Government procurement is a powerful tool for delivering services people depend on, creating jobs and growing B.C.’s economy. Every year, the Province of B.C. spends over $6 billion procuring a wide variety of goods and services for British Columbians and their communities – everything from wildfire management to telecommunications to government office space and furnishings.

Since taking office, our government has been working hard to make life more affordable, improve the services people count on, and build a strong, sustainable, innovative economy that works for everyone. With these commitments in mind, it’s my pleasure to introduce the new British Columbia Procurement Strategy.

As we modernize government procurement, our focus is on achieving social, environmental and economic benefits and returning these benefits to British Columbians. We are using procurement to grow local economies, create local jobs and take advantage of made-in-B.C. innovation.

Our new approach is based on listening to businesses that have experience working with the public service, our employees who see procurement from the buyer’s perspective, and other jurisdictions to see what’s worked elsewhere. We will improve access and make it easier for companies of all sizes to do business with government while ensuring that British Columbians’ public dollars are being used to benefit communities in every corner of the province.

We are making our purchasing processes simpler and faster, reviewing our approach to large-scale contracting, and creating the capacity, training and tools within government to make sure procurement is well-managed and providing value for British Columbians. We will support staff and suppliers with transparent, simple processes designed to the size of the procurement. Our goal is to improve procurement, realize value for money, and create benefits for communities. Through procurement, we use public dollars for public good. We will leverage government’s buying power to stimulate economic growth and create well-paying jobs across the province.

I welcome your feedback and look forward to your participation in this important work.

Sincerely,

The Honourable Jinny Sims
Minister of Citizens’ Services
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A new approach to procurement

Government uses procurement to acquire goods and services, most often through a competitive process. It is an important tool for delivering services, and is an area of expenditure over which government has considerable discretion. Each year, the Province spends over $6 billion through procurement. It is in the interest of all British Columbians that public sector procurement delivers high quality products and services for the people of B.C. in a timely and sustainable way, creating opportunities for good-paying jobs.

The strategy supports government’s key priorities: making life more affordable, delivering the services that people count on, and building a strong, sustainable economy that works for everyone.

Working together

Hundreds of staff working across government are involved in procuring goods and services on behalf of their organizations. Government-wide procurement services and best practices (including the BC Bid application and supporting services) are delivered by the Ministry of Citizens’ Services. Policy and governance is overseen by the Ministry of Finance, and legal matters are the purview of the Ministry of Attorney General. The BC Public Service Agency also plays an essential role building capacity. Individual ministries have a wealth of operational experience, and businesses and communities offer essential perspectives. To ensure successful implementation of this strategy, the Ministry of Citizens’ Services must effectively engage with all of these stakeholders.

The Strategy has four goals

1. To realize **best value and increased benefit to British Columbians** by using procurement strategically to improve social and environmental outcomes and promote innovation.

2. To make it **easier to do business** with government with simpler, more intuitive processes.

3. To create **more opportunity** for businesses of all sizes, adapting practices towards supporting, growing and sustaining a community of suppliers.

4. To build **greater capacity** for procurement in the B.C. public service through enhanced training and support.
Engagement: what buyers and suppliers said

Consultations point to a range of needed improvements

Issues raised

Throughout 2017-18, the Ministry of Citizens’ Services spoke with a wide range of suppliers and procurement practitioners to gain their insight on procurement and contracting. Feedback can be grouped under a number of themes.

Culture and Habits
» Government is perceived to be risk averse, stifling innovation.
» Suppliers report having an inconsistent procurement experience in different agencies across government.

Structure and Framework
» Suppliers see no opportunity to propose new products and innovations.
» Procurement processes are seen as too long and complicated; more accessible to large businesses than small.
» Transparency into procurement data is lacking.
» Suppliers want to better understand government contractual risk and insurance requirements.

Capacity
» Buyers and suppliers both identify an overall lack of procurement capacity in government – there is no career path and few developmental opportunities for buyers, leaving gaps across the range of support required.
» Suppliers observe that many government contract managers do not have the time and expertise needed to get the greatest return from contracts.
» Suppliers report challenges reaching people and decision makers when needed.

Ideas put forward

Consultations yielded a broad range of forward-looking suggestions about how to improve government’s approach to procurement.

Enable access for new entrants to the marketplace
» Create government-industry liaisons and more opportunities for collaboration in advance of a competitive process.
» Encourage sub-contracting to small businesses; make skill maps of innovation talent available to larger suppliers.

Create new rules for the way government buys technology
» Right-size contracts, whether large or small, to achieve value for money.
» Break up some large application projects and co-develop with program users using an agile approach.
» Consider open-source standards, making more of government’s coding available for anyone to build on and grow new products.

Improve procurement processes and transparency
» Streamline procurement processes and make them more consistent.
» Define the timeline upfront and provide real-time transparency on progress through all project phases.
Goal 1 Best value and increased benefit to British Columbians

Realize value for money and promote innovation

What does government want to achieve?

Each year, communities in B.C. benefit from the goods and services government procures ranging from the delivery of local programs for citizens to the provision of wildfire management across the province.

Good practice in procurement means ensuring value for money while also delivering high-quality goods and services. This includes realizing added social and environmental benefits for all British Columbians wherever opportunities exist. Examples include reducing barriers to Indigenous business participation, specifying employment for equity-seeking groups in contracts, and requiring environmentally preferable goods and service delivery. Stronger communities result from government leading the way in prioritizing good-paying jobs, ensuring opportunities for everyone, and practicing sustainability. Government buyers will be supported in achieving value for money, with tailored approaches to realizing procurement outcomes that help achieve government objectives.

What’s changing?

While keeping costs down remains central to procurement, government will increase its focus on the social and environmental impacts of the goods and services it purchases, ensuring benefits are returned to all British Columbians.

Realizing best value also means buying innovative products that deliver better outcomes for people. This means paying more attention to how procurement embraces market driven innovation. Government will be less prescriptive and more open to new-to-market products and services.

Government must also understand its capacity to tolerate and manage risk in order to protect the public interest and access market innovation. Similarly, public service buyers must be supported to better manage risk in order to foster innovation.

What principles will guide us?

**Prioritize value.** Leverage taxpayer dollars to their full potential by determining the benefits to people and communities when procuring goods and services including social and environmental benefits as well as price and quality.

**Promote innovation in government services.** Practice flexible and compliant processes designed to capture market innovation and improve public services.
What *actions* will be taken?

**Use procurement strategically to advance social and environmental objectives**

- Align procurement priorities and governance with government’s overall objectives
- Enhance and coordinate social and environmental procurement
- Develop a coordinated government approach to Indigenous procurement

**Adopt flexible processes that encourage innovation**

- Introduce a matchmaker function between government buyers and suppliers of innovative solutions
- Create opportunities for start-ups to co-develop solutions with buyers
- Give buyers more options when selecting procurement processes, such as negotiated or outcomes-based RFPs
Goal 2 Easier to do business with government

Work with stakeholders to create simpler, more intuitive processes

What does government want to achieve?

Government has collected a lot of feedback from people who have used its procurement systems. The message from B.C. businesses and from those who oversee procurements on behalf of government is clear: it must be easier for buyers and suppliers to do business together.

Change will require modern procurement processes that are intuitive and transparent, in which government commitments for project timelines are defined and suppliers are kept informed along the way. For existing and prospective suppliers, more consistency in procurement services will be created across government and education will be provided on how to engage in procurement processes.

Simplifying government processes will also require us to adapt to the size of projects, ensuring that small contracts have procurement processes accessible to small businesses.

What’s changing?

Currently, purchasing processes are often found to be complex, time-consuming, restrictive and in many cases, opaque. The Ministry of Citizens’ Services will work with stakeholders to design transparent, simple-to-use processes proportionate to the size of the procurement.

Finally, as government works to make it easier to do business, it must support and protect processes that are working well, updating instead of starting again where it makes sense, and adopting improvements where innovations have been shown to work.

What principles will guide us?

Simple, intuitive processes save time. Manage procurement using modern automated tools that are user friendly and can analyze data for strategic planning.

Don’t fix what isn’t broken. Respect and recognize procurements being done well. Significant procurement expertise and good practice are in use today, and represent a building block for successful implementation of the strategy.
What **actions** will be taken?

**Make purchasing policy and processes simple and accessible**

- Modernize, reduce and simplify procurement policy
- Modernize government’s automated bidding technology
- Work with buyers and suppliers to configure easy-to-use templates to create new procurements
- Create buyers’ dashboards for strategic procurement planning and list management
- Create suppliers’ dashboards with stored information to minimize duplicate entry

**Standardize the procurement experience for suppliers**

- Review government’s approach to risk allocation
- Develop and implement common definitions and processes to increase the consistency and predictability of standard procurements
Goal 3 More opportunity for business of all sizes

Expand, support and sustain a resilient community of suppliers

What does government want to achieve?

Government procurement has a high strategic value in B.C.’s economy. Goods and services are purchased from thousands of businesses of all sizes, from across urban and rural B.C., throughout Canada, and around the world. Government relies on suppliers to help deliver critical services to British Columbians, and suppliers rely on government for secure contracts and the ability to provide good paying jobs and other indirect benefits to communities.

Government must create more opportunities for businesses of all sizes to ensure the growth and sustainability of a resilient supplier base. By planning procurement strategically, contract distribution can be improved. This includes aggregating demand for large, government-wide contracts, supporting effective mid-sized procurements, and maintaining distribution lists and quick access processes for small, frequent, on-demand purchases. It means right-sizing contracts to remove unnecessary barriers to competition.

Procurement changes require a review of the qualified supplier lists and corporate supply arrangements that distribute thousands of small contracts to ensure they are readily accessible to both buyers and suppliers. Government will ensure appropriate sub-contracting opportunities are well-advertised, and work with industry representatives to confirm that sub-contractors’ availability and capacity is made known to prime contractors.

Businesses have asked government for more engagement and collaboration. By better understanding what is purchased, government will become a better shopper. By making sure opportunities are well communicated and broadly accessible, government can foster competition and growth in the market.

What’s changing?

Recognizing that the benefits of large-scale contracting can be significant, we must ensure that purchasing processes also create sufficient opportunity for small and medium sized businesses – ensuring a resilient range of suppliers going forward.

What principles will guide us?

Ensure opportunities for all to compete. Opportunities for all suppliers will be available through fair procurement and contract management practices.

Better procurement comes from mutual education. Government is knowledgeable about the markets it buys from and shares business intelligence appropriately and impartially to help spur market development.
Alternative Service Delivery and Strategic Partnerships

In the past fifteen years, government’s procurement strategy has included a focus on high-value service contracts, such as Alternative Service Delivery (ASD) projects. These projects were based on contracts with experienced private-sector companies for services previously delivered within the public service, in order to:

- Maintain or enhance service levels;
- Reduce costs, increase revenue, or maximize cost avoidance;
- Ensure successful delivery of large complex contracts through financially sustainable suppliers;
- Support general economic development and growth; and
- Increase private sector involvement in the delivery of services.

With this approach, government achieved overall cost savings, operational efficiencies and increased service; however, it has come with challenges. These included limited ability to: access innovative solutions within long term contracts, manage vendors, manage capacity and staffing required to oversee highly complex contractual relationships, and retain knowledge and technical expertise.

Optimized Sourcing

Currently, government has a large portfolio of strategic contracts providing a range of services to government and the people of B.C. in the areas of human and health services, financial services, human resources, real estate management, information management, and information technology. Many of these contracts expire between 2018 and 2024.

Changes in technology impact how services are delivered. Buyers and service providers have matured and new sourcing methods are available. Objectives for individual-level service and government outcomes have both evolved. A review of optimum sourcing and service delivery methods is underway.

It is important to recognize the numerous tangible benefits realized under the existing approach and there are circumstances where due diligence will determine that a high-value contract makes sense. It is also vital to acknowledge and learn from the experience gained by managing high-value contracts over the past 15 years. Government will use its experience to define a sourcing framework that aligns government objectives and current procurement best practices to identify next steps for these high-value contracting initiatives.
What **actions** will be taken?

**Ensure opportunity for suppliers of all sizes**
- Modernize the sourcing strategy for large strategic contracts
- Employ right-sizing principles in procurement planning
- Increase government-market engagement and support for suppliers
- Educate suppliers on how to respond to government procurements
- Release purchasing forecasts proactively so suppliers can anticipate trends and requirements

**Enable quick access to, and improved distribution of, small scale contracts**
- Create a tool to manage the use of, and compliance with, pre-qualified lists
- Work with industry representatives to improve support for sub-contracting
Goal 4 Greater capacity to support procurement

Enhance training and support to build internal capacity in the public service

What does government want to achieve?

Operational responsibility for procurement rests with hundreds of employees across government, with many more people supporting procurement activities. Many employees are proficient with procurement processes while others are involved less often and are not as knowledgeable.

Procurement must function properly for government to deliver the best possible services for people while mitigating risk and managing resources. Government is working to formalize the procurement practice as a dedicated career path within the public service, ensuring consistent support for employees who work in this area.

In addition, government will enhance the procurement career stream by supporting and training all staff engaged in this important work while retaining valuable expertise to ensure knowledge is passed on.

What’s changing?

Increased capacity requires a governance structure able to communicate overall direction and make strategic decisions on procurement approaches. Government will ensure there is support to assist with a wide range of processes throughout the procurement lifecycle. This will require expert involvement at the planning stage, support for buyers and suppliers with training and outreach, and cross-pollination of procurement knowledge. To share best practices and identify strategic opportunities, government will continue to grow a community of practice for procurement professionals across the broader public service.

What principles will guide us?

Employees are the key to better procurement. Government employees entrusted with procuring high-value goods and services on behalf of British Columbians will receive skills-training and tools for administering a simple, fair and transparent process.

Procurement is about more than procurement. A well-run procurement processes has positive impacts in terms of transparency, accountability, good management, program effectiveness, staff morale, and public trust.
What actions will be taken?

**Deliver effective procurement services when and where needed**
- [ ] Create a distinct career path in procurement to recruit and retain skilled professionals
- [ ] Develop an HR and training plan for procurement professionals
- [ ] Share good procurement practices by promoting a vibrant community of practice

**Ensure a corporate approach to procurement supports both staff and management**
- [ ] Review cross-ministry governance, procurement service delivery and compliance oversight
- [ ] Ensure that procurement governance communicates B.C.’s procurement strategy and priorities effectively across government
Critical factors for success

**Key attributes of an effective procurement strategy**

To be effective, the changes accompanying the strategy must exhibit a number of important characteristics.

**Procurement as a strategic tool**

Procurement represents a significant proportion of government’s expenditure. Goods and services may be acquired in ways which accrue benefits consistent with government’s key priorities of making life more affordable for British Columbians, delivering the services people need, and building a strong, sustainable economy that works for everyone, while remaining compliant with legal and trade requirements. The Province will learn from the experiences of other jurisdictions in developing a new approach.

**Consistency but not uniformity**

Inconsistent processes and levels of transparency in procurement can create uncertainty, unnecessary work, and perceptions of unfairness. Processes should be predictable, reliable, and sensible for suppliers. However, procurement must remain flexible and not follow a single template when the scale of the goods and services being purchased differ, or when rural and urban markets present very different supplier landscapes to the buyer. Consistent standards of opportunity and transparency for suppliers must coexist with greater flexibility for buyers according to circumstance.

**User-centric, user-tested tools**

The most valuable assets in ensuring effective procurement are the people – buyers and suppliers whose work environments and businesses are directly affected by any change. In updating the BC Bid application and services, in designing new criteria and templates, and in developing training and support for small business, users will remain at the centre of each process, from needs assessment to design to evaluation.

**Respect for operational expertise**

This strategy seeks to create simpler, more transparent processes and better tools and support for practitioners. The greatest internal sources of knowledge and good practice are the programs and staff across all ministries who regularly undertake procurement. Effective change begins with an understanding of what is and is not working in the field, and must be evaluated in those same terms.

**Capacity to support procurement**

Government is challenged to recruit, train, and retain expert staff. These challenges become acute in the case of high-value service contracts, where corporate knowledge and complex procurement and contract management skills are in high demand. Ensuring effective procurement requires a realistic approach to the true capacity needed to run and support everyday procurement activity, as well as acknowledging the imbalances of capacity between buyers and suppliers which can occur in large contracts.
Implementing the B.C. **Procurement Strategy**

**Priority actions and future initiatives**

**GOAL 1**
Best value and increased social benefit to British Columbians

- Priority 2018/19 Actions:
  - Develop a Community Benefits Framework
  - Develop a coordinated government approach to Indigenous procurement
  - Establish the Procurement Concierge program
  - Pilot the Start up in Residence program
  - Publish new social and environmental impact purchasing guidelines
  - Adopt a life cycle assessment framework

**GOAL 2**
Easier to do business with government

- Priority 2018/19 Actions:
  - Launch a next generation BC Bid application and services
  - Modernize, reduce and simplify procurement policy
  - Review B.C.'s approach to risk allocation

**GOAL 3**
More opportunity for businesses of all sizes

- Priority 2018/19 Actions:
  - Deploy a new analysis process for large strategic contracts
  - Initiate Sprint with Us
  - Develop a Corporate Digital Strategy
  - Streamline pre-qualified lists
  - Increase government-market engagement and support for suppliers

**GOAL 4**
Greater capacity to support procurement

- Priority 2018/19 Actions:
  - Continue the Procurement Community of Practice
  - Host a government-wide Procurement Symposium in 2019
  - Review the provincial procurement delivery model
  - Establish a cross-government procurement governance body
  - Enhance procurement oversight and compliance system
  - Develop an HR and training plan for procurement professionals
Priority actions in 2018-19

In the first year of the strategy, new processes will be adopted to enhance the social and environmental benefits created by procurement, and government’s practice will be updated accordingly. Mechanisms to award work to equity-seeking supplier groups and outcome-based procurement to evaluate new ideas will be explored. Should a coordinated approach to Indigenous procurement be pursued, engagement with Indigenous partners and businesses will be conducted on its development. A new procurement concierge program will be launched to build relationships between government buyers and market innovators.

An important focus in the first year will be modernization of the BC Bid platform. It will take at least a year to implement the new technology across government. Over that time, government will work with both buyers and suppliers to configure intuitive templates, help buyers build libraries of evaluation criteria, and help suppliers create profiles that will cut down on the time it takes to submit a proposal.

A new approach to large strategic contracts will be deployed including applying due diligence to their complex dependencies as they come up for renewal. Processes for distribution of smaller contracts will be improved, such as a new pre-qualified list for software development teams, a management tool for pre-qualified lists across government, and enhanced procurement guidance for small and medium businesses. Government will also work with industry groups to increase support for sub-contracting.

In the first year of the strategy, a gap analysis of the current capacity and skill sets of procurement practitioners will be undertaken. A human resources plan defining a career path that supports effective procurement, provides the right training at the right time, and attracts and retains procurement practitioners will also be created.

Future actions: 2019/20 and beyond

In 2019/20, the strategy will incorporate further elements based on continued research and feedback from suppliers, procurement professionals and other experts. Government will continue to build on this framework, maximizing value to the people of B.C. and maintaining leadership in strategic procurement. Annual progress reports will be published detailing what’s been accomplished, what’s been learned and what the next steps will be.

If you have questions or want to learn more about what’s in store, contact the Ministry of Citizens’ Services Procurement Transformation Branch at Procurement.Transformation@gov.bc.ca.
The B.C. Procurement Strategy requires respect for and incorporation of well-established standards of good practice. Core policy identifies the following objectives for government procurement of goods and services, based on the principles of fair and open public service procurement: competition, demand aggregation, value for money, transparency and accountability.

- Acquisitions are managed consistent with government policy and requirements of trade agreements.
- Government receives value for money spent on contracts.
- Suppliers have fair access to information on procurement opportunities, processes and results.
- Acquisition and disposal opportunities are competed, wherever practical.
- Ministries only engage in a competitive process with the full intent to award a contract at the end of that process.
- Ministries are accountable for the results of their procurement decisions and the appropriateness of the processes followed.
- Government buying power is leveraged through corporate supply arrangements (CSAs) and demand aggregation, wherever practical.
- The cost of the procurement process, to both suppliers and ministries, is appropriate in relation to the value and complexity of each procurement.
- Assets that are surplus to the needs of government are disposed of in a coordinated way to maximize the dollar return to government, and to minimize the risk to the environment.

These values will continue to apply throughout and following implementation of the strategy.
Procurement glossary

Key terms used in this document

Alternative Service Delivery (ASD)
Contracts between government and private sector firms where complex services traditionally performed within government are now provided by suppliers. Goals were improved efficiency, lower operating costs, increased economic opportunities for the private sector, and integration and aggregation of government contracts.

BC Bid
BC Bid is the procurement application that advertises opportunities to provide goods and services to ministries and the broader public sector. These organizations can use BC Bid to post procurement opportunities, including receiving on-line e-Bids directly from suppliers. Suppliers can use BC Bid to access procurement opportunities, and can take advantage of value-added e-Notification and e-Bidding services.

Best value
Benefit derived from every purchase or every sum of money spent. Value for money is based not only on the minimum purchase price (economy) but also on value added benefits of the expenditure. Under this approach, procurement processes are evaluated on value for money but also focus on the social, economic and environmental benefits to communities realized as a consequence of the procurement.

Corporate Supply Arrangement (CSA)
CSAs are supply arrangements that are available to the Province, the broader public sector, and other eligible entities. Ministries must order from CSAs where one exists that meets their needs. CSAs can be internal – where a government entity directly provides or arranges for others to access the applicable goods and/or services – or external, where orders can be placed directly with suppliers who have CSAs. Usually, suppliers are successful in a solicitation in order to be eligible to offer their goods and / or services through a CSA.

Open-source standards
A type of computer architecture or software architecture that is designed to make adding, upgrading and swapping components easy. Open architecture allows potential users to see inside all or parts of the architecture without any proprietary constraints.

Procurement
Procurement is the systematic process of purchasing and selling goods and services that involves specific phases and associated activities including: planning, pre-award, award, contract administration, contract management and monitoring, post-contract evaluation, and supplier relationship management.

Request for Proposal (RFP)
This is a request for suppliers to submit proposals that typically include information on their relevant qualifications or experience, their proposed approach or methodology, and usually the price they would charge to provide a good or service in response to an identified problem, requirement or objective. RFPs typically include predefined criteria against which proposals will be evaluated. Subject to the express terms of the request for proposals, the contract is normally awarded to the proponent whose proposal meets all RFP mandatory criteria, terms and conditions, and achieves the highest overall rating of all weighted criteria specified in the solicitation.

Request for Qualifications (RFQ)
This is a process to establish a pre-qualification list for a period of time for frequent purchases, or to pre-qualify suppliers for a subsequent solicitation. The process includes an evaluation of the responses to the RFQ to determine which respondents will be placed on the pre-qualification list.

Right-size
Convert a requirement, procurement or contract to an appropriate or optimum size to achieve value for money.