Doing Business with Government Project

FINAL REPORT – MARCH 2014

Small Business

Ministry of Jobs, Tourism and Skills Training

British Columbia
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A survey for small businesses was also launched to gain a better understanding of the barriers facing small businesses. In total, 164 responses to the survey were received. Members of the Small Business Roundtable and the small business owners that helped to develop the Accord were also engaged in the project, along with key staff in the B.C. government who are involved in procurement and small business programs.

Overall, small businesses highlighted a number of barriers they face when doing business with government that follow three main themes:

- **Awareness of Opportunities to Sell to Government:** small businesses are not always aware of how government purchases, or where to find opportunities through government’s procurement system BC Bid and Corporate Supply Arrangements. Further, small businesses are largely unaware that there is also an opportunity to market their business to government ministries.

- **Information and Resources:** most small businesses are unaware of the procurement information and resources currently available and typically do not benefit from direct dialogue with government staff throughout the contracting process.

- **Cutting Red Tape and Increasing Small Business Participation:** government contracting processes and requirements do not always reflect the nature or associated risks of the contract, and the operating realities of small businesses.

The survey responses strongly reinforce these barriers with more than 75 per cent of survey respondents agreeing or strongly agreeing government should:

- do more outreach to small businesses;
- use plain language in all materials and make processes simpler and clearer;
- have more opportunities to sell to government posted online;
- make it clearer and easier to bring innovative ideas forward to government; and
- have a contact point or resource from which to get advice about government procurement.

Based on the feedback received from a wide range of small businesses representing various sectors throughout the regions of B.C., I recommend that government take the following 12 actions to reduce the barriers facing small businesses:

1. **Increase awareness of opportunities to sell to government:**
   - Implement a cost effective small business outreach and training approach that leverages existing business networks.
   - Improve BC Bid functions, develop a tutorial and consider reducing or eliminating fees.
   - Implement a strategy to communicate about existing and future contract opportunities likely of interest to small businesses.
4. **Explore establishing a supplier management tool** that facilitates an increase in small business procurement while meeting the needs of various programs and priorities of government.

5. **Encourage government’s larger suppliers to post and promote opportunities** for small businesses. Improve information and resources to support small businesses:

6. Develop centrally accessible plain language **information and resources**, and promote the single point of contact for small businesses.

7. **Explore ways to expand the scope of proactively released contract award summaries.**

8. **Enhance staff training** to promote best practices when dealing with small businesses throughout the contract management lifecycle.

Cut red tape and increase small business participation:

9. **Streamline procurement processes and templates**, including implementation of a more simplified General Service Agreement.

10. **Implement a new policy and approach for welcoming new ideas.**

11. **Explore ways to further achieve ministry mandates and objectives through government’s purchasing decisions.**

Developing practical recommendations from the feedback and ultimately making the changes necessary to achieve what small businesses are asking for and increase opportunities for small business procurement will be critical for sustaining the momentum needed over the longer-term.

In summary, the recommendations in this report will build upon foundational elements already in place in the B.C. government, such as general supplier information and guides and a portal (BC Bid). This foundation will be enhanced through efforts that recognize the perspectives and context in which small businesses operate. The objective is to have government purchasers apply a small business lens to each procurement activity as a normal course of business, and to have practices in place that best support small business success to help achieve the B.C. government’s goal of increasing small business procurement by at least 20 per cent. Encouraging the broader public sector to adopt the same shifts to the procurement processes and practices recommended in this report will further increase the impact of the recommendations.

**GEORGE FARKAS
EXECUTIVE PROJECT LEAD**

**SMALL BUSINESS – DOING BUSINESS WITH GOVERNMENT PROJECT**

**FEBRUARY 28, 2014**
The B.C. government buys a broad range of goods and services
I. Introduction

In October 2012, the B.C. government announced it would create the **B.C. Small Business Accord** (Accord) for the purpose of establishing key principles to make B.C. the most business-friendly jurisdiction in Canada. Small business has a vital role in developing, maintaining and growing both the economic and social fabric of B.C. and is a major contributor to employment, economic and trade activity. As 98 per cent of all B.C. businesses are small businesses (i.e., an organization with either fewer than 50 employees, or a business operated by a person who is self-employed without paid help), it is important that government do all it can to support small business.

In March 2013, the Accord was finalized following extensive consultation with B.C.’s small business community. More than 35,000 individuals provided feedback through community meetings, an online survey and the #BCBizChat Twitter town hall.

The goal of the Accord is to help foster a progressive business culture where government initiatives support current and future generations of small business owners across B.C. The Accord includes six principles, one of which is to create long-term growth opportunities for small business through government procurement. An action item for the provincial government related to this principle is to reduce barriers to government’s procurement process.

II. Purpose

The purpose of the **Small Business – Doing Business with Government Project** (project) was to provide recommendations to government, based on direct consultation with small business owners, to remove barriers and make it easier to do business with government.

III. Scope and Objectives

The project scope includes issues related to small businesses selling goods and services to the B.C. government but does not include broader issues that may be of interest to small business owners, such as taxation or federal or local government procurement policies and practices.

The objectives of the project were to:

- Host regional sessions for communities in all eight regions in B.C. with small business owners representing a range of sectors invited to participate to ensure broad feedback is obtained from small businesses across B.C.;
- Receive verbal, written and social media feedback from small businesses in an open and inclusive manner;
- Develop the feedback received into practical recommendations for improvement within the parameters of the project (e.g., recommendations that consider Balanced Budget direction, trade agreements and government’s procurement principles of fair, open and competitive procurement based on value for money); and
- Publish a report promptly that accurately reflects the feedback provided and includes practical recommendations with options for the provincial government to action.
iv. Approach

The project began on August 29, 2013 following a News Release to publicly announce it. One consultation session was held in each economic development region in B.C. Four consultation sessions were held in October 2013 (Victoria/West Shore, Prince George, Dawson Creek and Kelowna) and a further four were held in November 2013 (Terrace, Cranbrook, Smithers and Vancouver/Richmond).

Concurrently, a survey for small businesses was launched October 17 to December 8, 2013 that asked about experiences selling to the B.C. government and opinions on how to make it easier. In addition, several meetings were held with small business owners and representatives from the small business community. The B.C. Small Business Roundtable members were also consulted on the project on November 28, 2013, and individuals involved with developing the Small Business Accord were invited to attend the regional consultation sessions.

A website was developed for the project. The website contained general information on the project, minutes from each of the consultation sessions, a survey and information on how to provide written feedback. During the course of the consultation process, the web pages were some of the most viewed pages of the ministry with almost 1,300 visits and over 2,400 views.

A summary of the discussion at each consultation session was prepared and published at www.jtst.gov.bc.ca/selltobcgov/whatyousaid.htm. The first four session summaries and the survey results up to November 9, 2013 formed the basis for an interim report published on December 5, 2013. All eight session summaries, feedback provided verbally and in writing (e.g., a response from a working group of Certified Management Consultants), and the survey results reflecting 164 responses form the basis of this final report.

v. Jurisdictional Scan

As part of the project planning, a jurisdictional scan was completed and a report summarizing the results was published on the project website (see Appendix 2 for an overview). The scan provides a summary of strategies adopted by national and international jurisdictions to increase small business participation in government procurement opportunities. The strategies identified through the scan were considered, together with the feedback provided from small businesses, in developing the recommendations in this report.

vi. Feedback and Recommendations

The feedback from small businesses and recommendations are organized in to three themes: awareness of opportunities to sell to government, information and resources for small businesses, and cutting red tape and increasing participation. A high-level description of the context related to each theme and specific ideas discussed at the consultation sessions that illustrate each theme are presented below. Both consultation session and survey feedback are included, as applicable (see Appendix 1 for detailed survey results and the Small Business – Doing Business with Government Project website www.jtst.gov.bc.ca/selltobcgov for the full survey report and summaries from each of the eight consultation sessions held).
1. Awareness of Opportunities to Sell to Government

Small businesses are generally not aware of the range of ways that government makes purchases. In particular, small businesses that have not done business with government are unaware of BC Bid (www.bcbid.ca) or that government purchasers use a range of approaches, including Corporate Supply Arrangements (i.e., arrangements for a wide range of goods and services that are routinely required which are established through competitive requests for pricing or qualifications from suppliers) and informal approaches depending on the value of the purchase, to make purchasing decisions.

Small businesses would benefit from more outreach to them that creates a range of ways to learn about government purchasing, particularly in some of the more remote locations in the province. Small businesses would also benefit from more information on the types of goods and services purchased, as well as how best to access opportunities to sell to government, especially those not posted on BC Bid.

1.1 Outreach to Small Businesses and Training

Outreach to small businesses is an effective way to provide education about government procurement processes and opportunities to sell to government, and to create a forum for businesses to showcase their products to government purchasers. Having a small business outreach program is an important and common element of government small business procurement strategies in other jurisdictions, and the programs typically include various events, information and resources.

Feedback from small businesses indicated that communication on opportunities to sell to government is not great and that they are often not aware of government contracts that relate to their business area. Over the past several years, the B.C. government has done very little outreach and only on an ad hoc basis. The absence of an outreach program has resulted in small businesses having generally limited knowledge of government purchasing.

In planning for future outreach efforts, the approach should include hosting events or attending events, such as trade shows or “Reverse Trade Shows”, where B.C. government initiatives can be showcased to small businesses and vendors can market their solutions to government buyers. Another type of event used in other jurisdictions is a “Meet the Buyer Event”. At such an event, the procurement process is explained to small businesses and a series of short meetings prearranged between government agencies (who either have specific purposes in mind or are looking for new suppliers) and businesses interested in selling to government.

When delivering outreach, it makes sense to communicate broadly and in a variety of ways about existing and future contract
opportunities, BC Bid, Corporate Supply Arrangements and other ways government purchases by leveraging existing business networks with which small businesses are already familiar or connected (e.g., Small Business BC, Chambers of Commerce, Community Futures and other industry associations). Jointly sponsoring events with local governments, the Federal Government, and other partners would provide a broader scope of information to small businesses in a seamless and efficient manner. For example, in October 2013, a joint session with the Federal Government was piloted and well received by the local participants.

It is also recognized that while face-to-face sessions like the sessions hosted as part of this project are often preferred, they are also more costly than other approaches. Hosting a limited number of such sessions, and then hosting webinars or teleconferences (recognizing potential connectivity issues in some remote locations), and improving other information and resources (as outlined in Section 2) would create a range of ways in which awareness of how to sell to government can be increased. Bringing small businesses together also provides them with an opportunity to learn from one another, share stories and be mentored.

### Training

In terms of training, providing seminars, webinars and teleconferences on various procurement topics, and potentially tailoring training to meet the needs of various groups within the small business community (e.g., Aboriginal businesses, diverse businesses) will build capacity and interest in competing on government opportunities. Delivering training that covers topics aimed at building interest and capacity throughout the small business community is important for helping to increase small business procurement. Specifically, small businesses are interested in learning more about:

- building relationships and understanding what government purchasers are looking for (i.e., who buys what);
- the procurement rules;
- the processes used by government to make purchases;
- how to find opportunities and to be notified about new opportunities;
- registering in and using BC Bid, getting prequalified and Corporate Supply Arrangements;
- marketing goods and services to government purchasers; and
- what is needed to write an effective proposal and compete for and win government business (e.g., the top 10 mistakes made when bidding).

Developing a cost effective outreach and training approach that strategically leverages existing resources and networks, and reaches out to as many small businesses as possible through various channels (e.g., sessions, email, social media, website, newspapers or business publications) is key to increasing small business awareness and participation in government procurement.

### Recommendation

1. Implement a cost effective small business outreach and training approach that leverages existing business networks.
1.2 BC Bid Information and Fees

BC Bid is an online service where businesses can access B.C. government bid opportunities and bid results. There is no charge to browse, but there are fees associated with registering for services. Most governments in other jurisdictions have implemented similar electronic systems that range from simple lists of open bids to highly interactive systems where the procurement process is fully managed online.

In B.C., small businesses are often unaware of what BC Bid is and how it works. Those businesses that have used BC Bid noted barriers to greater or continued use including the fees and the current search, sort and notification functions.

BC Bid has been in place for many years, and it is recognized that improvements are needed, important to users and would be of significant benefit to all businesses. For example, improvements such as an enhanced search and sort function by region and date the opportunity is posted, fillable PDF forms and an improved notification system would improve the usability of BC Bid.

There are two kinds of fees associated with using BC Bid:

- **E-bidding**: a business can register to submit bids electronically through e-bidding for an annual fee of $150.

- **Bid matching**: businesses can create a custom profile and register to receive notifications by email about opportunities that may be of interest to them for an annual fee of $100.

The fees to register and receive notifications were cited as barriers to some small businesses that have limited resources and are uncertain whether it is worth the cost and effort to pursue government business. While the fees are consistent with some other jurisdictions, they may serve to discourage some small businesses and therefore run contrary to government’s goal of increasing small business procurement and raising awareness of contracting opportunities.

Reviewing the BC Bid fee structure with a view to reducing or eliminating fees for small businesses, and making improvements to the system and the information and resources available to support navigating through the system (such as a tutorial that walks businesses through the bidding process and BC Bid) would help remove some barriers for small businesses interested in selling to government through BC Bid.

**RECOMMENDATION**

2. **Improve BC Bid functions, develop a tutorial and consider reducing or eliminating fees.**
13 Maximizing Government’s Procurement Foundation

Government purchases in a variety of ways, often outside of formal purchasing processes and BC Bid for lower dollar value purchases. The B.C. government uses BC Bid to post contracts for the purchase of goods valued at $5,000 or greater and for service contracts with a value exceeding $75,000. For service contracts with a value between $25,000 and $75,000, BC Bid may be used at the discretion of the government purchaser, who is required by policy to use a competitive process appropriate to the value, complexity and profile of the business opportunity.

Currently there is no simple way or tool that small businesses can use to promote their business to government purchasers or for government purchasers to easily find businesses interested in selling to government. In addition, for larger contracts that small businesses do not have the capacity to compete on, there is no mechanism to learn about subcontracting or potential partnering opportunities. Other jurisdictions, however, have successfully adopted various types of online registries of small business suppliers to facilitate promoting businesses and subcontracting opportunities.

During the consultations, small businesses noted they were generally unaware that they can market their products or services to ministries directly for smaller contract opportunities outside formal Request for Proposal and other processes. While some suggested posting more opportunities on BC Bid, others want to minimize paperwork wherever possible and recognize the need to balance openly posting more Requests for Proposals on BC Bid versus using other less onerous processes.

13.1 Lower Dollar Value Purchases

There is an opportunity to better promote the many purchases made under the goods and services thresholds to a broader number of small businesses. In any given year, there are thousands of transactions that fall under these thresholds. While government does not capture information on whether it is purchasing from a small business or not, it is estimated that tens of thousands of transactions involve small businesses, totaling hundreds of millions of dollars.

Using the current infrastructure of BC Bid to post more service opportunities between $25,000 and $75,000 is one way to increase the number of opportunities formally opened up to small businesses. For example, the Ministry of Transportation and Infrastructure currently has an internal policy that service opportunities valued at $25,000 or greater are to be posted on BC Bid. Another way is to identify upcoming and existing contract opportunities and promote these through existing business networks and outreach to small businesses.

Communicating in a variety of ways, such as through email, articles, social media and in-person events about existing or future contract opportunities will open up and help increase awareness of lower dollar value contracts to more small businesses.

RECOMMENDATION

3. Implement a strategy to communicate about existing and future contract opportunities likely of interest to small businesses.
1.3.2 Small Business Profile Tool

Small businesses would benefit from a clear and simple way to promote their business to government buyers and a better understanding of the smaller dollar value goods and services purchases that government makes. One way to accomplish this is through an online tool that gathers business information, similar to a Rolodex.

The tool would essentially hold key information about the business, such as types of goods and services sold and locations at which these may be delivered or provided. The businesses would be responsible for updating their information, and government purchasers could easily access this information at any time when needing to purchase low dollar value goods and services.

Further, instead of requiring small businesses to input information into the tool, it was suggested that government look at ways to have core business information already entered into other systems linked to the database.

In B.C., a vendor database was implemented many years ago, but was discontinued primarily due to the ineffective search function and technology that was available at the time. Another database in which businesses entered their business profile, called the 2010 Business Network, was established leading up to the Olympics. It is now called the B.C. Business Network and is still being used primarily for export opportunities, but the potential to leverage this existing system and expand its use for broader purposes exists. Other tools exist and are currently being considered to achieve various objectives. For example, at the 2013 Union of BC Municipalities Conference the Premier committed to the LNG-Buy BC program to support connecting local BC businesses to the multi-national corporations that are building the LNG projects and a tool is required to facilitate these connections.

Similar databases and other tools are being used effectively in other government jurisdictions and industry associations nationally and internationally for a range of purposes. For example, the Federal Government uses various supplier registries in the Canada Supplier Registration Database, Wales has a procurement portal “Sell2Wales” and the UK has the “UK Dynamic Marketplace” where suppliers can register the goods and services they sell and the locations to which they are able to deliver these products.

While much more work needs to be done to inventory databases already in place within and outside of government to determine the best option to pursue, vendor databases are an effective way to increase exposure of more small businesses to government purchasers and opportunities.

RECOMMENDATION

4. Explore establishing a supplier management tool that facilitates an increase in small business procurement while meeting the needs of various programs and priorities of government.
1.3.3 Large Supplier Subcontracting Opportunities

The B.C. government contracts with many large suppliers to provide a broad range of goods and services required for the delivery of government services and programs. These large contracts are issued through formal open contracting processes and the suppliers become important partners for delivering government services.

Often the large suppliers then subcontract with other businesses to enable delivery of the contract requirements. For example, through government’s agreement with Telus, the Cellular Highway Expansion Project taking place under the Connecting British Columbia Agreement supports small businesses by using local contractors in the building of cellular infrastructure as needed.

While some large suppliers already open up their subcontracting opportunities on their own websites, there is an opportunity to encourage more large suppliers to open up or post more subcontracting opportunities that small businesses can access. It is recognized that large contracts make good business sense in some cases, and that expecting these partners to open up subcontracting opportunities is reasonable and one way to help increase small business procurement.

In other jurisdictions, for example the United Kingdom, the government secured commitments from nine large private sector suppliers including Hewlett Packard to publish their government subcontracting opportunities on the government’s searchable and transparent website. This measure was taken to give businesses more visibility in to government subcontracting work available.

In B.C., while some large suppliers, such as BLJC-WSI (WSI) that provides property management services through contract with the B.C. government, already post subcontracting opportunities, more large suppliers should be encouraged to do the same. Pursuing various strategies to achieve this objective through the STRATEGIC Initiatives and Partnerships Division in the Ministry of Technology, Innovation and Citizens’ Services will help ensure more opportunities for small businesses are encouraged on an ongoing basis through its portfolio of large contracts.

RECOMMENDATION

5. Encourage government’s larger suppliers to post and promote opportunities for small businesses.
2. Information and Resources for Small Businesses

Small businesses are generally unaware of the information and resources that are currently available to them online and where to find the information, such as the new guide “How to Do Business with the Province of British Columbia”. They also find that government could improve its use of plain language in contracts and other related documents to reduce the time and cost of reviewing and requiring other professionals, such as accountants and lawyers, to provide advice on contract terms.

In addition, small businesses do not always know who to contact for advice about selling to government, which small businesses have been successful selling to government and what they need to do to be successful. Having easily accessible, clear and comprehensive information that is relevant to small businesses and provided in a variety of ways would increase understanding of the processes.

2.1 Centralized Information and Resources

Providing comprehensive online information that guides a small business through all phases of the procurement process is an approach commonly used by other government jurisdictions as part of their small business strategies. Establishing a central access point through which to obtain information on all aspects of procurement, including plain language documents, procurement rules and regulations, is also a key element of successful programs.

In B.C., small business procurement information is currently not centralized in one place, such as a Small Business section within the procurement pages of the B.C. government website. Establishing a central resource that is well promoted through a variety of ways would make it easier for small businesses to find the plain language information they need about policies, processes, resources and opportunities.

During the consultation process, it was apparent that a “one size fits all” approach and reliance on online materials only to communicate with small businesses is not effective, as businesses use a variety of methods and have differing preferences. For example, while some small businesses are avid users of social media, many others are not. As a result, some suggested that connecting to online discussions on Facebook, Twitter or Linkedin may engage some small businesses, but many suggested that it would likely not be a significant number of them.
Local Governments

The B.C. government is working with a group of municipalities to pilot an initiative to distribute information about selling to the B.C. government to small businesses at the time they register their businesses – a new streamlined approach using existing channels to connect with small businesses.

Already some local governments have agreed to participate in a pilot to distribute information to small businesses in this way.

In addition to providing basic procurement information that will not change over time, it was also suggested that distributing information periodically, through tools like a supplier eNewsletter, would be useful to highlight relevant news, events and upcoming opportunities making it easier for businesses to stay informed.

One resource noted by small businesses and often seen in other jurisdictions is a single point of contact that small businesses can access if they have general questions about government purchasing. While B.C. has an email address (procurement@gov.bc.ca) and phone number (250 387-7300) businesses can contact, it is not broadly marketed or known by small businesses.

In terms of how to distribute materials to small businesses, one suggestion was for the B.C. government to partner with local governments or other departments with which small businesses already interact. For example, information on how to sell to government could be provided at the time business owners register their business.

In addition, small business success stories in selling to government are not well promoted currently, and publishing a range of stories would illustrate the possibilities that exist and build interest in selling to government among more small businesses. There is also benefit in learning from common mistakes. Specifically, government could identify the most common issues seen when working with small businesses and openly share these with businesses to help reduce the frequency of these occurring and build greater knowledge for successfully competing in the future.

Mentoring programs and MentorshipBC (a central database of business mentoring programs) are valuable resources that can be better promoted to small businesses. Essentially, small businesses participate as a mentor or a protégé, with the mentor sharing their expertise, resources and capabilities with the protégé. Having more successful businesses share their experiences with other businesses will strengthen capacity in the small business community for success.

Using a variety of ways, not just web sites, to communicate with small businesses (e.g., social media, email, publications) and leveraging networks already in place (e.g., municipalities, corporate registry, business networks, etc.) to distribute information to businesses will maximize the reach and streamline the effort to get information out about selling to government.

**Small Business Survey**

66 per cent of the survey respondents agree or strongly agree that government should have more information available for small businesses online.

**RECOMMENDATION**

6. Develop centrally accessible plain language information and resources, and promote the single point of contact for small businesses.
2.2 Contract Award Summaries

Until recently, government released contract award information proactively at its discretion. During the consultations, small businesses indicated that proactively releasing information on bid results and contract awards wherever possible is important for increasing awareness of what government buys and from which businesses government is buying.

The Ministry of Finance is introducing a new procurement policy that requires ministries to publish contract award summaries for all opportunities posted on BC Bid, regardless of value. This policy reflects the government’s commitment to transparency and fairness in procurement processes and expands on a recent Agreement on Internal Trade requirement to post award summaries over stipulated contract values. Contract award summaries can be found through the BC Bid website (www.bcbid.ca).

Posting as much information as possible about contract awards increases the transparency of, and accountability for, the contracting decisions of government. It also provides small businesses with valuable business intelligence to better understand, potentially learn from, or even work with, businesses that have been successful.

RECOMMENDATION

7. Explore ways to expand the scope of proactively released contract award summaries.
Planning for Contract Size

Government purchasing is guided by the overarching principles of value for money and compliance with trade agreements. For example, to achieve value for money, it is more cost effective for government to bulk purchase common goods and services, such as property management services. Feedback from small businesses indicated that contracts are often too big and seem to target large companies. Small businesses with limited resources are unable to compete on the larger contracts as these fall in to a scope outside of what they can accommodate. Determining optimum contract size, whether it be larger or smaller, and scope should be based on knowledge of the market, past experience and a sound business case that clearly reflects the business objectives of the procuring entity.

Financial Considerations

Ensuring contract payments are made by government to small businesses in a consistently timely manner is important in supporting small business success given the financial realities many small businesses face. For example, not all small businesses can obtain a line of credit to manage payment delays and cash flow challenges. As a result, prompt payment strategies, including targets within which invoices are to be paid and late payment interest provided, often form part of the small business strategies of other government jurisdictions.

Government procedures aim to have invoices paid in a timely manner, and practices in ministries typically result in payments being made within 30 days. If payments are delayed, interest accrues when an invoice is not paid by government within 60 days.

Holdbacks and deposits were also highlighted as challenges for small businesses to manage, and examples of other jurisdictions or certain ministries providing some funds (e.g., 3 months of contract funding) at the start of the contract term were noted as helpful in supporting efficient cash flow for small businesses.

Further, ensuring prime contractors of government also make timely payments to their subcontractors was raised as an opportunity that would aid small business cash flow and financial stability.

Debriefs and Evaluations

Small businesses would benefit from government staff consistently offering feedback (e.g., verbal or a proposal evaluation report that summarizes bid results against criteria) or debriefs to those not successful including who won, the contract cost and how to be successful in the future. While this information is key to supporting businesses in being successful, it is not always provided without being requested. Some small businesses shared examples of successful debriefs with government staff, but many indicated they had not experienced debriefs and were not even aware that they can request a debrief.

Other feedback suggested government should not only do performance evaluations but retain the information in a database accessible to all government buyers, so that they can make informed purchasing decisions.

Proactively and routinely offering feedback will ensure small businesses get the valuable information they need for future success.

Recommendation

8. Enhance staff training to promote best practices when dealing with small businesses throughout the contract management lifecycle.
3. Cutting Red Tape and Increasing Participation

Small businesses support the current efforts of government to reduce the Request for Proposal template to two pages for opportunities under $250,000 and encourage further efforts by government to cut red tape and make procurement processes simpler and clearer.

Small businesses with interesting and creative ideas for government do not always know how to bring their innovative ideas forward and are unaware of any processes that government currently has in place to encourage innovation.

Increasing the participation of small businesses in government procurement through creative and innovative approaches while recognizing that small businesses represent a broad range of sectors and various social and other interests is a priority for government. Taking steps to further simplify, streamline and increase the transparency of policies and processes is foundational to increasing small business participation and engagement in government purchasing.

3.1 Simple and Clear Processes

Providing simplified, streamlined and transparent rules and processes, including simplified standard forms and contracts particularly for low-value, low-risk procurements is a foundational piece of many other governments’ small business procurement strategies. Simple and clear processes increase transparency while decreasing complexity and the time and costs associated with doing business with government. While the B.C. government has taken steps to improve processes and information further steps would benefit businesses.

Small businesses indicated that some of the contract requirements and management approaches could be streamlined to reduce the burden on small contractors that is creating a barrier to their participation in government business opportunities.

In particular, small businesses want to ensure government staff consider the most simple, clear and accessible processes when making a purchase (e.g., use the Request for Proposal process as required, and other less onerous processes, such as bidder lists and Corporate Supply Arrangements wherever possible). In addition, offering bidders the flexibility to submit bids in a variety of ways, such as e-bidding, hard copy or by email provides businesses the choice to use the method that works best for them.

Small Business Survey

82 per cent of survey respondents agree or strongly agree that government should make processes simpler and clearer.
Small businesses highlighted that the Request for Proposal process can be too time consuming and complicated for some. While larger businesses have the resources to dedicate to developing proposals, small businesses are often completing the process “off the side of their desk”.

In 2013, the B.C. government committed to reducing the Request for Proposal template to two pages for contracts with a value up to $250,000. This includes a concise response template to enable consistency in response information aiding in efficient bid preparation, evaluation and comparison. The new documents are being piloted and are well supported by small businesses who acknowledge this as a good start to streamlining processes.

Continuing to take steps to streamline bid documents and processes will decrease the time required to review and respond to an opportunity, and potentially increase small business participation in the process.

**Short-Form General Service Agreement and Checklist**

Contract managers use various contract templates from which to develop contracts for the various goods and services purchased. One template often used is the General Service Agreement (GSA), which exists for use in most service arrangements. The template is comprehensive to cover a range of possible contracting scenarios, which creates barriers for small businesses that need to sift through terms that may not be relevant or appropriate for the kind of arrangement required.

Small businesses have also suggested that government critically review contract terms (i.e., ask whether the requirements are provided in the manner and timeframe required) and scale requirements to fit the risk level and size of the contract, such as:

- reporting requirements;
- years of business experience required; and
- insurance requirements, both the amount and timing of when these are to be in place (i.e., when bidding or when successful on a bid).

Developing a small business lens checklist to support contract managers in considering the small business perspective and developing a short-form contract template for low-risk and low-dollar value contracts will streamline contracting processes for small businesses and government contract managers.

**RECOMMENDATION**

9. Streamline procurement processes and templates, including implementation of a more simplified General Service Agreement.
3.2 Bringing Innovative Ideas Forward to Government

Encouraging innovation by having a clear structure for government to receive and consider innovative ideas or project proposals is essential for finding and adopting new, creative, cost-effective solutions that make the best use of taxpayer dollars. Currently, government does not have clear policy or a forum for small businesses to bring their innovative and potentially less costly ideas forward to government.

In addition to outreach events (e.g., “Reverse Trade Shows” where buyers and sellers get to meet and build relationships with one another, or business match/meet the buyer events where businesses have brief meetings with government purchasers one-on-one) small businesses and government would benefit from a forum dedicated to new or innovative ideas. This could take the form of a panel of senior government officials with procurement and business knowledge where businesses present their ideas and government staff provide feedback and advice on furthering the concept.

Developing an appropriate policy and an approach for government staff to welcome and manage innovative ideas that come forward would help ensure government is able to access and utilize the best solutions.

**RECOMMENDATION**

10. Implement a new policy and approach for welcoming new ideas.

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Small Business Survey

79 per cent of survey respondents agree or strongly agree that government should have a clear and easy approach for bringing innovative ideas forward.

3.3 Procurement Strategies and Objectives

The provincial government’s policy framework ensures the objectives of providing taxpayers with the best value for money spent through fair, open and competitive processes appropriate to the value and complexity of goods and services acquired is achieved. It also supports purchases to be made efficiently from businesses, including diverse and socially innovative organizations based in local communities throughout the province, wherever appropriate to do so.

During the consultations, many social and environmental policy perspectives and objectives that could be served through government procurement policy and practice changes were raised.

For example, some small businesses noted the issue of supplier diversity in relation to traditionally designated groups, such as women, minorities, Aboriginal peoples and people with disabilities.

Some small business representatives have suggested an Aboriginal or First Nations Procurement Strategy or Diversity Strategy consistent with what other provinces and jurisdictions have in place.

Further, some small businesses raised the issue of buying local, to support vibrant economies in communities around the province.

Some have also raised the issue of government promoting broader social purposes by supporting a growing number of social enterprises that operate in B.C. These organizations direct their profits toward a social and/or environmental purpose and supporting such organizations where appropriate helps achieve social and other objectives. In addition, recognizing government’s interest for increased commercialization activity within B.C.’s high-technology sector, it is also important that government works to ensure alignment of its procurement initiatives with the needs and expectations of high-technology related small business.

Small businesses recognize the complexity of these issues and the importance of balancing the broad range of different perspectives, priorities and objectives of all members of the small business community.
While some jurisdictions nationally and internationally offer incentives to help achieve certain policy objectives, such as providing a bid preference (i.e., 5% bid preference for certain businesses on government procurements), some others automatically set aside certain low dollar value contracts for micro, small or diverse businesses to compete upon fully or partially. There is a broad range of policy objectives that are important to citizens and small businesses in B.C. The challenge is how best to balance these objectives and perspectives, given that it is simply not practical nor cost effective to put the lens of each perspective on every procurement.

Encouraging ministries that have a specific mandate, such as the ministry responsible for social innovation, to take a leadership role to encourage purchasing that meets their objective will help government achieve social and other important objectives. Other ministries, such as the Ministry of Environment, have already done this when introducing a green purchasing policy several years ago internal to their ministry. The Ministry of Technology, Innovation and Citizens’ Services has also taken steps to promote the practices more broadly across the public sector by publishing “Guidelines for Environmentally Responsible Purchasing”.

**Recommendation**

11. Explore ways to further achieve ministry mandates and objectives through government’s purchasing decisions.
3.4 Measuring Results

The B.C. government recently set a target to increase small business procurement by at least 20 per cent. Establishment of this target reinforces the importance of small businesses to the economy and communities throughout the province and is consistent with targets set by other government jurisdictions.

For the B.C. government, the target also conveys a commitment to opening up procurement opportunities, engaging with more small businesses and applying a small business perspective to the procurement process. It is expected that the increase will be met through a range of efforts, many of which are described in this report, that engage more small businesses in selling to government.

During 2013, work was underway to establish a baseline from which to measure an increase. Once the baseline is determined and targets are set, monitoring progress regularly will provide important insight in to the impact of the efforts taken, and any shifts needed to achieve continued progress. In addition, assigning one agency to track the recommendations and report out on the progress on implementing the report recommendations periodically is essential for clear accountability and momentum.

RECOMMENDATION

12. Assign accountability for reporting out on the report’s recommendations to the Minister of State for Tourism and Small Business. Specific ministry responsibilities for implementing each recommendation is detailed in Appendix 3.
Appendix 1: Small Business Survey Results

The small business survey is a brief survey that asks small business owners key questions about their experience selling goods and services to the B.C. government (e.g., whether they have sold to government, what they have sold, what process was used, when they last sold and how long they have been selling to government) and opinions on what government should do to make it easier.

The survey results reflect 164 responses received during the period October 17 – December 8, 2013.

Key survey results are:

- 65 per cent of the respondents have 1 – 4 employees (including self-employed individuals with no paid help); 19 per cent have 5 – 9 employees; 10 per cent have 10 – 19 employees and 6 per cent have 20 – 49 employees.

- 37 per cent of the respondents have done business with government (63 per cent have not);

- 93 per cent sold goods and services through a competitive bidding process or contract process;

- 70 per cent sold to the BC government in the last year; 19 per cent in the last 3 years, 9 per cent in the last five years and 2 per cent more than five years ago; and

- 57 per cent of those who have done business with the BC government have done so for more than five years.

A summary report of the survey results is available on the project website at www.jtst.gov.bc.ca/selltobcgov. For small businesses that have done business with government, their overall satisfaction with the process of selling to government is: 28 per cent were satisfied or very satisfied, 37 per cent were neutral and 35 per cent were dissatisfied or very dissatisfied.

For small businesses that have not done business with government, reasons include:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process is too complicated</td>
<td>36%</td>
</tr>
<tr>
<td>Don’t know what the government wants to buy</td>
<td>34%</td>
</tr>
<tr>
<td>Too much paperwork</td>
<td>25%</td>
</tr>
<tr>
<td>Other reasons</td>
<td>21%</td>
</tr>
<tr>
<td>Takes too much time</td>
<td>21%</td>
</tr>
<tr>
<td>Costs too much to respond</td>
<td>18%</td>
</tr>
<tr>
<td>Our good/service is not what government buys</td>
<td>13%</td>
</tr>
<tr>
<td>Applied but was not successful</td>
<td>11%</td>
</tr>
</tbody>
</table>

All respondents were also asked about their awareness and use of information and resources currently available. Many were not aware of the resources and have not used them.

<table>
<thead>
<tr>
<th>Resource</th>
<th>Used Resource</th>
<th>Aware of Resource</th>
<th>Unaware of Resource</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information on BC government website</td>
<td>19%</td>
<td>33%</td>
<td>48%</td>
</tr>
<tr>
<td>BC Bid information and resources</td>
<td>36%</td>
<td>38%</td>
<td>26%</td>
</tr>
<tr>
<td>Government contact information (email, phone)</td>
<td>27%</td>
<td>29%</td>
<td>44%</td>
</tr>
<tr>
<td>Vendor Complaint Review Process</td>
<td>1%</td>
<td>16%</td>
<td>83%</td>
</tr>
</tbody>
</table>
All respondents were asked their opinion on what actions of government would make it easier for small businesses to sell goods and services to the B.C. government. For all actions noted below, the majority of respondents agree or strongly agree undertaking the action would make the process easier.

<table>
<thead>
<tr>
<th>Action</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly Agree</th>
<th>Agree &amp; Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>More opportunities posted online</td>
<td>3%</td>
<td>3%</td>
<td>9%</td>
<td>20%</td>
<td>65%</td>
<td>85%</td>
</tr>
<tr>
<td>Use plain language in all communications/ materials</td>
<td>2%</td>
<td>4%</td>
<td>10%</td>
<td>22%</td>
<td>62%</td>
<td>84%</td>
</tr>
<tr>
<td>Make processes simpler and clearer</td>
<td>4%</td>
<td>2%</td>
<td>12%</td>
<td>23%</td>
<td>59%</td>
<td>82%</td>
</tr>
<tr>
<td>More outreach to small businesses (e.g., regional information sessions)</td>
<td>4%</td>
<td>5%</td>
<td>13%</td>
<td>19%</td>
<td>59%</td>
<td>78%</td>
</tr>
<tr>
<td>Make it clearer and easier to bring innovative ideas forward to government</td>
<td>1%</td>
<td>5%</td>
<td>15%</td>
<td>16%</td>
<td>63%</td>
<td>79%</td>
</tr>
<tr>
<td>Have a forum or number I can contact to get advice</td>
<td>3%</td>
<td>7%</td>
<td>14%</td>
<td>21%</td>
<td>55%</td>
<td>76%</td>
</tr>
<tr>
<td>More information about doing business with government online (e.g., videos, simple guides)</td>
<td>2%</td>
<td>8%</td>
<td>24%</td>
<td>21%</td>
<td>45%</td>
<td>66%</td>
</tr>
</tbody>
</table>
Appendix 2: Jurisdictional Scan and Comparison to B.C. Government

The following is a summary of the common strategies adopted by other national and international jurisdictions to increase small business participation in government procurement opportunities (full report is available at [www.jtst.gov.bc.ca/selltobcgov](http://www.jtst.gov.bc.ca/selltobcgov)) and a comparison to what the B.C. government program does and will include.

<table>
<thead>
<tr>
<th>Common Small Business Strategies</th>
<th>B.C. Government Program</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Procurement Foundation:</strong> Simplified, streamlined and transparent</td>
<td>Steps have been taken to publish and streamline rules, processes and forms over recent</td>
</tr>
<tr>
<td>rules and processes, including standard forms and contracts,</td>
<td>years. Further steps recommended in the report, such as fully implementing the new two</td>
</tr>
<tr>
<td>particularly for low-value, low-risk procurements.</td>
<td>page short-form Request for Proposal and a new short-form General Service Agreement,</td>
</tr>
<tr>
<td></td>
<td>will further streamline processes and forms.</td>
</tr>
<tr>
<td><strong>On-line Single Portal:</strong> Websites that provide a single access</td>
<td>A procurement website exists, with access to government’s primary procurement system</td>
</tr>
<tr>
<td>point for comprehensive information on all aspects of procurement</td>
<td>BC Bid, procurement policies, and other related information and resources. Several</td>
</tr>
<tr>
<td>for use by both the buyer and the seller, including plain language</td>
<td>enhancements to the information and resources available to businesses are recommended</td>
</tr>
<tr>
<td>procurement rules and regulations.</td>
<td>in the report to build on the foundation that already exists.</td>
</tr>
<tr>
<td><strong>eCommerce:</strong> There is a clear trend towards maximizing use of</td>
<td>A foundation exists and the feedback from small businesses will be factored in to future</td>
</tr>
<tr>
<td>electronic commerce, with on-line interactive systems, accessible</td>
<td>systems planning.</td>
</tr>
<tr>
<td>through the Internet, where the procurement process is fully on-line.</td>
<td></td>
</tr>
<tr>
<td><strong>Training and Information:</strong> Comprehensive on-line and in-person</td>
<td>A new training and information strategy will build on the ad hoc approach currently</td>
</tr>
<tr>
<td>information and training that walks the small business through all</td>
<td>taken to training and increase awareness of government purchasing and contract</td>
</tr>
<tr>
<td>phases of the procurement process.</td>
<td>opportunities.</td>
</tr>
<tr>
<td><strong>Outreach Programs:</strong> On-going small business outreach programs,</td>
<td>A new outreach program will help to engage small businesses in government procurement.</td>
</tr>
<tr>
<td>such as reverse trade shows and meet the buyer events, often coupled</td>
<td></td>
</tr>
<tr>
<td>with training.</td>
<td></td>
</tr>
<tr>
<td><strong>Advocacy:</strong> Establishing a government agency with responsibility</td>
<td>B.C. has a Minister of State for Tourism and Small Business. The Small Business Branch</td>
</tr>
<tr>
<td>for overseeing the small business procurement programs and</td>
<td>in Jobs, Tourism and Skills Training will continue to work with procurement staff in</td>
</tr>
<tr>
<td><strong>Subcontracting:</strong> Opening up more contracting opportunities by</td>
<td>The B.C. government is working with large vendors to open up more opportunities to</td>
</tr>
<tr>
<td>encouraging government prime contractors to engage local small</td>
<td>small businesses and is considering a supplier management database/tool.</td>
</tr>
<tr>
<td>businesses as subcontractors, providing on-line registries of pre-</td>
<td></td>
</tr>
</tbody>
</table>
## Appendix 3: Recommendation Overview

The following is an overview of the report recommendations, primary responsibility for implementation and timeline.

<table>
<thead>
<tr>
<th>Topic</th>
<th>Theme</th>
<th>Recommendations</th>
<th>Primary Responsibility</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Section 1: Raising Awareness</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1 Outreach to Small Businesses and Training</td>
<td>Outreach/Information</td>
<td>1. Implement a cost effective small business outreach and training approach that leverages existing business networks.</td>
<td>Procurement Services Branch (MTICS)</td>
<td>Short-Term – Underway</td>
</tr>
<tr>
<td>1.2 BC Bid Information and Fees</td>
<td>Procurement Systems</td>
<td>2. Improve BC Bid functions, develop a tutorial and consider reducing or eliminating fees.</td>
<td>Procurement Services Branch (MTICS)</td>
<td>To Be Considered</td>
</tr>
<tr>
<td>1.3 Maximizing Government’s Procurement Foundation</td>
<td>Outreach/Information</td>
<td>3. Implement a strategy to communicate about existing and future contract opportunities likely of interest to small businesses.</td>
<td>Procurement Services Branch (MTICS)</td>
<td>Short-Term</td>
</tr>
<tr>
<td>Procurement Systems</td>
<td></td>
<td>4. Explore establishing a supplier management tool that facilitates increasing small business procurement while meeting the needs of various programs and priorities of government.</td>
<td>JTST</td>
<td>To Be Considered</td>
</tr>
<tr>
<td>Large Vendors</td>
<td></td>
<td>5. Encourage government’s larger suppliers to post and promote opportunities for small businesses.</td>
<td>Strategic Initiatives &amp; Partnerships Division (MTICS)</td>
<td>Short-Term – To Be Planned</td>
</tr>
<tr>
<td><strong>Section 2: Information and Resources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1 Centralized Information and Resources</td>
<td>Outreach/Information</td>
<td>6. Develop centrally accessible plain language information and resources, and promote the single point of contact for small businesses.</td>
<td>Procurement Services Branch (MTICS), Small Business Branch (JTST) and Ministries</td>
<td>Short-Term – To Be Planned</td>
</tr>
<tr>
<td>2.2 Contract award summaries</td>
<td>Outreach/Information</td>
<td>7. Explore ways to expand the scope of proactively released contract award summaries.</td>
<td>OCG (Ministry of Finance) with implementation to be led by Ministries</td>
<td>Short-Term – Underway</td>
</tr>
<tr>
<td>2.3 Procurement planning and staff training</td>
<td>Staff Training</td>
<td>8. Enhance staff training to promote best practices when dealing with small businesses throughout the contract management lifecycle.</td>
<td>Procurement Services Branch (MTICS)/ OCG (MFIN)/ BC Public Service Agency/ Ministries</td>
<td>Short-Term – To Be Planned</td>
</tr>
</tbody>
</table>
### Section 3: Cutting Red Tape and Increasing Participation

<table>
<thead>
<tr>
<th>Topic</th>
<th>Theme</th>
<th>Recommendations</th>
<th>Primary Responsibility</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Simple and clear processes</td>
<td><strong>Streamlining</strong></td>
<td>9. <strong>Streamline</strong> procurement processes and templates, including implementation of a more simplified General Service Agreement.</td>
<td>Procurement Services Branch (MTICS)/OCG (MFIN)</td>
<td>Longer-Term</td>
</tr>
<tr>
<td>3.2 Bringing innovative ideas forward to government</td>
<td><strong>Policy/Approach</strong></td>
<td>10. <strong>Implement a new policy and approach for welcoming new ideas.</strong></td>
<td>OCG (MFIN) for policy, Procurement Services Branch (MTICS)/Small Business Branch (JTST) for approach</td>
<td>Longer-Term</td>
</tr>
<tr>
<td>3.3 Procurement strategies and objectives</td>
<td><strong>Policy</strong></td>
<td>11. <strong>Explore ways to further achieve ministry mandates and objectives through government’s purchasing decisions.</strong></td>
<td>Ministries with guidance from OCG (MFIN) and Procurement Services Branch (MTICS).</td>
<td>To Be Considered</td>
</tr>
<tr>
<td>3.4 Measuring results</td>
<td><strong>Tracking and Reporting</strong></td>
<td>12. Assign accountability for reporting out on the report’s recommendations to the Minister of State for Small Business. Accountability for implementation of each recommendation is detailed in this table.</td>
<td>Small Business Branch (JTST)</td>
<td>Short-Term – Underway</td>
</tr>
</tbody>
</table>