSINESS ENTERPRISE (SBE)

ROADMAP FOR APPLICANTS

Should I apply?

If your firm is currently certified with any of the following agencies, you do **NOT** need to submit the SBE (Proprietary) Application:

- Federal Small Business Administration (SBA) - 8(a) Business Development Program
- State of California Department of General Services (DGS) – Small Business (SB),Micro Business (MB) and Public Works (PW)
- California Department of Transportation (CALTRANS)- Small Minority/Women Business Enterprise (SMBE/SWBE)
- L.A. County Metropolitan Transportation Authority (METRO) – Small Business Enterprise (SBE)
- US Women's Chamber of Commerce (USWCC) - Women-Owned Small Business (WOSB) & Economically Disadvantaged Women-owned Business (EDWOSB)
- National Women Business Owners Corporation (NWBOC) - Women-Owned Small Business (WOSB) & Economically Disadvantaged Women-owned Business (EDWOSB)
- Women's Business Enterprise Council WEST (WBEC - West) - Women-Owned Small Business (WOSB)
- City of Los Angeles – Local Small Business (LSB)
- Los Angeles County – Local Small Business Enterprise (LSBE)
- California Unified Certification Program (CUCP) – Disadvantaged Business Enterprise (DBE)
  - *CUCP Agencies include:*
    - California Department of Transportation (CALTRANS)
    - Central Contra Costa Transit Authority (CCCTA)
    - L.A. County Metropolitan Transportation Authority (METRO)
    - San Francisco Bay Area Rapid Transit District (BART)
    - San Francisco Municipal Transportation Agency (SFMTA)
    - Santa Clara Valley Transportation Authority (VTA)
    - City of Fresno
    - City of Los Angeles
    - San Diego County Regional Airport Authority (SAN)
    - San Francisco International Airport (SFO)
    - San Mateo County Transit District (SAMTRANS)

If you are certified by one of the agencies listed above you may add SBE (Proprietary) to your RAMP profile for verification or check the Bid/Proposal documents for the Department's instruction regarding verification of certification.

Source: https://bca.lacity.org/Uploads/cca/SBE%20%28Proprietary%29%20Application.pdf

Reciprocal Certifications in Action (Part 2): CTA-SEPTA Reciprocity Agreement

Transit agencies agree to share certification of minority contractors

Chicago and Philadelphia's reciprocal arrangement for disadvantaged businesses could become a national model, organizers say.

" Under the memorandum of understanding, companies that gain certification as a small business enterprise for either the Southeastern Pennsylvania Transportation Authority or the Chicago Transit Authority will also automatically obtain it for the other agency. The hope is that eventually a large number of other public agencies will join, in effect creating a database of eligible SBE and DBE contractors that can quickly plug into work. "

The heads of the CTA and SEPTA sign an agreement of reciprocal certification for DBEs. *Permission granted by AASHTO*

Source:
https://www.constructiondive.com/news/transportation-agencies-sign-agreement-to-share-minority-contractors/640507/

Let's Discuss! Certification Programs v. Data Collection

Question for Reflection:

What are the **main tradeoffs** you're thinking about in launching a standalone certification program?

Please raise your hand to come off mute to share or write in the chat!

Summary: When a Certification Program Makes Sense

✓ <u>Launching or maintaining a certification program may be the **right choice**</u> if:
- o You plan to give preference to certified firms or set-aside contracts for certified firms; certification may be essential to identify eligible businesses and maintain program integrity.
- o If there is not a similar certification that exists already that you could accept, you may need to launch your own certification program.

✗ <u>Launching or maintaining a certification program may **NOT be the right choice**</u> if:
- o You simply hope to better understand the vendor community and data around the demographics of businesses in your jurisdiction.
- o You don't have the staffing and resources.
- o You worry about the administrative burden placed on a vendor community that likely already holds similar certifications.

Section III: Streamlining Existing Certification Programs

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Key Benefits of Streamlining Certification Programs
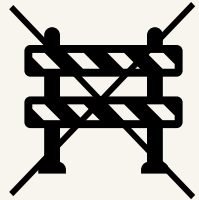
1. *Reduced Barriers:* Reducing paperwork and unnecessary steps makes certification less daunting for businesses with limited administrative capacity.

2. *Faster Approvals:* Streamlining speeds up the time it takes for businesses to get certified, enabling them to bid on contracts sooner.

3. *Increased Participation:* Simplified processes lead to more businesses becoming certified, boosting competition in government contracts.

"Since transitioning to a digital system, we've seen a rise in participation from smaller vendors. However, managing the shift was not without challenges—capacity constraints still make submission difficult for some businesses."
– Laura Spence, Assistant Director of Purchase, City of Syracuse

Syracuse Case Study: Streamlining Vendor Certification

Case Study:
Syracuse, NY

Challenge: Syracuse's 16-page paper application was too complex, frustrating vendors and shrinking the MWBE directory. Staff spent more time processing paperwork than supporting businesses.

Innovation: Syracuse streamlined the process by conducting vendor interviews, cutting unnecessary questions, moving to a digital platform, and introducing fast-track certification for state-certified vendors.

Key Outcomes: Syracuse increased MWBE participation and shifted staff focus toward vendor outreach and capacity building, proving that simplifying processes and reducing barriers fosters greater participation.

Best Practices

- **Center the Process on Vendor Needs**: Engage with vendors directly to identify challenges and opportunities.

- **Simplify Application Forms**: Remove redundant questions and streamline the overall application process.

- **Use Digital Tools**: Shift to online platforms for certification and directory management to improve ease of applying.

- **Leverage Reciprocal Certifications**: Fast-track vendors certified by other entities to reduce barriers to participation.

- **Test and Refine**: Use pilot testing and feedback loops with vendors to help determine process accessibility.

Simplifying Applications: Key Steps

Governments can take specific steps to make the application process easier for vendors:

Reduce Redundant Questions

Eliminate or consolidate questions that are not directly tied to eligibility criteria.

Move to Online Applications

Digital applications are easier for businesses to complete and track. They also reduce the administrative burden on government staff.

When Possible, Reciprocal Certifications

Recognize certifications from other entities to streamline access for vendors and reduce administrative burdens.

Use Clear Language

Simplify technical or legal jargon in the application process, making it more accessible to all businesses.

Streamlining Processes without Compromising Effectiveness

Accessibility, Ease of Participation
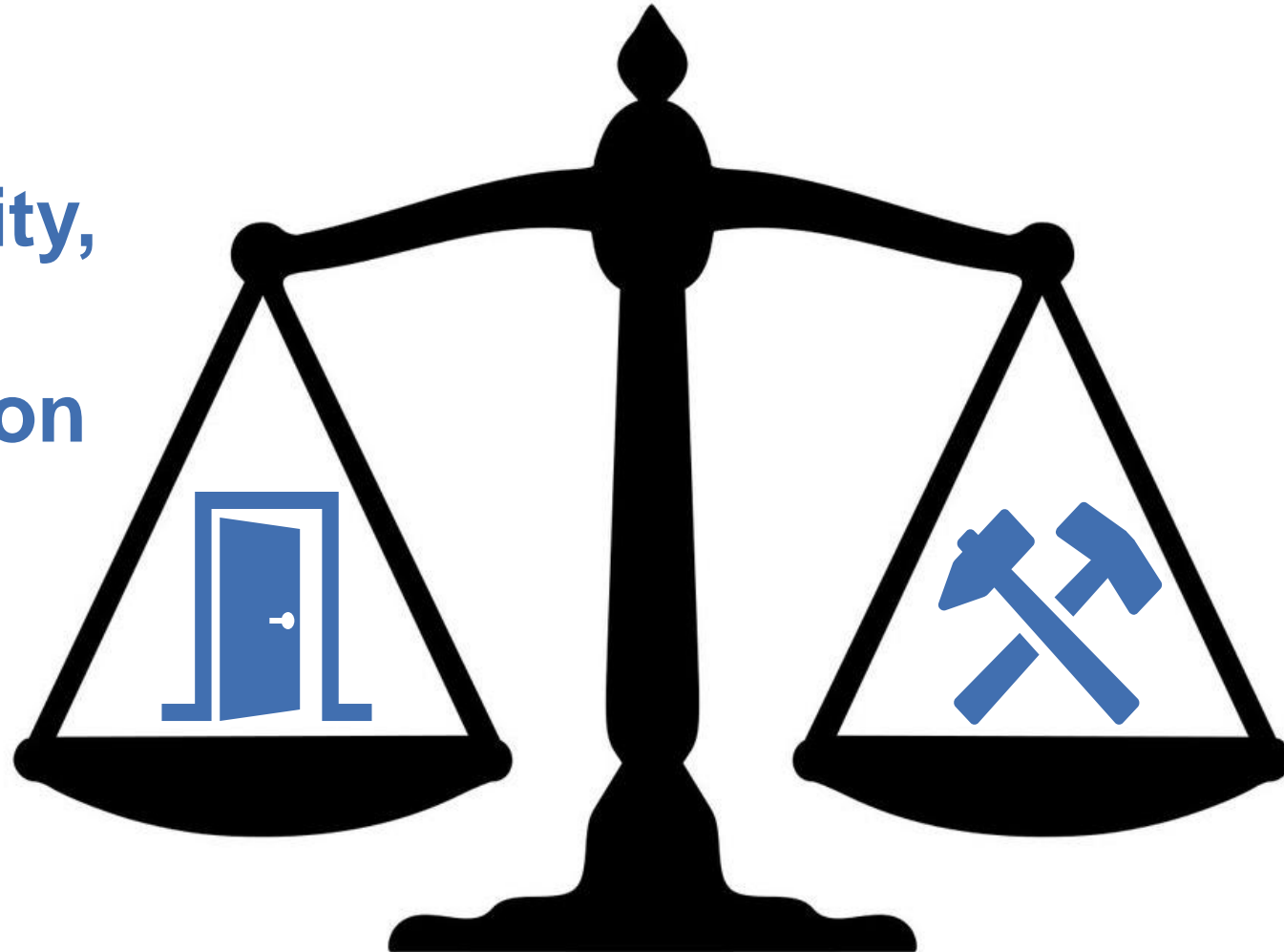
Program Integrity

You must balance the type of error you make

One Error:
Firms Who Are Truly Not Eligible Get Certified
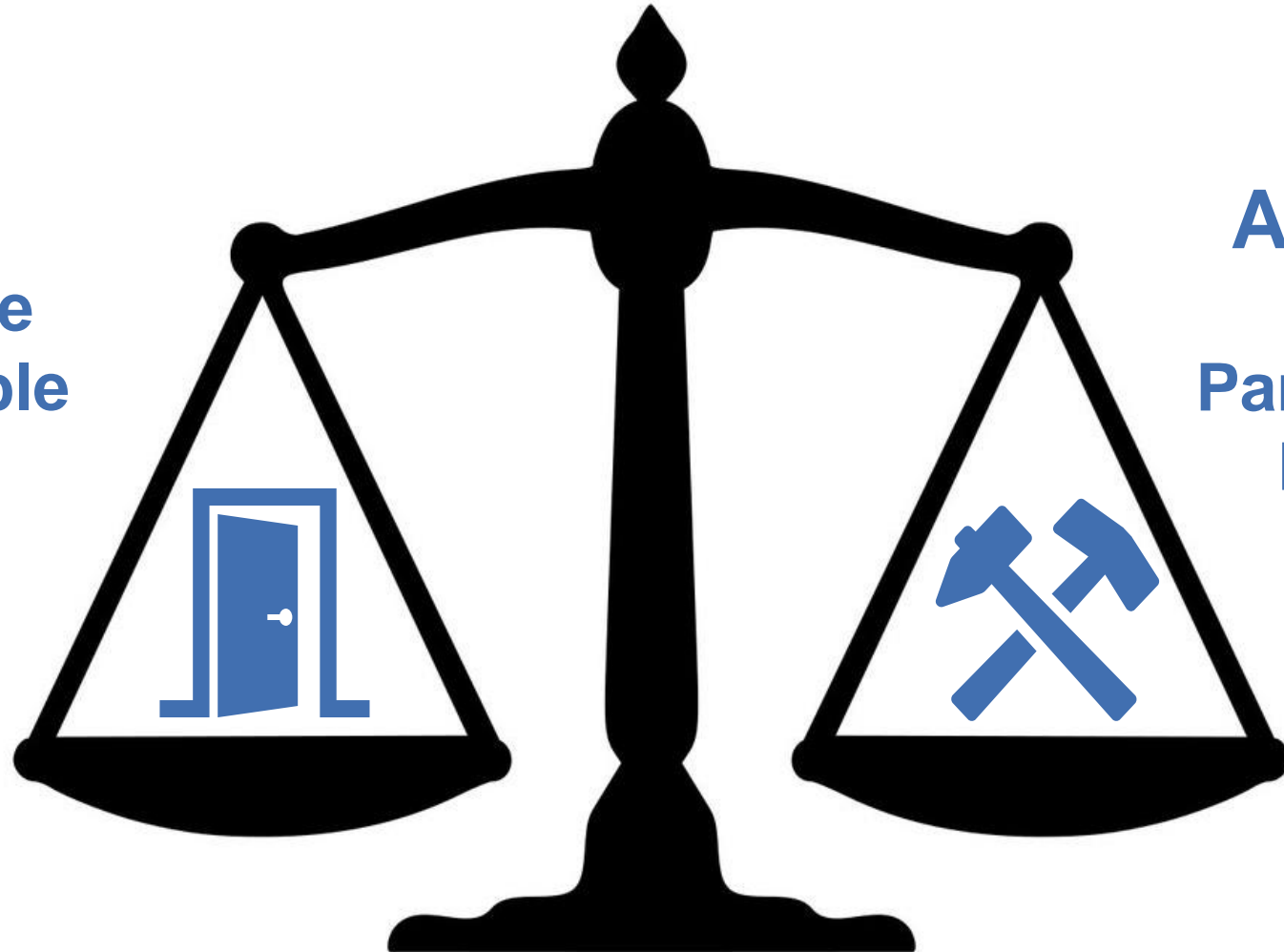
Another Error:
Firms Don't Participate Because Process is Too Rigorous

Clarifying Vendor Certification Benefits

Vendors are more likely to seek certification when the benefits of participation are **clear and substantial**. Governments should clearly communicate how certification will provide advantages, such as:

- **Bid Preferences**: Extra points or consideration in the evaluation of bids or proposals.
- **Set-Asides**: Exclusive opportunities for certified businesses to bid on a subset of contracts.
- **Connections to Prime Contractors:** Inclusion on certified lists utilized by prime contractors to meet subcontracting spend requirements.
- **Networking and Training**: Access to capacity-building resources, such as workshops and mentorship programs.

Interactive Activity – Vendor Certification Challenges

Breakout Groups (10 minutes)

Scenario-Based Discussion: Participants will choose to discuss one of three scenarios related to streamlining certification:

Scenario 1: Vendors lack awareness of certification programs, leading to low participation.

Scenario 2: The certification application process is too complex, discouraging businesses from applying.

Scenario 3: Vendors do not believe in the value of applying for the program.

Each group will propose solutions to their scenario.
After the breakout, we'll ask each group to share their recommendations in the main session!

Summary: Best Practices for Certification

Simplify the Application: Eliminate redundant paperwork and move to digital applications.

Leverage Existing Certifications: Fast-track vendors who are already certified by state or federal programs.

Clarify Benefits: Clearly communicate the benefits of certification to vendors, including bid preferences, set-asides, and capacity-building opportunities.

Support Vendors Post-Certification: Provide ongoing support through outreach, training, and networking.

Section IV: Building on Certification - Supporting Vendors in Competing for Contracts

Certification is just the beginning...

While vendor certification is an essential first step, governments should **provide ongoing support to help certified businesses compete effectively** in the procurement process.

Outreach and Communication

Prioritize making certified vendors aware of upcoming contracting opportunities and how to bid.

Capacity Building & Training Programs

Provide training and resources to help vendors navigate procurement processes

Facilitating Subcontracting & Partnerships

Encourage subcontractor relationships between prime contractors and certified vendors.

1. Proactive Outreach and Communication

Prioritize making certified vendors aware of upcoming procurement opportunities and understand how to compete effectively, by:

Using Direct Communication: Inform certified vendors about upcoming, relevant contracting opportunities, and changes to procurement policies.

Workshops and Webinars: Offer educational programs that explain the procurement process, including how to prepare a strong bid package and meet contracting requirements.

Targeted Outreach: Focus on outreach to certified vendors who may not have traditionally participated in government procurement due to a lack of information or resources.

Proactive Outreach in Action: Long Beach

Challenge: Long Beach needed to increase its vendor pool but found that traditional outreach methods weren't reaching small and local businesses effectively.

Solution: Long Beach leveraged $80M in American Rescue Plan Act (ARPA) funds as a testing ground to implement proactive vendor engagement strategies, conducting targeted outreach campaigns to identify and engage local, small, and diverse vendors.

Public-facing forecast of upcoming contracting opportunities

Outreach event for prospective vendors

Social media post for a procurement and information session

How did you find out about this contracting opportunity?

Post-solicitation bidder survey
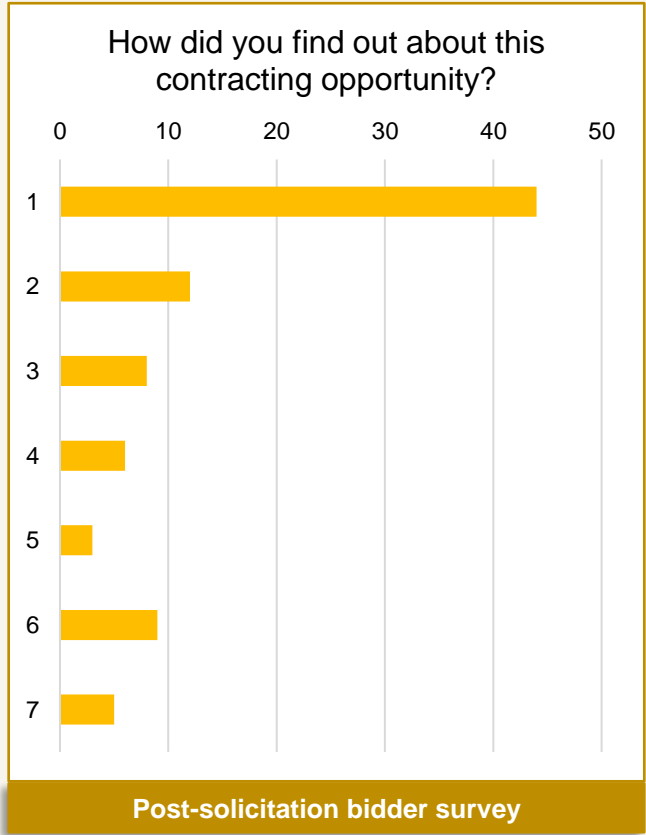
2. Building Capacity for Success

Certified vendors often need help building the skills and capacity to win government contracts. Governments can provide this support (often via third-party intermediaries). Key strategies include:

Training Initiatives: Provide courses that help vendors understand government procurement processes, improve their solicitation response, and more effectively manage existing contracts.

Mentor-Protégé Programs: Pair certified vendors with experienced mentors who can guide them through the process of responding to RFPs and managing contracts.

Technical Assistance: Help vendors find one-on-one support to develop strong proposals, improve financial management, and meet compliance requirements.

3. Leveraging Subcontracting Opportunities

Governments can encourage prime contractors to meet subcontracting spend goals by partnering or spending directly with certified vendors. This not only helps meet targets but also provides smaller businesses with valuable subcontracting experience that can position them for future prime opportunities.

Subcontracting Requirements/Goals: Include subcontracting requirements in contracts with prime contractors, requiring them to work or spend directly with certified vendors.

Matchmaking Events: Host events that connect certified vendors with prime contractors to foster relationships and facilitate partnerships.

Performance Monitoring: Track how well prime contractors are meeting their subcontracting goals and vet that certified vendors are actively participating in the contracts.

Boston Case Study: Raising Thresholds for Certified Vendors

Case Study:
Boston, MA

Challenge: The standard procurement process was time-intensive, limiting certified small and diverse vendors' ability to compete effectively.

Innovation: Boston introduced the Inclusive Quote Contracts (IQC) initiative to raise purchasing thresholds only when departments contract with certified vendors. This change gives departments the flexibility to bypass full RFPs when they select certified small or diverse businesses, reducing administrative burden and incentivizing engagement with these firms.

Key Outcomes: More certified vendors bid for and won contracts, increasing vendor diversity. Training and mentorship boosted vendors' capabilities, enhancing equity by creating a more inclusive vendor pool.

Best Practices

- **Incentivize Engagement:** Offer departments simplified purchasing processes when selecting certified vendors to encourage inclusive procurement.

- **Reduce Administrative Burden:** Use flexible thresholds to minimize the need for RFPs for smaller contracts.

- **Foster Long-Term Vendor Relationships:** Empower departments to prioritize certified businesses, building rapport with local, diverse suppliers.

Let's Discuss! Supporting Vendors Beyond Certification

Question for Reflection:

What **strategies have worked well** in your organization to support certified firms after they are certified?

Please raise your hand to come off mute to share or write in the chat!

Conclusion

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The Path to Expanding the Vendor Pool Through Certification

Why Certification Matters: Vendor certification programs allow governments to identify businesses that fall into specific categories, facilitating greater opportunity for fair competition and advancing goals to expand vendor participation.

Assessing the Need: Certification programs should be carefully designed to align with your jurisdiction's goals. Data collection, outreach, or exploring reciprocal certification may be more effective in some cases.

Streamlining the Process: Simplifying certification makes it more accessible, increases vendor participation, and reduces administrative burdens for both vendors and government staff.

Supporting Certified Vendors: Certification alone is not enough. Governments need to provide ongoing support through outreach, training, and facilitating subcontracting opportunities to help certified vendors succeed.

Discussion

Open dialogue with peer governments on experiences, best practices, and strategies related to vendor certification programs as a tool to achieve procurement equity.

Please **share a question or challenge** that you are currently facing

Please **share best practices and successes** from your government

Please raise your hand to come off mute to share or write in the chat!