**Enterprise Services Procedure No. PRO-DES-090-06**

Supplier Diversity – Procedure

**Applies to**: all purchases for goods and services executed by agencies under delegated authority granted in accordance with [RCW 39.26.090](http://app.leg.wa.gov/RCW/default.aspx?cite=39.26.090) or under [RCW 28B.10.029](http://app.leg.wa.gov/RCW/default.aspx?cite=28B.10.029).

**Effective date**: TBD

**Last update**:N/A

**Sunset review**:{*5 years from effective date*}

**Approved by: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**, Director

Related state law: No. [RCW 39.26.090 (6)](https://app.leg.wa.gov/RCW/default.aspx?cite=39.26.090)

Related DES statewide policy No. DES-090-06 Supplier Diversity Policy

Resource: [to be developed]

1. **LEADERSHIP REQUIREMENTS**

Each action step may be completed by the same, or different, agency staff.

| ***Action by:*** | ***Action:*** |
| --- | --- |
| Agency Leadership Team | 1. Regularly reviews commitments made in the agency’s OMWBE annual supplier diversity inclusion plan to ensure that the agency’s purchase of goods and services from small, diverse, and veteran-owned businesses is increasing;
2. Appoints Agency Supplier Diversity leader(s) who has/have the responsibility for increasing the Agency’s spending with small, diverse, and veteran-owned businesses;
3. Regularly reviews supplier diversity procurement goals, as established by OMWBE, and progress to achieving these goals;
4. Ensures that all contracts and procurement staff complete relevant training related to this policy; and
5. Develops agency expectations for achieving compliance with this policy and agency’s supplier diversity goals.
 |
| Agency Supplier Diversity Leader(s)/Procurement Staff  | 1. Implements agency expectations developed in #5 above.
2. Provides supplier diversity progress reports in accordance with this policy and procedure to Agency Leadership Team.
	1. Frequency of reports will be annually, unless otherwise designated.
 |
| Agency Leadership Team | 1. Reviews the progress reports in accordance with #7 above.
2. As needed, adjusts the agency expectations to ensure that all procurement professionals use race and gender neutral strategies to increase the amount of contracts that are awarded to small, diverse, and veteran-owned businesses.
 |

**B1. FORECASTING ON ALL COMPETITIVE AND NON-COMPETITIVE PROCUREMENTS - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action by:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for forecasting on all competitive and non-competitive procurements.
 |
| Procurement Staff | 1. Conducts forecasting to identify contracting opportunities and diverse suppliers:
	1. Determines what goods and services need to be purchased (i.e. contracts and purchase orders) in the next fiscal year and lists them.
	2. Creates a target list of contracts and purchase orders the agency will use to deploy supplier diversity strategies.
		1. Agencies are always encouraged to apply the diversity strategies to all of the contracts not on the target list, including ad hoc contracts (i.e. contracts that arise during the periods between forecasting events).
2. Publicly posts all the agency’s forecasted procurement opportunities for the upcoming fiscal year.
3. Refreshes the forecasted procurement opportunities list every six months.
 |
| Agency Supplier Diversity Leader(s) | 1. Provides forecast data to Agency Leadership Team every six months.
 |

**B2. OUTREACH FOR ALL COMPETITIVE AND NON-COMPETITIVE PROCUREMENTS - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| **Phase 1: Outreach Planning** |
| Agency Supplier Diversity Leader(s) | 1. Designates a point of contact for outreach that can speak to agency’s purchasing activities.
	1. Posts publicly the agency’s outreach point of contact, including name, phone number, and email address.
	2. Develops methods for connecting applicable businesses with the right contracts, procurement, and program staff, including the agency’s outreach point of contact.
2. Assesses the agency’s current outreach efforts, in order to set an outreach baseline.
 |
| Procurement Staff | 1. Uses the baseline, strategically plans outreach efforts, as a part of the agency’s upcoming fiscal year preparations.
2. Determines which government contracting / procurement events the agency already attends.
3. Posts publicly an annual record of the outreach events that the agency attended.
4. Identifies outreach efforts and establishes an outreach plan:
	1. Determines which future government contracting / procurement events the agency may choose to participate in.
	2. Identifies potential events to attend where agency will reach small, diverse, and veteran-owned businesses. Looks for communities that may be underrepresented.
	3. Coordinates with the DES Procurement, Inclusion, and Equity Program to attend a minimum of one DES-hosted industry outreach and networking event per year.
 |
| Agency Supplier Diversity Leader(s) | 1. Reviews number of small, diverse, veteran-owned businesses that are reached during each procurement.
2. Reviews number of small, diverse, and veteran-owned businesses who bid on and won each procurement.
3. Provides data reports related to outreach (action items #5 and #6 above) to agency leadership to assess success of outreach efforts.
 |
| **Phase 2: Conducting Outreach** |
| Procurement Staff | 1. Conducts outreach to small, diverse, and veteran-owned businesses for every procurement. For example:
2. Identifies small, diverse, and veteran-owned businesses that may be interested in upcoming procurement opportunities.
	1. Utilizes available resources to search for small, diverse, and veteran-owned businesses such as using the OMWBE Directory of Certified Firms, DVA, and the WEBS Vendor search tool.
3. Contacts the small, diverse, and veteran-owned businesses, identified during outreach research, to share information about upcoming opportunities.
4. Determines if identified businesses are available, qualified, and able to provide the goods and/or complete the work being procured.
5. If no businesses are identified, engages OMWBE to create a plan to reach local non-certified businesses that may be available, qualified, and able to fill the opportunity above.
6. Builds relationships and promotes contracting opportunities in partnership with other state agencies, nonprofits, and other business or appropriate industry organizations.
7. Engages in post-outreach follow up to gain feedback for improvements and positioning for ongoing or future business opportunities.
 |
| Agency Supplier Diversity Leader(s) | 1. Assembles report on agency outreach efforts and provides to Agency Leadership Team.
 |

**B3. CONTRACTING TRANSPARENCY - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations and plans for agency transparency with regard to supplier diversity.
2. Publicly posts on the agency’s website:
3. Agency leader(s) who have the responsibility for increasing the agency’s spending with small, diverse, and veteran-owned businesses (by posting OMWBE’s annual agency supplier diversity inclusion plan on agency or OMWBE’s website satisfies this requirement).
4. Plan for maximizing opportunity for small, diverse, and veteran-owned businesses;
5. Forecasted opportunities;
6. Outreach plan and outreach goals;
7. Bids from the awarded contractor(s), to include all submittals, for the duration of the contract;
8. Publishes reports on the agency progress in achieving supplier diversity goals, in order to demonstrate compliance with this policy; and
9. Agency’s supplier diversity spending trends [example to be provided].
10. Updates the agency website with this data quarterly.
11. Provides transparency compliance report to Agency Leadership Team.
 |

**C1. (OPTION A): AWARDS UNDER $150,000 TO SMALL (that meets the size or gross revenue as defined in RCW 39.26.010(22)(a)(i)(ii)), AND/OR VETERAN-OWNED BUSINESSES - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) andProcurement Staff | 1. Estimates total cost of contracts identified through agency forecasting.
2. Creates a list of agency procurements with a total cost less than $150,000.
3. Determines a strategy for ensuring all agency contracts under $150,000 will be awarded to small, and/or veteran-owned businesses whenever the agency has determined that a small, or veteran-owned business is a responsive and responsible bidder for the procurement. If a bidder is a small, or veteran-owned business, it may receive the award.
4. Only Washington small businesses who meet the size standard can be awarded under this strategy.
5. This procedure does not apply to work orders or sets of contracts that are meant to add on to an existing contract.
 |
| Procurement Staff | 1. Implements strategy created in action item #2 above.
2. Documents compliance with this section of the procedure and includes the documentation in all awarded contracts’ files.
 |
| Agency Supplier Diversity Leader(s) | 1. Provides report of all purchases made under this procedure to Agency Leadership Team.
 |

**C1. (OPTION B): 25% OF ALL CONTRACT AWARDS TO SMALL (that meets the size or gross revenue as defined in RCW 39.26.010(22)(a)(i)(ii)), AND/OR VETERAN-OWNED BUSINESSES - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) andProcurement Staff | 1. Estimates total cost of contracts identified through agency forecasting.
2. Creates a list of agency procurements with a total cost less than $150,000.
3. Determines a strategy for ensuring 25% of all agency contracts will be awarded to small, and/or veteran-owned businesses whenever the agency has determined that a small, or veteran-owned business is a responsive and responsible bidder for the procurement. If a bidder is a small, or veteran-owned business, it may receive the award.
4. Only Washington small businesses who meet the size or gross revenue standard (as defined in RCW 39.26.010(22)(a)(i)(ii) can be awarded under this strategy.
5. This procedure does not apply to work orders or sets of contracts that are meant to add on to an existing contract.
 |
| Procurement Staff | 1. Implements strategy created in action item #2 above.
2. Documents compliance with this section of the procedure and includes the documentation in all awarded contracts’ files.
 |
| Agency Supplier Diversity Leader(s) | 1. Provides report of all purchases made under this procedure to Agency Leadership Team.
 |

**C2. PRE-BID CONFERENCES - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action by:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for holding pre-bid conferences for every competitive solicitation.
 |
| Procurement Staff | 1. Establishes pre-bid date, time, location (must include a phone-in and/or virtual option) for every competitive solicitation.
2. Agencies have discretion to make pre-bid conference attendance mandatory or optional.
3. Includes pre-bid date, time, and location in solicitation materials.
4. Holds pre-bid conferences for every competitive solicitation.
5. Provides data reports related to pre-bid conference attendance to agency Supplier Diversity Leader(s).
 |
| Agency Supplier Diversity Leader(s) | 1. Collects data reports (#5) and provides to Agency Leadership Team.
 |

**C3. USING SOLICITATION/CONTRACT LANGUAGE THAT ENCOURAGES THE PARTICIPATION OF SMALL, DIVERSE, AND/OR VETERAN-OWNED BUSINESSES - REQUIRED**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Procurement Staff | 1. Enhances awareness of the agency’s supplier diversity goals, by including the goals in:
	1. Advertisements;
	2. Solicitations; and
	3. Contracts.
2. Right-sizes solicitation/contract terms and conditions with the objective of removing unnecessary barriers to supplier diversity.
3. Meets with small, diverse, and/or veteran-owned business community to identify where the existing language is unnecessary and/or restrictive.
4. Meets with internal stakeholders (e.g. legal, diversity and inclusion staff, contracting office, program managers) to identify where the existing language is unnecessary and/or restrictive.
5. Meets with legal team and/or the agency’s Assistant Attorney General (AAG) for approval of changed contract and/or solicitation language, if necessary.
6. Executes revised language based on feedback (action items #3 - #5 above) including, but not limited to, the following solicitation/contract requirements: insurance, procurement bonds, experience/qualifications, use of a specific manufacturer, etc.
7. Encourages small, diverse and veteran-owned business participation by:
	1. Lengthening bid response time.
	2. Offering to pay within 15 calendar days.
 |
| Agency Supplier Diversity Leader(s) | 1. Reports progress of measures to encourage the participation of small, diverse, and/or veteran-owned businesses.
 |

**C4. Procurement and Contracting Professionals will use one or more of the strategies listed below. Selecting appropriate strategies will be based on the results of outreach, analysis of business needs, and relevant market research.**

**C4 (a). UNBUNDLING**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for conducting an unbundling analysis during the solicitation development process.
 |
| Procurement staff | 1. Conducts an unbundling analysis for every solicitation, when applicable, using the following considerations:
2. Geographic area: a contract that contains work in more than one location may be unbundled. Consider breaking the contract award into categories based on geographic areas.
3. Size and Complexity of the Procurement: large and complex contracts are more likely to have components that may be unbundled rather than small and simple contracts. Consider unbundling a complex contract which has the added benefit of simplifying the required work.
4. Split by Category: a contract with a wide range of goods and/or services needed can be ideal for unbundling. Group like items together and award by category to allow vendors with product “specialties” the opportunity to bid on a specific group of items.
5. Split by Manufacturer: if multiple manufacturers are required on the contract, consider these options:
	1. Award to the manufacturer and require they manage the distributers; or
	2. Award to multiple distributers by single manufacturers geographically.
6. Products and Services: are there products and services related to each other? Is there a necessity to tie the award of the service to the award of the product?
	1. If not, award the product and the service separately.
7. Timing and Delivery of the Work: a contract with flexible, longer timeframes, or with less complexity are less likely to experience work disruption if unbundled.
8. Unbundles contracts whenever analysis determines it will eliminate barriers to small, diverse, and veteran-owned businesses and likely result in more small, diverse, and veteran-owned businesses’ ability to win a bid on a solicitation.
 |
| Agency Supplier Diversity Leader(s) | 1. Prepares report that identifies number of solicitations unbundled and the outcome of those contracts and provides it to the Agency Leadership Team.
 |

**C4 (b). SMALL (that meets the size or gross revenue as defined in RCW 39.26.010(22)(a)(i)(ii)) AND/OR VETERAN-OWNED BUSINESS EVALUATION POINTS**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for providing evaluation points to small and/or veteran-owned businesses when applicable.
 |
| Procurement Staff | 1. Includes language in the solicitation to allow evaluation points for small and/or veteran-owned business.
	1. Only Washington small businesses who meet the size or gross revenue standard (as defined in RCW 39.26.010(22)(a)(i)(ii) can be awarded under this strategy.
2. Awards evaluation points to small and/or veteran-owned businesses.
3. For example, 10%-20% of total evaluation points awarded to specified categories.
 |
| Agency Supplier Diversity Leader(s) | 1. Prepares a report that identifies number of solicitations where this strategy is used and the outcome of those contracts and provides it to the Agency Leadership Team.
 |

**C4 (c). SUBCONTRACTOR INCLUSION PLANS**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for the use of subcontractor inclusion plans when applicable.
 |
| Procurement Staff | 1. Determines if the contract may have subcontractor or authorized dealers.
2. If there will be subcontractors or authorized dealers, the agency may include a subcontractor inclusion plan in the procurement solicitation.
3. Includes the following additional Subcontractor Inclusion Plan language in a solicitation:
4. A subcontractor inclusion plan may include veteran-owned businesses and any of the three types of small businesses as defined by statute:
	* By number of employees (may be scored)
	* By gross revenue (may be scored)
	* By OMWBE certification (may not be scored)
5. A scoring sheet shall be modeled after attachment A [to be developed].
6. Reviews bids for subcontractor inclusion plan.
7. Determines a bid non-responsive if the bidder does not submit the requested Inclusion Plan(s).
8. Evaluates inclusion plans based on supplier’s genuine efforts.
9. Incorporates the inclusion plan into the contract after award.
10. Monitors progress of the inclusion plan.
 |
| Agency Supplier Diversity Leader(s) | 1. Reviews number of contracts that include a subcontractor inclusion plan.
2. Provides data on agency usage of subcontractor inclusion plans to leadership.
 |

**C4 (d). USING A SMALL (that meets the size or gross revenue as defined in RCW 39.26.010(22)(a)(i)(ii)) /VETERAN-OWNED BUSINESS RESERVED AWARD CONTRACT**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for using a small/veteran-owned business reserved award approach when applicable.
 |
| Procurement Staff | 1. Determines if a contract may result in multiple awards.
2. Based on outreach, analysis of business needs, and relevant market research, determines the number of contract awards reserved for small and/or veteran-owned businesses.
3. Identifies in the solicitation that some of the contract awards are reserved for small and/or veteran-owned businesses.
	1. Structures the procurement to provide equitable and open opportunities for bidders to compete.
	2. The solicitation should include a clear description of the evaluation process and competitive range for multiple awards.
	3. Only Washington small businesses who meet the size or gross revenue standard (as defined in RCW 39.26.010(22)(a)(i)(ii) can be awarded under this strategy.
4. Conducts evaluation as described in the solicitation (provide an example).
 |
| Agency Supplier Diversity Leader(s) | 1. Prepares report that identifies number of solicitations where this strategy is used and the outcome of those contracts and provides it to the Agency Leadership Team.
 |

**C4 (e). AWARDING EVALUATION POINTS TO SMALL BUSINESS ADMINISTRATION HUBZONE CERTIFIED BUSINESSES**

Each action step may be completed by the same, or different, agency staff.

| ***Action By:*** | ***Action:*** |
| --- | --- |
| Agency Supplier Diversity Leader(s) | 1. Sets expectations for providing evaluation points to businesses that are certified by the Small Business Administration as HUBZone businesses and are located in Washington, when applicable.
 |
| Procurement Staff | 1. Forecasts procurement needs.
2. Conducts market research to find if businesses located in Washington HUBZones sell goods and/or services to fulfill those needs.
	1. To locate those businesses check if the business is in a HUBZone area by typing the business address into this [HUBZone Map website](https://maps.certify.sba.gov/hubzone/map#center=39.828200,-98.579500&zoom=5).
3. Includes non-cost evaluation points in the solicitation to businesses that are certified by the Small Business Administration as HUBZone businesses and are located in Washington.
4. Applies HUBZone points, during the bid evaluation, only where allowed.
5. HUBZone points may be awarded in addition to small and/or veteran-owned business evaluation points, but must not be higher than points being awarded to either of those businesses individually (i.e. if small businesses receive 5 evaluation points and veteran-owned businesses receive 5 evaluation points, then HUBZone business may receive no more than 5 evaluation points).
6. HUBZone points may be added on top of other evaluation points as identified in the strategies within this policy and procedure, but the total of these evaluation points may not exceed 20% of the total cost and non-cost evaluation points.
 |
| Agency Supplier Diversity Leader(s) | 1. Prepares report that identifies number of solicitations where this strategy is used and the outcome of those contracts and provides it to the Agency Leadership Team.
 |

Policy

**Policy:** Enterprise Services Procedure #POL-DES-090-06 [LINK]

Guideline

**Guideline:** Enterprise Services #GDL-DES-090-06 [To be developed, as appropriate, based on feedback received on policy]

Frequently Asked Questions

**FAQ:** Enterprise Services FAQ [LINK]

Glossary

**Glossary:** Enterprise Services Definitions and other supplemental information [LINK]

Appendices

Sample Contract Language [To be developed based on feedback received on policy]

History

Adopted

\_\_\_\_\_\_\_\_\_\_\_\_, 2021

Replaces

N/A