

Economic Mobility Catalog: Case Study

Inclusive procurement reform: Long Beach, CA



Racial Equity in Government

MORE ABOUT THE STRATEGY USED IN THIS CASE STUDY: [Inclusive procurement](#)

At-a-Glance



Summary

- Procurement has been a long-time point of concern for Long Beach. Its system was difficult for both vendors and city staff to manage and could not provide actionable data on how the City was engaging vendors, particularly local and minority-owned businesses. While the City had implemented small changes to procurement since 2015, the system needed a complete overhaul to achieve Long Beach's economic inclusion and racial equity goals.
- In 2020, the City collaborated with the Harvard Kennedy School Government Performance Lab (GPL) to implement an Extreme Procurement Makeover, a comprehensive retooling of Long Beach's procurement process. With assistance from embedded GPL Fellows, the makeover made wholesale changes to procurement practices, solicitation materials, staff training, and vendor engagement, while centering efforts around efficiency and equity.
- Keys to the City's recent procurement success include a strong vision for procurement from local leadership and City Council; collaborative relationships between the purchasing division and City departments; community outreach to local and minority-owned businesses; significant funding and opportunities for refining the procurement process from the Long Beach Recovery Act; the City's new procurement platform, Long Beach Buys; and its close-knit teamwork with GPL;
- Challenges faced by the effort include concurrent old and new procurement processes; overcoming perceptions of the City among local and minority-owned businesses; decentralized procurement practices among City departments; and structural barriers impacting local and minority-owned businesses.

Results and Accomplishments

64% Between March 2021 and June 2022, 64% of vendors who were awarded contracts through the Long Beach Recovery Act initiative were first-time vendors with the City.	2x Response rates for priority procurements created by the American Rescue Plan Act (ARPA) doubled from the past year, and minority- and women-owned business participation increased by over a third.	56% Because of improvements to its procurement processes, the average time between an RFP issuance and vendor selection decreased by 56%, from approximately 8 months to approximately 3.5 months.
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- **Insightful data through new procurement software:** Long Beach Buys, the City's new purchasing platform and marketplace, provides robust data about its vendor pool and allows the City to better engage with local, small businesses, minority-owned businesses, and nonprofits.
- **Award recognition for use of technology:** Long Beach earned the number one spot (for cities of its size) on the Center for Digital Government's survey of top digital cities. The annual survey evaluates how cities nationwide use technology to advance city goals. Long Beach was analyzed based on its key initiatives, including the new procurement platform and its role in lowering barriers for prospective small, minority-owned businesses.
- **Spirit of collaboration among city staff:** In developing a new, centralized procurement system, the purchasing division brokered better relationships with city staff across multiple departments. City staff now actively engage the purchasing division for assistance with procurement and show willingness to team up on shared goals.
- **Stronger relationships within local and minority business communities:** The City's intentional and culturally responsive approach to engage local and minority-owned businesses, community-based organizations (CBOs), and nonprofits opened doors for honest communication that continues to help the City improve its services to underserved communities. Previously hard-to-engage organizations now participate in City events and meetings to share their experiences and seek resources, giving the City direct and insightful feedback.



What was the challenge?

- **Siloed and outdated procurement process:** The City of Long Beach awards millions of dollars every year to vendors through government contracts. While all contracts are approved through the City's Purchasing Division, the procurement process differed from department to department. Vendors struggled to navigate the varying requirements and were often asked to duplicate laborious administrative work to bid for opportunities in different departments. The process was equally frustrating for city staff, whose projects were often delayed by the contract approval process.
- **Lack of vendor demographic data and insights:** Long Beach's previous procurement system was not built to easily provide insights into the expenditure data for the different types of vendors the City was contracting with. Long Beach's City Council, however, wanted detailed data on the City's spending with different vendor demographics, including local vendors. Without that data, the City and the City Council could not track progress status against equity goals and develop data-informed strategies.
- **Missed opportunities for strengthening local economy:** An inefficient procurement system inadvertently created barriers to doing business with small businesses and first-time vendors, who often did not have the time or experience to navigate the complex bidding process. As a result, community members recognized that contracts were often awarded to the same cluster of companies or companies outside of Long Beach. This meant that one tool that could strengthen the local economy was not being effectively used, and sowed a sense of favoritism that dissuaded some vendors from bidding on contracts.
- **Pandemic uncovered the challenges for nonprofit contracts:** Federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan (ARP) Act gave Long Beach hundreds of millions of dollars to support its residents through partnering with nonprofits and CBOs. But the City had to rely on its procurement processes to disperse those dollars, which was designed for competitive bidding from private companies, not channeling funds to nonprofits to provide a community benefit. This underscored the need to strengthen relationships with local nonprofits and allow flexibility in the procurement process to better respond to the unique challenges of their industry.
- **Procurement improvement efforts weren't initially met with financial support:** Despite City Council's desire for better data and plans to improve procurement through the Racial Equity and Reconciliation Initiative and "Everyone In" Economic Inclusion Initiative, additional resources to expand the Purchasing Division's staff capacity were minimal. The purchasing division made piecemeal improvements to its process over time, but could not make wholesale changes in procurement without overtaxing its staff.

What was the solution?

- **A top-to-bottom procurement system makeover:** The City collaborated with the Harvard Kennedy School's Government Performance Lab (GPL). The GPL's procurement team works with state and local governments to design and test solutions that increase the impact of contracted dollars, typically through intensive technical assistance. In Long Beach, this included supporting an overhaul of the City's procurement process, systems, and practices. Together, the City's purchasing division and the GPL undertook an Extreme Procurement Makeover (EPM), which focused on making the process more efficient, results-driven, equitable, and strategic.
- **Dedicated capacity to push procurement reform forward:** The procurement reform effort was spearheaded by embedded GPL Fellows over three years. These fellows were able to focus exclusively on improving procurement, helping maintain momentum amid the ever-changing day-to-day responsibilities of many government staff.
- **Cross-departmental collaboration to standardize procurement:** An important element to the EPM was incorporating City Departments' feedback and experiences into the process improvements. Though operating from the purchasing division, the GPL worked extensively with City staff across the organization to inform process changes, diagnose the barriers facing staff in operational departments, and improve the relationship between the purchasing division and City departments.
- **Forging community relationships to build local and minority vendor capacity:** The City created workshops, collaborated with CBOs, and synchronized efforts with the City's Economic Development department to reach local and minority-owned businesses and help these business owners navigate the procurement system, from setting up their vendor profile to searching for RFPs and submitting their bids. They also identified and strengthened existing communication channels with local and minority-owned businesses to share information about upcoming contract opportunities, technical assistance programs, and other items of interest. They also utilized these engagements to understand the other barriers affecting minority-owned businesses, such as language access.
- **Utilizing federal recovery dollars to enact major procurement changes:** When the Long Beach Recovery Act (LBRA) passed, the LBRA Recovery Team was tasked with managing and overseeing \$251.8 million in programs. A significant portion of those funds were disbursed through the procurement system, creating a valuable opportunity to fine-tune the procurement process, gather insightful data, and build on and scale the changes of the EPM.

What factors drove success?

- **Collaboration with the Government Performance Lab:** The GPL's history of tested and successful strategies for improving procurement gave Long Beach a solid playbook and set of tools to reform the procurement process. While Long Beach's City staff and City Council recognized the need for better procurement practices and insightful data, the GPL had the experience and personnel to overhaul confusing procedures, align procurement management with the City's inclusivity goals, and coordinate with departments for citywide adoption.

- **Commitments from local leadership:** Long Beach had long supported and invested in data-driven solutions to improve its services to residents and businesses. The call to improve the City's procurement processes was championed across all levels of City leadership, including City Council, former City Councilwoman Lena Gonzalez, Mayor Rex Richardson, and City Manager Tom Modica. These leaders recognized the potential for procurement to improve equity and inclusivity and knew the importance of data in meeting strategic goals.
- **Improved dynamic between procurement and City departments:** To support successful adoption of the new procurement system and processes, the purchasing division incorporated feedback and suggestions from staff across several City departments. This coordination also changed the relationship between the purchasing division and City departments from one of compliance to one of collaboration.
- **Continuous engagement with local and minority vendors:** As the purchasing division created more inclusive protocols within procurement, the LBRA team focused on direct engagement with minority business owners and CBOs. These married efforts enabled minority-owned businesses to join the vendor pool and better navigate the process for being considered for contracts. Business navigators (contracted by the economic development department) became trusted liaisons for minority-owned businesses who could receive ongoing assistance with the solicitation process.
- **Scaling procurement improvements through LBRA:** With millions of LBRA dollars available for nonprofits, CBOs, and other vendors, the City was committed to swiftly getting funds out the door to businesses and residents most impacted by the pandemic. This created a sense of urgency for the City to continue improving on the efforts of the EPM, and strengthen equitable and inclusive procurement efforts across all City departments.
- **Availability of new vendor data to refine engagement:** The launch of a new procurement platform, Long Beach Buys, created the foundation for access to tangible data about vendor demographics, locality to Long Beach, and other statistics that help the City measure its progress in meeting equity goals.

What were the major obstacles?

- **Old and new procurement processes occurred simultaneously:** As the purchasing division and the GPL advanced the EPM, City department staff still had to work within old processes and materials while new ones were built. Staff occasionally encountered disjointed workflows when new procurement materials, such as RFPs and contract templates, conflicted with existing, time-sensitive processes.
- **Hesitancy from minority business owners:** One major challenge for Long Beach was the perception that the City is one entity, and vendors' or residents' history with other parts of the city impacted their willingness to engage in procurement. A negative experience with one department or agency influenced a business owner's decision to do business with the city, putting the onus on the purchasing division to change long-held ideas of Long Beach. Because of this, one of the City's first steps was to build relationships and sow trust with local and minority-owned businesses.

- **Lack of understanding of procurement rules and processes:** Staff across departments were confused about Long Beach’s procurement process and relied on their own rules and procedures that were often inconsistent with the purchasing division. Although many processes were similar across departments, the differing components and requirements made it difficult to centralize essential steps, such as identifying procurements, drafting solicitations, and finalizing contracts. This was particularly challenging when new staff were hired, as there were no consistent training resources. The purchasing division and the GPL prioritized training and relationship-building during the EPM to encourage staff to engage with the purchasing division early on in their procurement process.
- **Barriers for local and minority-owned businesses beyond procurement:** Even as the procurement process became more efficient and inclusive for local and minority-owned vendors, there were other hurdles that hindered their ability to accept government contracts. Small businesses and first-time vendors were often unable to meet minimum insurance requirements, which were historically designed for contracts with large companies. With a reputation for late payments, local governments -including Long Beach -often required vendors to start and sustain work before paying them. Small businesses did not have the upfront capital to hire contractors, order supplies, or begin working while waiting to get paid. This opened up a larger conversation about how the city makes its vendor partnerships more accessible to local businesses and minority-owned businesses.

Timeline



NOVEMBER 2017

Vice Mayor leads listening tour for increasing economic mobility

As part of Long Beach’s 10-year economic development strategy, then-Vice Mayor (now current Mayor) Rex Richardson introduces the “Everyone In” Economic Inclusion Initiative. Vice Mayor Richardson and other local and county leaders kick off the Initiative with an extensive listening tour and series of round table discussions, which elevates procurement as an opportunity to streamline processes and diversify the vendor pool.

JUNE 2019

Recommendations made for procurement in ‘Everyone In’ Implementation Plan

Vice Mayor Richardson presents the findings from the Initiative’s listening tour and roundtables, alongside recommendations for new procurement inclusion strategies. The implementation plan recommends engaging an expert consultant to develop a comprehensive procurement policy and conduct a baseline data analysis of the City’s spending. At the same time, the City hires a Vendor Outreach Coordinator who reaches out to local and minority-owned businesses on a daily basis to get them registered as vendors with the City.

JANUARY 2020**Long Beach introduced to the GPL**

Through the City's participation in the What Works Cities (WWC) Initiative, Long Beach participated in an RFP sprint run by GPL, one of the expert organizations in the WWC consortium. This connection eventually leads to the EPM within the purchasing division.

JULY 2020**City approves \$6,750,000 spending plan for business recovery and resiliency**

Long Beach receives \$40.28 million in Coronavirus Aid Relief and Economic Security (CARES) Act funding and is required to allocate and spend the money by the end of year. City leadership and staff quickly work to develop the RFPs and expedite vendor contracts, but realize the current procurement system is poorly suited for granting funds and supporting nonprofits.

AUGUST 2020**New initiative highlights procurement as vehicle for increasing economic opportunities for minority vendors**

Long Beach City Council approves the Racial Equity and Reconciliation Initiative, a strategic plan to address anti-Black racism and advance racial equity. Improving the existing procurement system is identified as an opportunity for ending systemic racism in government contracting practices. The plan also makes recommendations for adopting easier, more streamlined processes to remove barriers for minority-owned businesses.

SEPTEMBER 2020**Purchasing division and GPL begin Extreme Procurement Makeover**

The GPL places an embedded Fellow, Rebecca Graffy, into the Long Beach procurement division to lead an Extreme Procurement Makeover, a comprehensive redesign of procurement to make the process work better for city staff, the supplier community, and residents.

MARCH 2021**Long Beach Recovery Act funding and staff bolster procurement efforts**

Long Beach City Council approves the \$251.8 million LBRA, and assigns a dedicated recovery staff ("Recovery Team") to oversee the management and control of more than 60 recovery programs. The Recovery Team works with various departments to create equitable programs and ensure the procurement process is fair, transparent, and efficient to maximize the impact of the funding. The Recovery Team also directly supports the purchasing division to advance the EPM and spearhead other procurement policy recommendations from the "Everyone In" Economic Inclusion Initiative and Racial Equity and Reconciliation Initiative.

OCTOBER 2021

Survey sent to vendors to guide procurement improvements

With the help of an additional embedded GPL Fellow, Laura Merryfield, Long Beach expands its focus on inclusive procurement and issues a comprehensive vendor engagement survey to collect feedback and understand unintended barriers.

JUNE 2022

Long Beach unveils new procurement software, Long Beach Buys

The new purchasing platform and marketplace positions the City to more effectively engage with local and minority-owned businesses and streamlines applying and awarding processes for businesses and nonprofits. Long Beach Buys also provides informative data about vendor demographics to help the City reach its strategic goals in economic and racial equity. Shortly after the launch, the City holds several informational meetings and contracting workshops to teach business owners the new system. More than 2,600 vendors have signed up since the platform's launch.

JULY 2022

Third GPL Fellow heads up sustainability efforts

A third GPL Fellow, Amanda Jaffe, joins the purchasing division part-time to create a staffing plan for future equity efforts, coach staff for continual innovation, and develop additional training materials. By spring 2023, the purchasing division will have a full staff, with buyers divided into departmental teams.

Implementation Process



How did leaders confront the problem?

- **Under-leveraging of procurement:** In the mid-2010s, local leaders in Long Beach increasingly recognized that local procurement could be a powerful vehicle for inclusive economic growth. Over the course of a few years, leaders in City Council developed several plans for economic and racial equity, highlighting procurement reform as an opportunity for supporting historically underserved businesses and nonprofits.
- **Public leaders champion data and gain supporters:** An advocate for data-driven decision making, former Mayor Robert Garcia pushed to join the Bloomberg Philanthropies What Works Cities initiative, which eventually connected the City to the Government Performance Lab. Long Beach's City Council and leadership's passion for developing an inclusive local economy led to various philanthropic investments from Bloomberg Philanthropies to fund the work in procurement.

- **Procurement experts at GPL pilot the overhaul:** Recognizing the strong support for inclusive procurement at Long Beach, the GPL began engaging with the city’s purchasing division, eventually proposing the idea of an “Extreme Procurement Makeover.” The EPM was envisioned as a way to help the purchasing division work more effectively between departments and make procurement more efficient, results-driven, equitable, and strategic without overtaxing its staff.

How was the strategy designed?

- **Defining the ideal procurement system:** To establish the core values that would drive the EPM, the GPL and staff in the purchasing division discussed how an ideal procurement system would work. What barriers would be eliminated? How would potential vendors be evaluated? Eight key attributes for the new procurement system emerged from these discussions: results-driven, best value, competitive, equitable, efficient, fair, transparent, and service-oriented.
- **Setting goals and targets:** The GPL and the purchasing division recognized that setting tangible goals and targets to measure against was critical given City leadership’s request for transparent data. Using the core values to create procurement objectives, the staff could define realistic metrics, such as completing procurement cycles in less than six months, to hold themselves accountable and report progress to City leadership.
- **Diagnosing challenges with city staff:** The GPL and purchasing staff engaged with stakeholders across departments as they began reforming processes. The GPL used feedback in these conversations to redesign procurement assets to meet their needs and make processes more user-friendly. The collaboration between the GPL, the purchasing division, and other city departments improved chances of adoption as changes were informed by users across the government.
- **Comprehensive training:** Because procurement processes were decentralized in Long Beach, the GPL created the Procurement University, a central hub for training employees about the procurement process, no matter their department. The multi-module training encompassed the totality of the procurement process, best practices, and results-driven contracting strategies. This training has since been formalized in the GPL’s Procurement Excellence Network.
- **Aligning internal redesigns with external outreach:** After an initial focus on overhauling inefficient procurement practices and processes internally, the GPL and the City expanded the focus to include engaging local vendors and minority businesses externally, advancing the equitable and inclusive goals of the City. By building a strong, customer-service oriented environment, City staff were empowered to lead inclusive outreach both within the purchasing division and in other departments.

How was the plan implemented?

- **Developing tools and templates:** With feedback from department staff that the City's RFPs were long, complex, and inconsistent, the GPL helped the City redesign them to be more user-friendly, particularly for first-time vendors or small businesses, and edited the RFP language to be more welcoming to encourage more applicants. The GPL also helped the City create other procurement assets, including template Scopes of Work (SOWs) and templates for City Council to approve contracts. As these assets were finalized, the GPL developed the Procurement University, which contained training videos and resources teaching staff how to use the new materials and employ best practices in procurement in their departments.
- **Forecasting procurement needs:** Departments consistently knew about projects years in advance, but didn't communicate about the projects or their timelines until all steps had to be shortened to accommodate external deadlines. This created a flurry of work for central purchasing to get the solicitation published, and shorter timelines for vendors to respond to the bid. The GPL worked with the City to develop a practice of forecasting upcoming procurements. With more preparation, the City conducted better local outreach in the vendor community, encouraging a higher chance of diverse applicants from small, local, and minority-owned businesses.
- **Gathering vendor feedback:** Once the new structure and assets for procurement were embraced internally, the GPL and the purchasing division developed a survey to understand the barriers vendors faced in the procurement process. Recognizing the importance of hearing from small, local, and minority-owned businesses and vendors who had never done business with the City before, the GPL helped coordinate with other departments, entrepreneur support organizations, nonprofits, and local business associations to reach these critical community businesses.
- **Building relationships with minority-business owners and nonprofits:** Based on the feedback from the survey, both the GPL and the Recovery Team focused their efforts on improving vendor engagement, increasing accessibility, building capacity, and lowering barriers. The purchasing division coordinated with the economic development department to use its on-the-ground BizCare outreach team and, later, business navigators through partner CBOs to directly reach local and minority-owned businesses and teach them about how to compete for government opportunities. The division also co-hosted several workshops and information sessions with CBOs to introduce Long Beach Buys and act as a resource for first-time vendors and small businesses.

How was the approach funded?

- **Philanthropic support for GPL Fellows:** Through the City's partnership with What Works Cities, the collaboration with GPL was funded in 2020 by Bloomberg Philanthropies. The second and third years of collaboration with GPL were supported by Bloomberg Philanthropies, the Knight Foundation, the Long Beach Community Foundation, and the City's LBRA funds.

- **Pandemic recovery funds for expansion:** As part of the \$7.6 million dedicated to economic inclusion within the LBRA, \$250,000 was earmarked for several procurement efforts, including an inclusive procurement study, strategies to improve platforms and policies, and implementation of tactics to uplift diverse businesses and create economic opportunities for local and minority-owned businesses.
- **City funds new procurement software:** Long Beach utilized a number of existing funding avenues to support the development of Long Beach Buys, the City's new procurement software solution. The contract and implementation costs were funded by \$85,000 from the City's Water Department, \$100,000 in LBRA funds, \$200,000 in CARES Act funds, and the remaining amount from the Financial Department's General Fund Group savings.

How was the approach measured and refined?

- **Use of new vendor data:** The Long Beach Buys purchasing platform collects rich data on vendors who register in the system, apply for bids, are local to Long Beach, and other important statistics that help the City to make data-driven decisions about its inclusive procurement processes. The purchasing division reviews procurement data with each department annually to discuss rates of award, cycle times, and competitiveness of responses.
- **Evaluating goals and targets:** Following the values and goals outlined in the EPM, the purchasing division meets regularly to assess procurement processes. The staff review delays in procurement stages, departmental changes, forecasting predictions, and more.
- **Monthly community meetings:** The purchasing division leads a monthly webinar, "Doing Business with the City," to inform vendors about contracting processes, provide information on business licenses, and answer vendor questions. The purchasing division also interacts with nonprofits, CBOs, and business organizations in a monthly, open forum hosted by the Economic Development department, where vendors provide feedback on how they are navigating the procurement system, additional support needed, and better ways to serve them before, during, and after the procurement process.
- **Digitizing materials:** The Long Beach purchasing division continues to streamline and improve procurement processes through digitizing materials, enhancing language access, and advocating for other City vendor protocols that will support local and minority-owned businesses after they win a contract.

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