

# Procurement Inclusion & Equity Accomplishments Report



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Inclusion (PIE) Program

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# 2020 – 2021 Procurement Inclusion & Equity (PIE) Accomplishments Report

## Background

The Procurement Inclusion and Equity (PIE) Program was created in October 2019, shortly after the release of the State of Washington Disparity Study Report. It was established to create a sustainable increase in the state’s purchasing of goods and services from small, diverse, and veteran-owned businesses (small and diverse). While the PIE Program helps lead this effort, the hardworking and dedicated procurement professionals do the work that will lead to equity in public spending. Their work also implements [Executive Order 22-01](#) and the [Tools for Equity in Public Spending](#).

The PIE program has been focused on implementing the twelve recommendations from [the disparity study](#) that apply to goods and services. As the state’s lead procurement agency, DES’ goal was to develop tools and guidance, modeling implementation of the applicable Disparity Study recommendations.

Initially, the PIE program had three strategic focuses:

1. **Measure whether these efforts create real opportunities** for small, diverse, and veteran-owned businesses in state contracting by collecting quarterly outcomes from existing databases.
2. **Create a culture of procurement inclusion** and equity by eliminating barriers, establishing policies and procedures, providing training, and creating opportunities to the maximum extent possible for small and diverse businesses in state contracting.
3. **Create a pipeline of small and diverse businesses** by strategically targeting outreach, training, and technical assistance where there are state opportunities.

Therefore, the PIE program works to create and implement:

- New procurement processes, guidance, and policies.
- New solicitation language, templates, and tools.
- New outreach, training, technical assistance, and support programs for small and diverse businesses

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## About this Report

This accomplishments report aligns with the objectives established in the PIE Program's 2020-2022 Strategic Plan. Each objective led to accomplishing the Disparity Study recommendations, Business Diversity Advisory Group (BDAG) recommendations, and the PIE Program's goals.

## Disparity Study Implementations

DES is implementing eleven of the twelve Disparity Study recommendations, with a plan to implement the twelfth – adopting a pilot small business support program instead of an enterprise mentor protégé program for goods and services.

1. Implement an electronic data collection and monitoring system for all state agencies.
2. Increase access to state contracting information.
3. Increase outreach to minority and women business enterprises (M/WBEs).
4. Increase technical assistance to M/WBEs and small firms.
5. Lengthen solicitation times.
6. Review contract sizes and scopes.
7. Raise the direct buy limit.
8. Review insurance, surety bonding, and experience requirements.
9. Increase access to state contracting information.
10. Provide training to state staff.
11. Develop a pilot small business enterprise target market.
12. Adopt a pilot small business enterprise mentor-protégé program.

The PIE Program defined goals and performance measures to gauge its successes. After establishing what to measure, we set out to find a way to get the necessary meaningful data and continue to look at whether we measure what matters.

## PIE Program Data

### **Disparity study recommendations one and two**

PIE collects state diversity spend data monthly. This data represents the total state diversity spending as a portion of the state spending. We collect data after the 15th of each month.

### **How PIE measures quarterly spending**

- Total DES and other agency spend on statewide contracts, including total amount spent with small, veteran, and certified and self-identified minority and women businesses, with percentages of each.

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- Total DES internal spend, including total amount spent with small, veteran, and certified and self-identified minority and women businesses, with percentages of each.
  - The Total number of businesses registered in Washington’s Electronic Business Solution (WEBS), including the number of small, self-Identified or certified minority and women, and veteran businesses, and percentages of each.
  - Total number of Office of Minority & Women’s Business Enterprises (OMWBE) certified businesses, Secretary of State registered businesses, and the total number of in-state taxpayer Identifications, comparing quarterly increases.

## Direct Buy Tracking

### **Disparity study recommendation three.**

After amending [the Direct Buy Policy \(#DES-125-03\) to raise](#) the direct buy spending limit to \$40,000 for Washington small businesses and \$30,000 for all others, DES and other agencies found they were not tracking their direct buy spending. DES committed to identifying a way to use Agency Financial Reporting System (AFRS) data to compare against other data sources to report direct buy spending data accurately. Starting in 2021, DES created and implemented a method to track its direct buy purchases to measure how the policy works.

### **Tracking Amazon spend**

They developed and implemented a method to track Amazon spending. [Data posted monthly.](#)

### **Upcoming Data Projects**

1. Assist other agencies in tracking their direct buys. Explore whether the solution DES implemented may work for other agencies.
2. Use internal data to assist DES programs in forecasting their purchases. We will work with the Finance Division to present diverse spending data in Monthly Financial Status Review meetings and analyze and recommend improving spending practices.
3. Analyzing DES spending to determine if small, diverse, or veteran businesses are available in areas where DES plans to buy. This will help DES identify gaps in availability and establish guidance for other agencies to do a similar analysis.
4. Tracking purchase card (P-Card) spending diversity data. Continue to partner with OMWBE, the agency that will implement the tracking of the purchase card spending by all agencies.

## Creating a Culture of Procurement Inclusion and Equity

### **Disparity study recommendations four, five, and six**

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The PIE Program creates a culture of procurement inclusion and equity by eliminating barriers, establishing policies and procedures, providing training, and creating opportunities to the maximum extent possible for small and diverse businesses in state contracting.

## **Embedding Inclusion and Equity into DES Procurement Processes**

Step one: Forecasting out contracts

- Developed 18-month forecast for statewide contracts
- Created a long-term forecast for DES internal contracts

Step two: Conducting Prebid conferences

- Prebid provides opportunities for bidders to ask questions or raise concerns on solicitations
- Created agenda and PowerPoint tools for meeting consistency
- Since March 2021: Twenty-five Prebid conferences held to date

Step three: Posting winning bids

- Created guidance, language, and a process for posting winning bids in a public place
- Placed in DES Desk Manual as a requirement for all contracts
- Started sending Bid Tab with Apparent Successful Bidders (ASB) announcement to show how each bidder scored
- Post the winning bid on the contracting portal under historical documents
- Fourteen bid tabs have been posted to date
- Creating a page for internal DES winning bids

Step four: Lengthening solicitation times

- Developed timing guidance for Desk Manual
- Set a goal to post all solicitations for no less than 30 days
- Extends to no less than 45 days for complex solicitations
- To date, all solicitations except one have met this goal

Step five: Unbundling analysis for every contract

- Created unbundling guidance for Desk Manual
- Conduct unbundling analysis on every solicitation
- Unbundle every contract when it creates an opportunity for a small/diverse business.
- To date, we've successfully unbundled 20 of the 30 DES solicitations

Plus, insurance requirements are appropriate for every contract (see below). [Right-Sizing Insurance for Small Businesses is explained on page six.](#)

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## Creating More Transparency

### **Disparity study recommendation seven**

Currently, DES posts only some of its internal contract opportunities on its Bid Opportunities webpage. We are working on building a webpage to post all current contracts, bid tabs, winning bids, and forecasted prospects, as we do for statewide contracts.

Creating and implementing new policies and practices

- DES Contracts & Procurement (C&P) Small Business Policy  
[DES created a policy in 2021](#) that requires contract specialists to use at least two of the seven new supplier diversity strategies in every solicitation to increase access for small and diverse businesses. Examples include unbundling awards (breaking procurement scopes into smaller sizes), giving preference points to small and veteran-owned businesses, and requiring vendors to have inclusion plans.
- Enterprise Supplier Diversity Policy  
The DES Director is charged with creating and implementing statewide procurement policies that state agencies must follow when purchasing goods and services.
  - Held two Supplier Diversity Policy Workshops, each with over 300 attendees, in October 2020 and August 2021.
  - Received over 1,800 comments from stakeholders.
  - Expect to go live with the final policy, guide, tools, and training in Fall 2022.

## Targeted Outreach to Small & Diverse Businesses Every Solicitation

### **Disparity study recommendation eight**

Creating and Implementing New Outreach Practices

[DES provided guidance and email templates](#) to assist procurement professionals in reaching out to small and diverse businesses during their solicitation process. The guidance recommends that procurement professionals reach out during the solicitation development phase and after the solicitation is posted.

Statewide Coordination of Best Practices with Other Agencies and States

Coordination with other state agencies and learning from other states is critical to our statewide success.

- The PIE Program met with nine subcabinet agencies, twenty other states, and seven jurisdictions with active supplier diversity programs. To continue coordination and sharing of best practices, DES joined the American Contractor Compliance Association, the lead supplier diversity organization in the nation.

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## Right-Sizing Insurance for Small Businesses

Excessive insurance requirements are a barrier for small businesses. It is common for government agencies to require more insurance than necessary based on the risk of the contract.

- C&P Legal created a suite of training to help procurement professionals understand different types of insurance to help them determine which insurance is most appropriate for the contract they are negotiating.
- C&P Legal and Office of Risk Management conducted a two-hour overview and six one-hour insurance training. These training are available online to all agencies and were advertised through DES' Contracts Connections biweekly bulletin.

## Insurance for Small Businesses Training Available

1. [Insurance Requirements – State Contracts for Goods and Services: Exhibit C](#)
2. [Additional Insured Status](#)
3. [Contractor's Certificate of Liability Insurance](#)
4. [Cyber Liability Insurance](#)
5. [Professional Liability Insurance](#)
6. [Excess and Umbrella Coverage](#)
7. [Workers' Compensation & Employer's Liability Coverage](#)

## PIE Program Engagement in DES Solicitations

### **Disparity study recommendation eight**

The PIE Program was engaged in each solicitation under development for the past two years. Engaging in each solicitation helps us create tools for procurement professionals to increase their contracting and spending with small and diverse businesses.

### Creating New Tools

Part of the PIE Program is creating new tools procurement professionals can use to increase their contracting and spending with small and diverse businesses. Along with the tools and guidance mentioned above, we look at the 18 milestones in the DES solicitation process with an equity lens, creating new or improving existing tools.

Some of the new or improved tools include:

- Updated Re-Solicitation Determination Milestone 1 and created guidance on when to use a cooperative agreement versus resoliciting a Washington state contract.
- Created Milestones 2 and 7: Small and Diverse Business Outreach guidance and How to Post a Winning Bid.
- Updated Milestone 8: Expanding Outreach by creating a one-page solicitation advertisement, posting it to the OMWBE website, and sending it to diverse business organizations.

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### Continuing the work

The PIE Program will continue to add an equity lens to our state procurement process and work to create policies, practices, and tools to help institutionalize equity into statewide procurement practices.

### Communicating PIE Work Through Contract Connections

As the state's goods & services procurement authority, we must communicate best practices and offer tools to increase overall state contracting and spending with small, diverse, and veteran-owned businesses.

- We have communicated the insurance training available on our website.
- We continue to share newly awarded contracts with small, diverse, and veteran-owned businesses and best practices such as using advertisements and outreach guidance.
- We continue to market state contracts, especially those available through small, diverse, and veteran-owned vendors.
- We don't have dedicated resources to deploy a robust communications effort. Still, we look forward to a more concentrated effort in this area by adding communication resources.
- We continue to send out communications through our Contracts Connection biweekly bulletin.

### Continuing the work

The PIE Program is hiring a Community Outreach Specialist, and the agency is dedicating two Communications members to the C&P Division.

## Creating a Pipeline of Small and Diverse Businesses

### **Disparity study recommendations nine, ten, and eleven.**

The third component of the PIE Program is to create a pipeline of small, diverse, and veteran-owned businesses by strategically targeting outreach, training, and technical assistance where there are state contracting and spend opportunities.

### Technical Assistance (TA)

TA aims to help small, diverse, veteran-owned businesses successfully bid on state solicitations and grow their businesses to meet state opportunities. We provide technical assistance through DES's talented customer service team and a contract with the PTAC.

- In 2021, C&P contracted with Procurement Technical Assistance Center (PTAC), which provides TA to small, diverse, and veteran-owned businesses. PTAC reports monthly to DES a list of the businesses they assisted with the procurement process.



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- This year, DES’s customer service team focused on helping the small and diverse businesses that the PIE Program refers to and those that need help navigating the state contracting system.
  - C&P’s Customer Service team is also essential to our outreach efforts, providing a perfect first touch from DES. This year we provided 4,030 instances of TA. We aim to reach more small and diverse businesses to assist them with TA. PTAC was also an essential partner in our targeted market projects for Business Professional Services and Automotive.

## **2021 PIE Accomplishments**

- PTAC provided 241 instances of TA
  - To 65 women-owned businesses
  - To 60 minority-owned businesses
  - To 38 veteran-owned businesses
- PTAC conducted nine outreach and training events

### Networking and Matchmaking

Networking and matchmaking are among the most successful services a state can provide to promote equity in public spending because it helps procurement coordinators and purchasers find new businesses to contract with.

The PIE Program participated in 10 networking events in 2021. Our goal for 2022 is to return to hosting at least two networking events and to look for opportunities for agencies to participate in other events. We are hiring a Community Outreach Specialist to coordinate the state networking and matchmaking events.

### General Outreach to Small and Diverse Businesses

The PIE Program also conducts general outreach and training by partnering directly with small and diverse businesses and support organizations and attending events where small and diverse businesses are present. We create an [annual outreach and training calendar and budget](#), which is presented to leadership for approval. In 2021, we attended and participated in 67 events and strategically partnered with eight organizations.

### Community Engagement

We also meet with business community leadership organizations representing interest groups, such as the Office of Equity, ethnic commissions, and Tribal governments. In 2021, the PIE Program engaged over 120 times with such communities and leaders.

### Industry Outreach & Target Market Projects

We looked at the 18-month forecast of state blanket or primary contracts and grouped them into nine categories. The PIE Program and C&P contract specialists then led three target market projects

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that engaged and trained. They reached out to specific industries that had the potential for small and diverse business participation, with two more planned for 2022:

- 2021: Business Professional Services, IT Professional Services, Automotive/Transportation.

### Communication

Our goal is to ensure that the diverse business community is aware of the work we are doing to change the procurement culture so they will feel more confident in the fairness of our procurement process. We also want to ensure they are aware of viable business opportunities. We launched business diversity email updates and a [new blog for small and diverse businesses](#). We created an editorial calendar, started subscribing to businesses, launched the blog in May 2021, and published three blog posts. This has been paused due to resourcing, but we plan to resume in May 2022.

### Training

Teaching small and diverse businesses how to do business with the state is critical to our work. The PIE Program provided training regarding how to do business with the state 50 times. We aim to offer monthly training sessions and post archives of these short training to our website.

### Business Diversity Advisory Group

The Business Diversity Advisory Group (BDAG) was established in 2018 to advise DES on state practices that create barriers for small and diverse businesses. BDAG consists of small businesses representing a variety of occupations, locations, and ethnicities. The BDAG recently added 12 new members selected from over 100 applicants. BDAG meets monthly in addition to BDAG subcommittee meetings. This year there were 11 BDAG meetings and 19 subcommittee meetings to address emerging topics.

## **Upcoming Activities**

### Creating a New Mentor Protégé or Small Business Support Program

Small businesses that bid on solicitations may not be fully prepared for the boost a contract may provide their business. We want to ensure they have all the tools, guidance, and help they need to succeed. Our objective for 2021 was to identify and create a way to provide TA to support these businesses as they grow to meet the state's needs.

This program will be implemented in 2022.

- Drafted program outline and sought guidance from the Attorney General's Office to determine a viable way to run an advanced TA program for micro- and mini businesses.

## **Operational Functions**

To support sustainable change, the following operational tasks were also addressed by the PIE Program in 2021:

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- Tracking Outcomes and Inputs
    - Monthly gathering and updating data, roadmap, and script.
    - Quarterly KPI and data.
  
  - Accumulating and Sharing Knowledge
    - Attending regular meetings with Washington Association of Contract Specialists (WACs), Training Advisory Group (TAG), Team Results Meeting (TRM), Procurement Customer Advisory Group (PCAG), OMWBE Business Diversity Subcabinet, OMWBE Advisory Group, OMWBE Tools for Equity Training, and state agencies.
  
  - Sustaining Partnerships
    - Maintaining partnerships with business organizations by regularly attending meetings, co-hosting training, and co-sponsoring events.
    - We have partnerships with at least five organizations.

### **Other Accomplishments Not in the PIE Program Strategic Plan**

- Created the PIE Program and funded three new positions
- Created a process document and analysis regarding when to re-solicit statewide contract and whether to go with cooperative purchasing agreements
- Provided procurement bias training to contracts specialists
- Formed an intersectional PIE Team within DES C&P
- Created new evaluator certification forms that require evaluators to take an online 20-minute bias overview training
- Led implementation of WEBS updates to allow businesses to do more searches
- Started a movement to amend RCW 39.26 to change the term “master contract” and other amendments
- Created a method to track purchase card spending for agencies and worked with OMWBE to track
- Gathered self-ID minority business data and sent data and contact info to OMWBE
- Created and started the use of one-page advertisements to post on the OMWBE website and send to partner organizations
- Placed an equity lens on the statewide contract’s re-determination guide