



Small Business Participation in State Purchasing

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OVERVIEW

State law, RCW 43.19.727, directs the Washington State Department of Enterprise Services (DES), Washington State Department of Transportation (WSDOT), and institutions of higher education to report the effects that Technical Assistance is having on the number of small businesses annually receiving state contracts for goods and services purchased by the state.

Technical Assistance generally includes providing opportunities for the procuring agency to answer vendor questions about bid solicitation requirements in advance of the bid due date as well as holding a debriefing after the contract award. These actions are designed to help vendors understand how to improve their responses for future competitive procurements. Technical Assistance may also include providing assistance to other agencies attempting to maintain records of state purchasing contracts awarded to registered small businesses.

This report relates how Technical Assistance is affecting small businesses by outlining the outreach that DES and WSDOT undertook with small businesses. This document examines the influence that Technical Assistance is having on Washington Electronic Business Solutions (WEBS) registration. WEBS is Washington's online vendor registration and bid notification system. This report also discusses the next steps DES and WSDOT anticipate taking regarding Technical Assistance.

EDUCATION AND OUTREACH TO ENHANCE SMALL BUSINESS IN STATE PURCHASING

From November 2011 through November 2013, DES and WSDOT implemented the following outreach efforts:

- DES developed, and WSDOT adopted, new procurement policies that align with RCW 39.26. WSDOT updated its internal purchasing manual to include complaints, debriefing, and protest procedures in all WEBS solicitations. To simplify the process, WSDOT also developed a solicitation cover sheet and a small business certification form.
- DES participated in more than 100 statewide vendor forums and WSDOT participated in 25 statewide outreach events. These events encouraged small businesses to compete for state business and allowed state agencies to learn what challenges vendors face with procurement processes.
- WSDOT leads a quarterly Supplier Diversity Best Practices Summit. The summit is a forum for collaboration with private industry and other public sector organizations to share best practices about programs and training that benefit small and diverse businesses.

- WSDOT procurement professionals participate in training twice a year to discuss opportunities to increase small business participation. Regional staff members participate in community outreach events held in their area. They verify small business information in WEBS, collaborate with region Financial Services staff to identify small businesses, and encourage local business partners to register in WEBS.
- Both agencies partnered with the state Office of Minority and Women’s Business Enterprises (OMWBE) and the Department of Veterans Affairs (DVA) to create and distribute brochures, update the availability of different languages on web presences, and collaborate in outreach presentations designed to encourage greater WEBS participation.
- Both agencies provided Technical Assistance including conducting pre-bid conferences and holding debriefing conferences upon request. The goal is to provide helpful information to small businesses so they can successfully compete in current and future state contracting opportunities.

EFFECTS OF TECHNICAL ASSISTANCE - WEBS REGISTRATION

These outreach and Technical Assistance activities seem to have increased the number of small businesses registered in WEBS. While general registration increased 23 percent in the past two years, the number of small businesses registered increased 160 percent. The table below shows the change in WEBS registration among small businesses from November 2011 to November 2013.

	November 2011	November 2013	2011 to 2013 Percent Change
WEBS Active Registered Users	23,210	28,594	23%
Washington State Small Businesses Registered	2075	5386	160%
Self-Certified OMWBE*	1334	1418	6%
Minority Owned Businesses	460	487	6%
Women Owned Businesses	632	672	6%
Women and Minority Owned Businesses	242	259	7%
Self-Certified Veteran Owned Businesses**	254	485	91%

Source: WEBS (Accurate as of 11/15/13)

*Per RCW 39.26.010(21)(b), businesses certified by OMWBE meet the definition of “small business.” The numbers in the table above reflect self-certified businesses. Beginning first quarter 2014, OMWBE certification data will be synced with WEBS and no longer self-certified by vendors.

**DVA data is shown for informational purposes. Beginning first quarter 2014, DVA certification data will be synced with WEBS and no longer self-certified by vendors.

NEXT STEPS

In January 2013, Procurement Reform through RCW 39.26 went into effect. Procurement Reform governs all state procurement for goods and services. As part of this legislation, DES is required to develop policies and rules for state contracting activities. A sub-project under Procurement Reform is updating the WEBS system. As part of this process, DES, DVA, and OMWBE collaborated to establish common commodity codes for consistent reporting.

Specific system updates in the current phase will:

- Allow small businesses to self-certify as small, mini, or micro.
- Synchronize OMWBE and DVA certification data with WEBS daily. Certified OMWBE businesses also will be designated in WEBS as small businesses per statute.
- Allow for an activity log when vendor statuses and certifications change.
- Facilitate common reports establishing a baseline and ongoing metrics to compare: (1) number of small businesses, certified minority, women, minority-women, and veteran-owned businesses registered in WEBS; and (2) percentage of state dollars spent for goods and services purchased from those businesses that can be related back to the Agency Financial Reporting System data by matching Tax Identification Numbers.

Both DES and WSDOT have processes in place to ensure assistance in bid development, pre-bid conferencing, debriefing, and contracts awarded. However, there is currently no consistent mechanism to track such assistance. DES will assess the possibility of using WEBS to track this metric in a future project phase.

DES is in the process of implementing a diversity plan for staff and expanding its outreach and education efforts. For example, the agency recently established a job position for diversity and outreach. DES also continues to form partnerships with key organizations to further its goal of enhancing small business in the state.

DES serves in a lead and collaborative role to implement Procurement Reform. To meet legislative intent, DES will develop an updated model plan with supporting policies and processes.