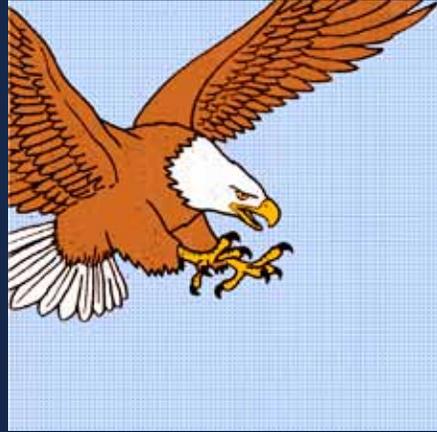
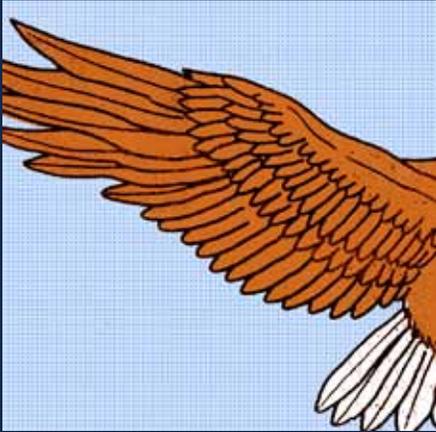




THE VOLCKER ALLIANCE  
*Working for Effective Government*



# Doing The People's Business

KEY COMPETENCIES FOR  
EFFECTIVE PUBLIC  
PROCUREMENT



# Doing The People's Business

**KEY COMPETENCIES FOR  
EFFECTIVE PUBLIC  
PROCUREMENT**

NEW YORK • 2016



DOING THE PEOPLE'S BUSINESS

## BOARD OF DIRECTORS

PAUL A. VOLCKER **CHAIRMAN**

SHEILA BAIR

CHARLES ARTHUR BOWSER

MICHAEL BRADFIELD **COUNSEL**

WILLIAM "BILL" BRADLEY

THOMAS M. DAVIS

WILLIAM H. DONALDSON

SHIRLEY CLARKE FRANKLIN

FRANCIS FUKUYAMA

NORMAN J. ORNSTEIN

RICHARD RAVITCH

WILLIAM RHODES

ALICE RIVLIN

ANTHONY WALTON

ANTHONY J. DOWD **TREASURER, INTERIM PRESIDENT**

This paper is the product of the Volcker Alliance. It is an important goal of the Alliance to produce reports that contain ideas, proposals, and recommendations for dealing with persistent governance problems in new ways based on independent research and analysis supporting constructive solutions. To stimulate this process and maintain project independence to make such conclusions and recommendations as they deem to be appropriate, these Alliance projects are commissioned to proceed without the requirement of approval of their conclusions and recommendations by the board of directors collectively, or by individual members of the board of directors.



## ABOUT THE ALLIANCE

THE VOLCKER ALLIANCE was launched in 2013 by former Federal Reserve Board Chairman Paul A. Volcker to address the challenge of effective execution of public policies and to help rebuild public trust in government. The nonpartisan Alliance works toward that broad objective by partnering with other organizations—academic, business, governmental, and public interest—to strengthen professional education for public service, conduct needed research on government performance, and improve the efficiency and accountability of governmental organization at the federal, state, and local levels.

© 2016 VOLCKER ALLIANCE, INC.

Printed June, 2016

The Volcker Alliance Inc. hereby grants a worldwide, royalty-free, non-sublicensable, non-exclusive license to download and distribute the Volcker Alliance paper entitled “Doing the People’s Business” (the “Paper”) for non-commercial purposes only, provided that the Paper’s copyright notice and this legend are included on all copies.

## PREFACE

WHEN I LAUNCHED THE VOLCKER ALLIANCE a few years ago, I was motivated by the growing erosion of public trust in our governing institutions—a matter that is now acutely evident in our election battles.

It is my strong belief that distrust in our governing processes and institutions has been a significant factor in the sense—a justifiable sense—that governments at every level have too often failed to deliver public programs with the degree of efficiency and effectiveness to which we citizens are entitled.

That is why the Alliance is determined to work with interested government agencies, organizations, and professional schools to find ways and means of improving the execution of those policies agreed to by our political leadership.

In approaching that challenge, one point of departure is recognizing that much of what governments do depends on procuring goods and services from the private or nonprofit sectors, a process that can include outsourcing many expensive and vital programs. Some of these purchases are, or should be, mundane, ranging from the proverbial paper clips to well-established professional services. At the other end of the spectrum—procurement for defense, space exploration, disease control, and health care—the challenges are enormous.

In each case, it's a matter of designing suitable procurement practices managed by experienced, conflict-free officials dedicated to making policies and programs effective, with appropriate oversight. At stake are trillions of dollars, along with the credibility of government itself.

Public officials and academic experts have reinforced our belief that government procurement practices and management of outsourced services need priority attention. This report is a step in that direction. It sets out a clear, accessible list of fundamental skills and experience required of those responsible for public procurement. Detailed interviews with procurement officials and academic experts have identified the specific areas of need.

This analysis is only a first step in evaluating both the demand for and supply of procurement education. The Alliance will work with the interested parties—especially schools of public policy and administration—to develop ways of closing the gap between theory and practice.

The result of this effort should be a corps of public officials trained in effective procurement practices supported by effective teaching and well-designed research in our educational institutions. We invite interested public officials, private suppliers, and educators to join us in reviewing the guidelines, and to test our conclusions and help design practical approaches.

I want to acknowledge and thank the many experts who provided the insights and reviews in this report, and to recognize Pradeep Nair and his colleague Peter Morrissey, who lead our team in this area at the Alliance.

PAUL A. VOLCKER

## CONTENTS

EXECUTIVE SUMMARY .....	1
I. ORIGINS OF THIS STUDY: WHY DO WE CARE? .....	4
II. TERMINOLOGY AND STUDY APPROACH .....	9
III. KEY COMPETENCIES FOR EFFECTIVE PUBLIC PROCUREMENT .....	15
IV. GENERAL FINDINGS AND WORK TO BE DONE .....	43
V. STUDY PARTICIPANTS AND ACKNOWLEDGEMENTS .....	47
VI. LITERATURE REVIEW .....	50
ENDNOTES .....	53

## EXECUTIVE SUMMARY

EACH YEAR, GOVERNMENTS IN THE UNITED STATES spend about \$2 trillion to purchase goods and services for public use. This procurement spending—on items ranging from tanks to textbooks, from health care to software— affects the daily lives of Americans and is essential to our nation's well-being. Yet outside of a scandal, the public employees charged with conducting the public's business receive scant attention.

To begin to address this, the Volcker Alliance undertook this study to explore the state of the public procurement workforce, as part of the Alliance's mission to promote excellent public administration in the service of effective government. In the fall of 2015, we engaged with forty-three leaders in the procurement community, including practitioners at all levels of government, public affairs scholars, private and public sector procurement thought leaders, suppliers of products and services to government, and public sector leaders who interact with the procurement workforce.

Through interviews with qualitative and quantitative components, this study leverages these leaders' expertise to deliver (1) a competency model that breaks down the procurement role into twelve key competencies required of an effective public procurement workforce and (2) an evaluation of the procurement workforce's current proficiency in each competency.

**SECTION I** discusses the background of the Alliance's involvement in public procurement workforce competencies. It explains our broad approach, our intended audience, and what makes this study unique. It also provides a briefing on why the public should be concerned about procurement and on procurement's role in recent government breakdowns.

**SECTION II** defines procurement terminology and explains the study approach. To ensure complete conclusions, we first used secondary research and internal expertise to develop a draft competency model to describe the key capacities of the public procurement function. We then validated the model with a small subgroup of participating procurement leaders. Next, we asked the remaining participants to evaluate the public procurement workforce's proficiency in each competency and to describe the nature of any gaps. The section concludes with an explanation of the desired outcomes and roles of public procurement organizations.

**SECTION III** contains most of the findings of this study. It explains the twelve items in our competency model and groups them into categories. It then reports the proficiency scores

from the quantitative portion of interviews with procurement leaders and highlights crucial findings. The table on the right displays the proportion of interviewees that rated the workforce as performing either “very well” or “reasonably well.”

A majority of respondents consider the procurement workforce proficient in only four of the twelve identified competencies. These findings should serve as cause for alarm. Governments in the United States cannot spend \$2 trillion effectively if the workforce charged with this spending does not possess the most critical competencies.

Section III concludes with detailed qualitative feedback on each competency.

Participants offered insights on the nature and causes of proficiency gaps within each.

**SECTION IV** summarizes the common thread that emerged from the quantitative and qualitative findings. These general findings include:

- the need to clarify procurement’s role within public sector organizations;
- the need for greater specialization and integration with internal customers and suppliers;
- the importance of developing a better approach to risk management; and
- the imperative to leverage data and adopt procurement technologies to better harness government’s buying power.

This section concludes with an outline of work that would build on this study’s findings and apply them to practice.

**SECTION V** contains the names and titles of the more than forty public procurement leaders who participated in the study, and to whom we’re indebted for their engagement.

**SECTION VI** describes the literature that helped us formulate our competency model.

We hope that this study serves as a call to action to further identify and address the challenges facing the procurement workforce. This is a crucial first step in ensuring that public

**THE PUBLIC PROCUREMENT COMPETENCY MODEL and the percentage of interviewees rating the workforce proficient in a given competency**

Group 1: PROCESS AND POLICY COMPREHENSION	
<b>1a. Policies and Regulations</b>	<b>62%</b>
<b>1b. Program and Project Management</b>	<b>26%</b>
<b>1c. Contracting Process</b>	<b>82%</b>
Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS	
<b>2a. Requirements Planning and Understanding</b>	<b>23%</b>
<b>2b. Business Acumen and Financial Analyses</b>	<b>27%</b>
<b>2c. Problem Solving and Critical Thinking</b>	<b>32%</b>
<b>2d. Risk Analysis and Management</b>	<b>14%</b>
<b>2e. Negotiations</b>	<b>60%</b>
<b>2f. Contract Management and Administration</b>	<b>50%</b>
Group 3: STAKEHOLDER ENGAGEMENT	
<b>3a. Internal Customer Alignment and Expertise</b>	<b>29%</b>
<b>3b. Market Alignment and Expertise</b>	<b>19%</b>
<b>3c. Supplier Engagement</b>	<b>33%</b>

procurement systems at all levels of government deliver value for citizens. Those with a stake in public procurement, including public and private sector leaders, procurement practitioners, academics, and others, are invited to consider the report's findings, discuss them with their colleagues, and share their feedback with the Alliance.

## I. ORIGINS OF THIS STUDY: WHY DO WE CARE?

### **Public Procurement and the Public Service Excellence Program**

The Volcker Alliance believes that ensuring excellence in the public workforce is a critical component of effective government. The Alliance's core focus is its Public Service Excellence Program, which partners with public affairs schools and other organizations to execute projects that help answer how best to educate, train, and motivate this and the next generation of great public administrators.

One indispensable group of public administrators is that charged with purchasing goods and services for the government. Such spending—commonly called procurement—totals \$2 trillion a year across federal, state, and local governments. It's vital that the people who manage and execute procurement possess the training and tools necessary to do their jobs effectively. Unfortunately, because public procurement is often overlooked or viewed as merely a clerical function, the workforce isn't given the attention or resources that its responsibilities warrant.

Public procurement is essential to a well-functioning government and affects citizens' daily life in many ways. The procurement workforce supports public policy goals, from building infrastructure to providing health care to ensuring national security. Procurement professionals must pursue opportunities to save taxpayer dollars, while avoiding corruption and capture. Nothing short of excellent public administration can meet this multifaceted challenge.

Can investments in the workforce make a difference in such a complex system? John DiIulio, the Frederic Fox Leadership Professor of Politics, Religion, and Civil Society at the University of Pennsylvania, argues that they can, and have. Writing on the role of the federal acquisition workforce in recent contracting failures, Dr. DiIulio notes that:

There is nothing, however, inevitable about such Grand Canyon-sized snags in federal contracting. For instance, between 2010 and 2013, when the [Department of Defense] not only added 3,500 personnel to its acquisition workforce but also trained them better than usual for the job, the agency's on-time contract compliance assessments increased by nearly a third.<sup>1</sup>

### **This Study's Deliverables**

To begin the conversation, the Volcker Alliance selected more than forty leaders in the public procurement community to provide input on the critical skills for professionals in the field and to identify steps that can be taken to change the procurement environment. This

group included executives at all levels of government, procurement officials, academics specializing in purchasing and the public workforce, and procurement thought leaders in the public and private sector.

This briefing paper contains the results of this initial analysis, and is intended to start a dialogue and subsequent analyses among the broader community. Specifically, this paper delivers:

- A competency model outlining the critical knowledge and skills required of the public procurement workforce, based on needs and trends. These twelve competencies are obtained in different ways and used to various extents, according to the role of a given practitioner.
- Assessments of the proficiency of the public procurement workforce in each competency, based on the experience of the participating leaders. These qualitative and quantitative findings identify gaps that procurement leaders and policymakers must address to ensure an optimal public procurement workforce.

Ultimately, we hope to work with universities and government agencies to develop specific recommendations for educating these crucial public administrators.

### **What's Unique about this Study?**

This report is not the first that seeks to develop a framework for procurement capacities or to identify areas for action. However, we hope that it will make a unique contribution to the effort to strengthen public procurement. First, it presents the views of experts and practitioners at the highest levels of public procurement. Their seniority and deep experience ensure that this study is based on the ideas of those who know the subject best.

Second, this study proposes a streamlined framework with twelve competencies that focus on skills and can be used to diagnose problems. By distilling public procurement into a few skills-based competencies, this model will be accessible to a variety of public procurement organizations—from small offices seeking a training enhancement to large agencies exploring a capacity overhaul. This accessibility to public agencies, policymakers, and public affairs educators is essential given that procurement is often overlooked or misunderstood.

### **The Intended Audience**

This study is intended for everyone involved in allocating and spending public funds: the administration and Congress, agency leaders, governors and state legislatures, mayors and city councils—and, of course, taxpayers.

We hope this competency model and our findings will be especially useful to (1) education and training providers – whether within government, universities, or private institutions – that prepare public service professionals, and (2) public sector practitioners within procurement offices, as well as agency and department heads who manage or interact with procurement organizations.

The Volcker Alliance invites leaders in these groups and in the broader procurement community to reach out to discuss feedback and opportunities for collaboration.

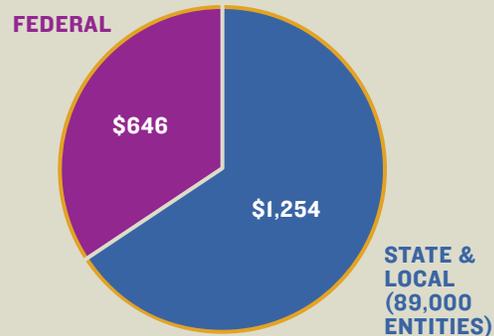
## Why Should the Public Care About Public Procurement?

### Public Procurement's Staggering Scale

State, local, and federal agencies buy almost \$2 trillion of goods and services a year—from office supplies to armaments, from road repairs to information technology systems and social welfare provisions. Public procurement, as government purchasing is commonly known, supports both the basic functions of government and highly complex projects. In other words, it directly affects the lives of citizens and their daily interactions with government.

In addition, procurement spending seeks to advance public policy goals, such as empowering small or disadvantaged businesses, or environmentally conscious vendors. Elected officials often use such spending to support social policy goals like workplace safety and fair wages. Procurements provide revenue for hundreds of thousands of businesses and support millions of jobs. Government procurement is a vast marketplace with extraordinary influence. Allocating public monies and administering the resulting purchases are among the core tasks of government.

**US PUBLIC SECTOR** procurement spending by level of government (in billions)



### Procurement's Role in Government Breakdowns

In recent years, shortcomings in the procurement system or errors by procurement professionals have been at the heart of many failures of public policy execution, which have in turn threatened core governmental functions.

- In 2013, the Affordable Care Act was nearly derailed by the delayed launches of

**SOURCE FOR CHART** Public Spend Forum analysis of the following data: “Public Procurement,” Organization for Economic Co-operation and Development, <http://www.oecd.org/gov/ethics/public-procurement.htm>; “Federal Industry Leaders 2015,” Bloomberg Government, <http://about.bgov.com/blog/report/bgov-200/>; and Carma Hogue, “Government Organization Summary Report: 2012” (U.S. Census Bureau Census of Governments, 2012), [http://www2.census.gov/govs/cog/g12\\_org.pdf](http://www2.census.gov/govs/cog/g12_org.pdf).

Healthcare.gov, the federal insurance marketplace, and of state health insurance exchanges, partly because of troubled information technology procurements.

- Throughout the fall of 2015, Sen. John McCain (R-AZ) spotlighted problems in the development of the Navy's Gerald R. Ford-class aircraft carrier, which was more than a year behind schedule and \$4.7 billion over budget.<sup>2</sup>
- For nearly a decade, the Pentagon's development of the F-35 fighter has been bedeviled by delays, cost overruns, and design changes so extreme that the number of planes to be delivered has been cut by 20 percent.<sup>3</sup> The program is almost \$150 billion over budget, and the aircraft is unlikely to be ready for action until 2022.<sup>4</sup>
- In September 2015, the CEO of Chicago Public Schools pleaded guilty to a felony after pushing through a sole-source contract worth more than \$20 million to a former employer in exchange for 10 percent of the contract's worth and the promise of a job after leaving her position.<sup>5</sup>
- After a fatal shooting at the Washington Navy Yard in 2013, it came to light that USIS, the US Office of Personnel Management contractor responsible for handling background checks, had lied about conducting thousands of checks—including one for the shooter, Aaron Alexis. The Office of Personnel Management came under scrutiny for how it had managed the contract, and eventually terminated it.<sup>6</sup>

These are just a few high-profile instances of procurement failures, but they illustrate the procurement workforce's essential role in delivering public services. Though often unaware of it, the public relies on the public procurement system to ensure that government functions properly. The capacity of the workforce, which executes the function, therefore deserves close attention.

## II. TERMINOLOGY AND STUDY APPROACH

### Terminology

In the private sector and in state and local governments, **procurement** is the most widely used term to describe the public purchasing process, though the federal government tends to also use the term **acquisition**. This study uses “procurement” to refer to the entire process of defining a purchasing need and requirements, finding a supplier, establishing a contract, and managing its delivery. **Outsourcing** is the broader practice of engaging an external party to complete a task (building a good or delivering a service). Government’s trend toward greater outsourcing in recent decades has increased the importance of an effective procurement workforce.

**Procurement professionals, officials, organizations, or offices** refer to the public employees charged with managing government purchases. In some cases, the procurement employees are embedded within an agency; in others, an independent organization (such as a state purchasing agency or the federal General Services Administration) engages with other agencies to manage the procurement process. When referring to the **procurement workforce**, we mean to include all of these employees.

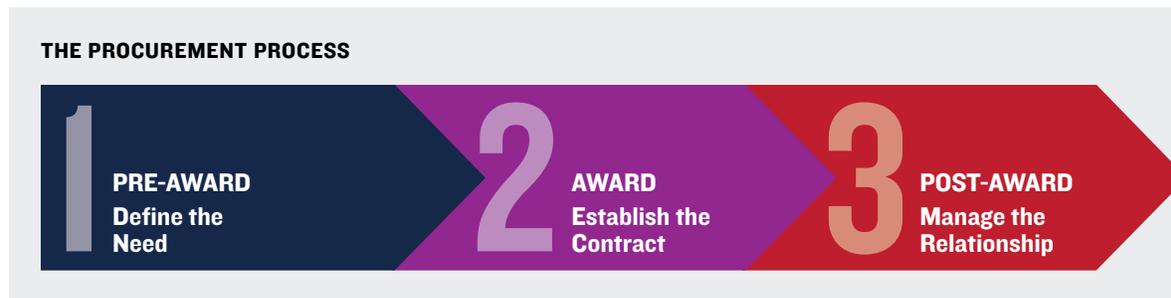
**Internal customers** are the nonprocurement-focused public employees for whom the procurement workforce manages purchasing. For example, a human resources department seeking a new electronic records system is an internal customer, while a procurement agency or office defines the requirements and executes the contract. Some interviewees referred to internal customers as the **program office**.

**Suppliers or vendors** are the companies and nongovernmental organizations that provide goods and services to government, and with which procurement organizations engage on behalf of internal customers.

While the three groups described above are the primary stakeholders, others sometimes play an important role. **Legislators** can place certain requirements or restrictions on public purchases and can investigate if procurement goes awry. **Legal or budget offices** within public agencies work with internal customers and procurement officials as they select products and design contracts. **External experts**, such as academics or procurement thought leaders, study the procurement system and provide advice to other stakeholders. Any of these stakeholders can significantly influence the purchasing process.

While the **procurement process** contains many steps, it’s useful to divide the procure-

ment life cycle into three broad phases: **pre-award**, **award**, and **post-award**. The degree to which internal customers, procurement officials, and suppliers are and should be involved in each phase varies across organizations and is discussed in detail in Section III.



### Leading Procurement Agencies

At the federal level, the **Office of Federal Procurement Policy** (OFPP), part of the White House Office of Management and Budget, directs government-wide procurement regulation. The **Federal Acquisition Regulations** (FAR) are the rules governing the procurement system. New rules and regulations come from the **Federal Acquisition Regulations Council**, chaired by the OFPP administrator and composed of representatives from the Department of Defense, the National Aeronautics and Space Administration, and the General Services Administration. Most agencies also have their own regulations, known as **FAR Supplements**.

Though nearly every agency has a procurement department responsible for purchases, the **General Services Administration** (GSA) provides procurement and acquisition services to all federal agencies. Those services include government-wide acquisition contracts covering large categories like office supplies, real estate, and basic information technology.

State and local governments usually have a procurement executive, generally called a **chief procurement officer** or **chief purchasing officer**, who leads government-wide procurement and sets policy. As with the federal government, state and local agencies often have their own procurement or purchasing divisions. Some state governments and municipalities establish cooperative purchasing programs, which allow them to leverage their collective buying power for overlapping goods and services.

### Study Approach

In both the project design and execution, we were greatly assisted by Censeo Consulting and its procurement subsidiary, Public Spend Forum. Their expertise in the subject and relationships

with key stakeholders in public procurement proved invaluable. To ensure a comprehensive and rigorous approach for the study, we devised a methodology to form and then test hypotheses on required competencies of the public procurement workforce. The broad steps follow.

### **A. Conduct Secondary Research and Engage Participating Procurement Leaders**

We reviewed leading research on the state of public procurement. This report is particularly influenced by work that fell into two major categories: (1) broad examinations of the overall structure of the procurement function in the public and private sectors and (2) focused analysis of procurement's human capital dimension, including training and competency models. Studies that were especially instructive are identified in Section VI.

While conducting secondary research, we assembled a comprehensive list of leaders in the procurement field, including public procurement practitioners and executives at all levels of government, scholars of procurement and public affairs, public and private sector thought leaders who interact with procurement practitioners, and suppliers to the public sector. From that list, the Alliance secured commitments from forty-three leaders to participate in detailed, frank conversations about the capacity of the public procurement workforce. A complete list of respondents is in Section V.

### **B. Develop Competency Model and Validate with Shapers**

Based on internal expertise and secondary research, we developed a draft competency model to capture the key capabilities required of public procurement professionals. To ensure the comprehensiveness of this model, we selected twelve of the most influential participating leaders to serve as **shapers**. We conducted detailed, qualitative interviews with each, in which they shared their ideas about the role of public procurement and how that role informs critical competencies.

Drawing on the shapers' valuable contributions, the Alliance developed the Public Procurement Competency Model, found in Section III. It describes competencies holistically, and is not broken down by position or level of government. This segmentation promises to be a fruitful area for further research.

### **C. Interview Larger Group to Evaluate Procurement Competencies**

We then conducted interviews with the remaining thirty-one experts to evaluate the procurement workforce's performance in critical competencies. These interviews included a

quantitative element, with respondents rating the workforce's proficiency in each competency on a four-point scale. That input supplied the basis for our top-line findings. The interviews also contained a qualitative element, with respondents discussing the workforce's performance in each competency and identifying factors in its success or deficiency. These interviews provided rich context and detail on the origins of and potential solutions for shortcomings in public procurement. The findings are presented in Section III.

## The Outcomes and Roles of Public Procurement

### **Leaders generally agreed on the desired outcomes from public procurement.**

Delineating the desired outcomes from public procurement is vital to identifying the role of the workforce and the skills required. Conversations with shapers highlighted several desired outcomes.

- **EFFECTIVENESS** Did the procurement organization successfully procure the appropriate goods or services to accomplish the internal customer's immediate needs and enable its mission?
- **EFFICIENCY** Did the procurement organization acquire the appropriate goods and services in a timely and fiscally sound manner? "The procurement function sits in an ideal spot to be a real force for driving efficiency and improving the bottom line," said one state procurement executive.
- **COMPLIANCE** Did the procurement organization ensure that all purchases of goods and services complied with the laws, policies, and regulations governing the procurement system?
- **PROMOTION OF POLICY GOALS** Did the procurement organization leverage government's purchasing power to support social and other goals mandated by policymakers, such as spending targets for small and minority businesses, or minimum standards for workplace safety or environmental impact?

While participants agreed that procurement organizations are responsible for delivering all these outcomes, the outcomes can sometimes conflict with each other. For instance, socio-economic goals may affect price or effectiveness. Such goals "may diminish our ability to get the best cost," said one state procurement executive. "But if the political consensus is that we pursue these goals, then that's what happens." The balancing act required to deliver the full set of desired outcomes underscores the need for a nimble, solutions-oriented workforce.

**Leaders also concurred on the desired role of public procurement—to effectively and efficiently enable internal customers' missions, comply with regulations, and promote public policy goals—but believe that this role is not currently being fulfilled.**

Public procurement has long been viewed as primarily administrative, but interviewees

agreed that it must become more strategic. “Procurement’s role is to provide innovative solutions that enable our [internal] customers to serve our citizens,” said one state procurement executive. A local procurement executive concurred, arguing that its purpose “is to add value to the organization with every purchase.”

Interviewees offered a broad format for procurement to move beyond its clerical trappings and enable public agency missions and desired outcomes:

- Serve as a **business adviser to internal customers** by understanding their needs and counseling them on how the supplier market can meet those needs.
- Help **shape purchasing requirements** and evaluate trade-offs by collaborating with internal customers and suppliers.
- **Manage relationships** between internal customers and suppliers from the pre-award phase through the successful delivery of goods and services.

Most interviewees agreed that some procurement organizations have undertaken this more expansive agenda but that progress is far from consistent across governments.

### III. KEY COMPETENCIES FOR EFFECTIVE PUBLIC PROCUREMENT

BASED ON THE RESEARCH AND CONVERSATIONS around key issues, we worked with project shapers to identify the most critical competencies required of public procurement professionals, which form the framework for recruiting, managing, and training the workforce so it can fulfill the role and deliver on the outcomes identified in the previous section. We then engaged with the broader pool of interviewees to evaluate these competencies and identify gaps.

This section contains:

- A briefing on the Public Procurement Competency Model and proficiency scores on each competency from interviewees
- Detailed results from interviews on the twelve competencies

Before introducing the model, it's important to note that, as many interviewees mentioned, even if the workforce is highly proficient in all required competencies, many other factors may inhibit the achievement of desired outcomes. Recruiting, training, and education can help address competency gaps but may be inadequate if deeper structural or policy changes are also required.

#### **Briefing: Public Procurement Competency Model and Proficiency Scores**

This competency model was strongly informed by secondary research and conversations with twelve project shapers. Reviewing the literature made it clear that private sector models cannot be grafted directly onto the public sector. In addition, much of the research on the public sector would benefit from more emphasis on key strategic skills.

With these insights, we determined that a streamlined, accessible competency model would be more useful to the procurement community than a lengthy, granular model. Shapers confirmed that the model would be more useful if it focused on core skills rather than on process.

We identified twelve competencies required of public procurement professionals and grouped them into three categories:

- GROUP 1 PROCESS AND POLICY COMPREHENSION** Competencies related to compliance with the rules, regulations, and traditional processes of public procurement
- GROUP 2 FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS** Strategic and technical competencies required to plan and execute contracts and purchases
- GROUP 3 STAKEHOLDER ENGAGEMENT** Effective communication with internal customers, industry, and suppliers

**KEY COMPETENCIES required of the public procurement workforce**

COMPETENCY AREAS	BRIEF DESCRIPTION
<b>Group 1: PROCESS AND POLICY COMPREHENSION</b>	
1a. POLICIES AND REGULATIONS	Understand the policies, procedures, rules, and regulations that govern procurement decisions and contract design. Apply these policies in a manner that enables innovative solutions to achieve desired outcomes rather than imposes constraints.  Comply with public policy mandates, such as procurement-related socioeconomic goals and support for disadvantaged businesses.
1b. PROGRAM AND PROJECT MANAGEMENT	Provide effective coordination for the purchase of public goods and services through project planning, developing and executing schedules and time lines, and managing for outcomes.
1c. CONTRACTING PROCESS	Understand the mechanics of contracts and the contracting process, including the acquisition life cycle, elements of a contract, method and strategy, pricing techniques, competition, and principles of contract management. Understand electronic contract management systems and reporting tools that support contract workflow and data reporting.
<b>Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS</b>	
2a. REQUIREMENTS PLANNING AND UNDERSTANDING	Comprehend internal customer needs and desired outcomes; structure requirements for solicitations and contracts to support overall mission.
2b. BUSINESS ACUMEN AND FINANCIAL ANALYSES	Serve as a business adviser and manager throughout the procurement life cycle, and demonstrate a firm grasp of business and market fundamentals.  Conduct fundamental procurement financial analyses: <ul style="list-style-type: none"> <li>• Spend analysis: Understand past, current, and future projected spending.</li> <li>• Cost and price analysis: Ensure that government is getting the best value in exchange for its investment, and understand alternative cost and price strategies and how they are influenced by requirements.</li> <li>• Market analysis: Understand supplier capabilities, costs, pricing, product and service trends, and overall supplier market dynamics.</li> </ul>
2c. PROBLEM SOLVING AND CRITICAL THINKING	Apply critical thinking skills to develop innovative solutions that balance internal customer needs, best practices, core mission objectives, and procurement regulations.
2d. RISK ANALYSIS AND MANAGEMENT	Analyze and manage all aspects of financial, time line, performance, and legal risk associated with complex procurements.
2e. NEGOTIATIONS	Develop and execute effective negotiation approaches based on a strong understanding of supplier costs and pricing strategies, and of product capabilities.
2f. CONTRACT MANAGEMENT AND ADMINISTRATION	Work with internal customers to ensure suppliers are meeting agreed-on deliverables. Manage contract change orders with appropriate justifications. Ensure government is providing suppliers with appropriate feedback and resources. Close out contracts efficiently and effectively.
<b>Group 3: STAKEHOLDER ENGAGEMENT*</b>	
3a. INTERNAL CUSTOMER ALIGNMENT AND EXPERTISE	Collaborate with internal customers to understand the mission or program objectives and requirements. Use influence to assist with defining and shaping procurement strategy, resolve disagreements, and obtain buy-in across departments and groups. Maintain a clear customer service mind-set.
3b. MARKET ALIGNMENT AND EXPERTISE	Possess deep expertise in targeted industry sectors, including market trends, innovations, pricing and cost, competition, and best practices for structuring relationships. (Examples of targeted sectors common to public agencies include information technology, facilities management and services, and professional services.)
3c. SUPPLIER ENGAGEMENT	Partner with suppliers throughout the procurement process to ensure proper understanding of internal customer requirements and needs. Provide ongoing management of relationships with suppliers through the entire process to ensure performance against requirements and alignment with broader mission goals.

\*Some procurement leaders suggested expanding the Stakeholder Engagement competencies to include managing relationships with other groups – such as legislators, lobby groups, and external experts – that affect the procurement process but aren't directly involved in individual transactions. This idea deserves consideration as this model is promulgated.

We emphasize:

- The importance of these competencies varies according to the role of the public procurement professional.
- The complexity of each competency varies according to the category of commodity being procured.
- Larger trends within public procurement, such as the growing demand for highly complex information technology systems and the increasing availability of purchasing data, are affecting the relative importance of these competencies.

After the competency model was developed and confirmed, we interviewed another thirty-one procurement leaders and asked them to rate the workforce's proficiency in each required competency, based on their experience and interactions. They were also asked to explain their rating and identify specific gaps that need to be addressed.

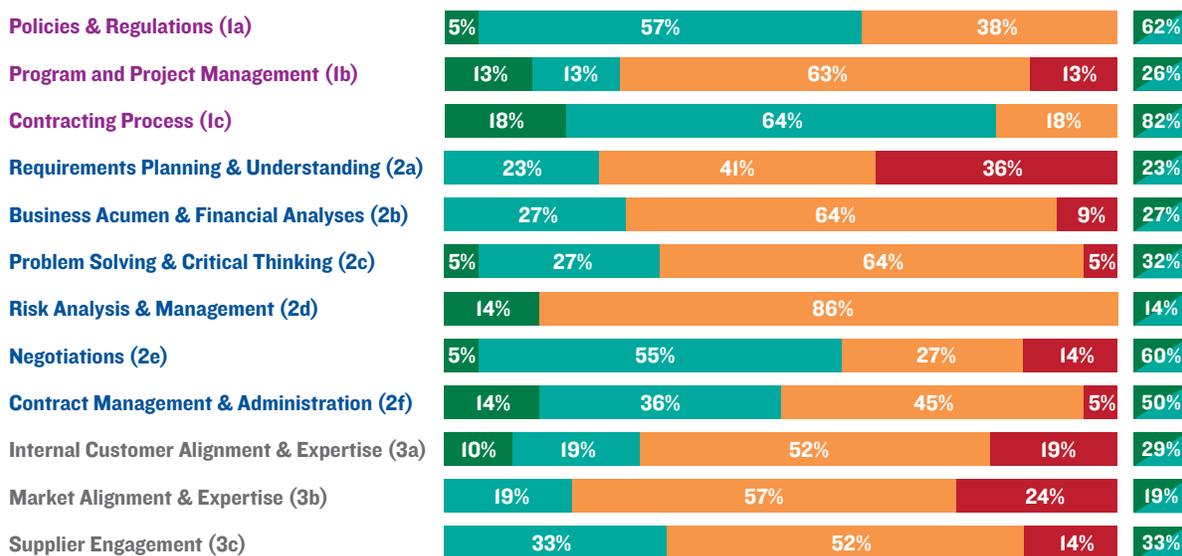
As shown in the chart below, interviewees rated workforce performance on a four-point scale. Totaling the percentages of "very well" and "reasonably well" responses gives a picture of the workforce's perceived proficiency in each competency. By this metric, a majority of respondents consider the procurement workforce proficient in only four of the twelve competencies.

**PERFORMANCE OF PUBLIC PROCUREMENT WORKFORCE, by key competency**

**Groups:** Process & Policy Comprehension (1); Functional Requirements & Analytical Skills (2); Stakeholder Engagement (3)

Very Well Reasonably Well Improvement Needed Significant Improvement Needed

Workforce Proficiency Rating: Very Well and Reasonably Well



These ratings and subsequent explanations reveal several high-level findings:

- The three Process and Policy Comprehension competencies averaged 57 percent proficiency; the six Functional Requirements and Analytical Skills competencies averaged 34 percent; and the three Stakeholder Engagement competencies averaged 27 percent.
- Very few interviewees rated the workforce as performing “very well” on any competency. Even among the highest-rated competencies, no more than one-fifth of interviewees gave this designation.
- Interviewees almost universally said that pockets of excellence exist throughout the workforce, and that systemic and structural problems inhibit the expression of some competencies.

**These findings should be cause for alarm. Governments in the United States cannot spend \$2 trillion effectively if the workforce charged with the spending does not possess the most critical competencies.**

## DETAILED RESULTS FROM INTERVIEWS ON 12 PROCUREMENT COMPETENCIES

### Group I: PROCESS AND POLICY COMPREHENSION

#### Competency Ia: POLICIES AND REGULATIONS

**Workforce proficiency rating: 62%**

#### Competency description:

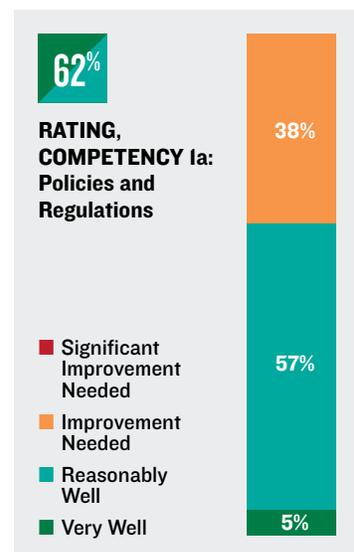
Understand the policies, procedures, rules, and regulations that govern procurement decisions and contract design. Apply these policies in a manner that enables innovative solutions to achieve desired outcomes rather than imposes constraints.

Comply with public policy mandates, such as procurement-related socioeconomic goals and support for disadvantaged businesses.

#### Rating description:

Policies and regulations was the second-highest-rated competency, after the contracting process. Because procurement officials interpret regulations strictly, they often preempt actions that align with best practices.

Furthermore, nearly every interviewee discussed the immense scale and density of regulations at all levels of government, and agreed that complying with these regulations can be burdensome for the workforce. Though its considerable compliance training ensures that the workforce abides by regulations, that focus has hindered its ability to concentrate on delivering desired outcomes.



*“Policies are often interpreted in a very rigid manner, leading to unintended impacts.”*

— PROFESSOR OF BUSINESS MANAGEMENT

*“There are so many sources [of policies and procedures]. ... Not every agency has good information in place to give that on-the-spot visibility.”*

— FEDERAL PROGRAM MANAGER

*“There should be a framework that encourages and fosters innovation, innovative business practices, and risk-taking. But it has traditionally been, what’s the clause? What’s the regulation?”*

— FORMER FEDERAL PROCUREMENT EXECUTIVE

*“When we train people, we train them on the checklist orientation, on the FAR [Federal Acquisition Regulation], and this feels so overwhelming. So instead we should give people scenarios and ask, how would you tackle this?”*

— PROFESSOR OF PUBLIC AFFAIRS SPECIALIZING IN PROCUREMENT

*“My auditors came to look for my checklist but didn’t ask about the stuff on that checklist or in those documents. ... This just becomes a reinforcing behavior of transactional paper-pushing.”*

— FEDERAL CONTRACTING OFFICER

*“There are enough laws and regulations to ensure that acquisition systems are effective. ... But the role is not to manage process—it’s to support a mission.”*

— FEDERAL PROCUREMENT EXECUTIVE

## Group I: PROCESS AND POLICY COMPREHENSION

### Competency I b: PROGRAM AND PROJECT MANAGEMENT

Workforce proficiency rating: 26%

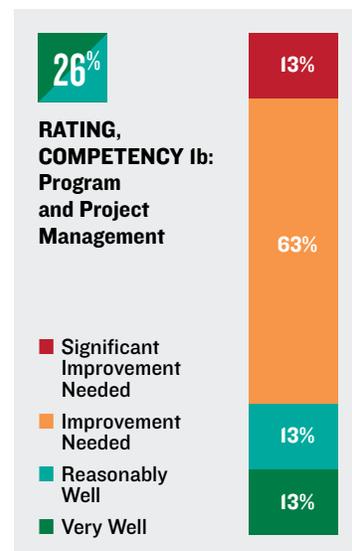
#### Competency description:

Provide effective coordination for the purchase of public goods and services through project planning, developing and executing schedules and time lines, and managing for outcomes.

#### Rating description:

General program and project management acumen was the fourth-lowest-rated competency and by far the lowest rated in the Process and Policy Comprehension group. Most interviewees agreed that the procurement workforce is often too administrative in its approach to managing purchases. They also agreed that many procurement professionals lack the project management acumen necessary to add value though the procurement life cycle—especially on complex purchases, such as weapons or large IT systems.

Federal acquisition certification standards don't require program management training, so insufficient time and resources are allocated to program management within the training regimen.\* In addition, some professionals can undertake training only for their particular job so aren't able to gain a wider project management perspective.



*“The role of the procurement professional is trending toward project management, where a contract is seen as part of the life cycle.”*

— LOCAL PROCUREMENT EXECUTIVE

*“Beyond core procurement skills, [procurement professionals need] everyday transactional skills. Multitasking ... knowing how to prioritize, and [under-*

\* The Federal Acquisition Institute's Federal Acquisition Certification in Contracting (FAC-C) is distinct from the institute's Certification for Program and Project Managers (FAC-P/PM). Not every contracting professional has the opportunity to take the FAC-P/PM courses, because of funding limitations or other demands for staff. While contracting professionals may be exposed to principles through their training, no formal career path for program management is built into FAC-C, nor is there a robust program management track. See <http://fai.gov>.

*standing] the downstream implications of your choices. This is critical: You've got so much you're expected to do that you must know how to prioritize."*

— STATE PROCUREMENT EXECUTIVE

*"Seventy to eighty percent of the procurement time is spent on administrative work, as opposed to advising [program offices], to being an expert."*

— FEDERAL PROCUREMENT OFFICER

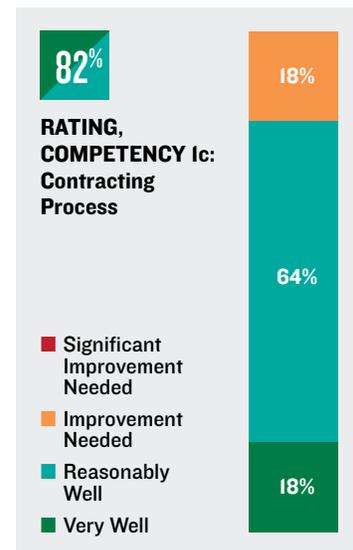
**Group I: PROCESS AND POLICY COMPREHENSION**
**Competency Ic: CONTRACTING PROCESS**
**Workforce proficiency rating: 82%**
**Competency description:**

Understand the mechanics of contracts and the contracting process, including the acquisition life cycle, elements of a contract, method and strategy, pricing techniques, competition, and principles of contract management. Understand electronic contract management systems and reporting tools that support contract workflow and data reporting.

**Rating description:**

The procurement workforce's understanding of the contracting process was rated higher than any other competency by a substantial margin. Most interviewees agreed that the workforce manages individual transactions well but said many procurement officials struggle to coordinate similar contracts across an organization. This limitation is a function not only of competencies but of the procurement department's position in the organization.

The result is duplication and other inefficiencies, and a loss of buying power. When the contracting process lacks a strategic framework (such as strategic sourcing and category management), inefficiencies are compounded. Some suggested that contracting processes encourage procurement officials to manage toward "checking the box" rather than toward ensuring that contracts deliver desired outcomes. Procurement offices often place heavy emphasis on the award phase of the process, at the expense of the pre- and post-award phases. While the procurement workforce is proficient at executing contracting processes, its focus can be too narrow.



*“Public procurement is very much in the mode of putting [a Request for Proposal] on the street, selecting the best price, and then moving on.”*

— STATE PROCUREMENT EXECUTIVE

*“The ‘check-the-box’ nature of procurement is reinforced by watchdogs and oversight authorities, who confuse the [contracting] process for the outcome.”*

— **FEDERAL CONTRACTING OFFICER**

*“We know the mechanics, but we don’t know the context.”*

— **FEDERAL PROCUREMENT EXECUTIVE**

## Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS

### Competency 2a: REQUIREMENTS PLANNING AND UNDERSTANDING

Workforce proficiency rating: 23%

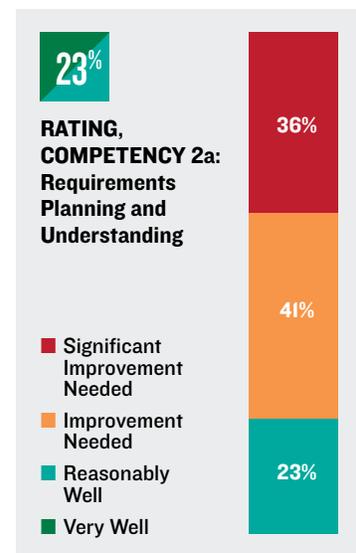
#### Competency description:

Comprehend internal customer needs and desired outcomes; structure requirements for solicitations and contracts to support overall mission.

#### Rating description:

Requirements planning placed among the lowest-rated competencies. Thirty-six percent of respondents said the workforce needed significant improvement in this area—the highest percentage for any competency. Many noted that procurement professionals struggle to engage with internal customers as they undertake requirements planning because of a lack of clarity about the procurement office's role.

This can cause problems later in the process, delaying delivery and creating confusion with suppliers. Some interviewees said that even if procurement officials are able to proactively engage with internal customers, many are too clerically oriented to assist with requirements planning.



*“Responsibility for the requirements document is not always clear; procurement professionals see themselves in a support role, where [the] program or owner is put on a pedestal.”*

— FEDERAL PROGRAM EXECUTIVE

*“We are so eager to get the solicitation out, we do it in haste and don't nail down the requirements. Then we'll go through a Q&A process from prospective bidders [and] get hundreds of questions ... because we did not adequately describe the requirement.”*

— STATE PROCUREMENT EXECUTIVE

*“One of the biggest [issues] is the skill-set gap. The average buyer here doesn't*

*necessarily have the ability to step in and engage the program in a productive discussion. The approach is too clerical on the procurement side.”*

– STATE PROCUREMENT EXECUTIVE

*“The people actually doing the buying are disconnected from the people who actually need the solution.”*

– PUBLIC SECTOR TRAINING PROVIDER

## Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS

### Competency 2b: BUSINESS ACUMEN AND FINANCIAL ANALYSES

**Workforce proficiency rating: 27%**

#### Competency description:

Serve as a business adviser and manager throughout the procurement life cycle, and demonstrate a firm grasp of business and market fundamentals.

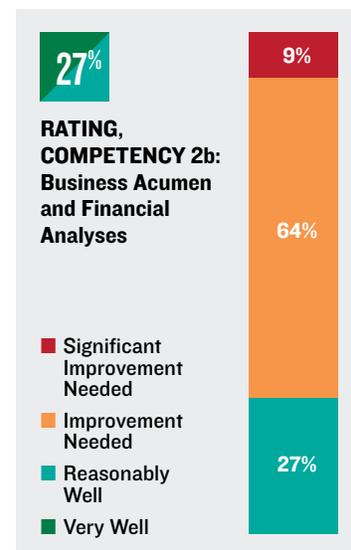
Conduct fundamental procurement financial analyses:

- Spend analysis: Understand past, current, and future projected spending.
- Cost and price analysis: Ensure that government is getting the best value in exchange for its investment, and understand alternative cost and price strategies and how they are influenced by requirements.
- Market analysis: Understand supplier capabilities, costs, pricing, product and service trends, and overall supplier market dynamics.

#### Rating description:

While interviewees stressed that successful public procurement organizations must play a “business advisory” role, nearly three-quarters agreed that the workforce needs to get much better at conducting financial analyses. They reported that many procurement officials lack a strong understanding of business fundamentals, including marketplace economics, basic accounting and finance, and the difference between total cost and price.

Further, some interviewees observed a poor or non-existent ability to perform financial analyses that include an end-to-end comprehension of cost. Others noted that many procurement offices depend too much on templates, which contribute to a degradation of analytical skills and inhibit the deeper analyses necessary for strategic purchasing.



*“They don’t take time to understand the problem—just jump to the solution.”*

— PUBLIC SECTOR TRAINING PROVIDER

*“We somehow keep thinking that procurement is this external process to the business, when it needs to be fully integrated.”*

— STATE PROCUREMENT EXECUTIVE

*“There isn’t a good understanding that cost, price, and value are different concepts. It’s very easy for people to confuse this.”*

— FEDERAL CONTRACTING OFFICER

*“We should give the procurement professionals knowledge, autonomy, and respect to execute based on proper judgment, even if mistakes get made. But [they] maybe feel like they don’t have the independent business skills needed, so they want a cookie-cutter approach to do the process correctly. ... This usurps the authority of business-minded procurement pros. So you have a top-down driven, cookie-cutter solution even in cases where it doesn’t fit. This can drive risk-averse behavior. [We should] just encourage decisions to be made based on best possible application of information at hand.”*

— FORMER FEDERAL PROCUREMENT EXECUTIVE

## Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS

### Competency 2c: PROBLEM SOLVING AND CRITICAL THINKING

Workforce proficiency rating: 32%

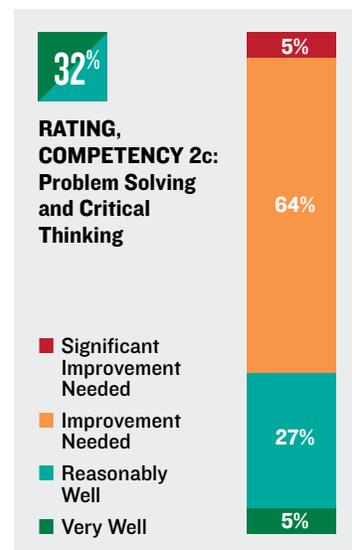
#### Competency description:

Apply critical thinking skills to develop innovative solutions that balance internal customer needs, best practices, core mission objectives, and procurement regulations.

#### Rating description:

The more than two-thirds of interviewees who gave a poor rating on this competency linked the shortcomings to broader challenges facing the procurement workforce. Some pointed to the low perceived value of procurement, which fails to attract top talent or candidates with experience using critical thinking skills to solve complex problems.

Others suggested that entrenched approaches or the complexity of procurement regulations discourage a creative mind-set that views procurements as solvable problems. Some interviewees attributed the workforce's weakness in this competency to a lack of motivation and ownership: Because procurement officials are not engaged soon enough to be involved in early decisions, they don't become invested in purchases and fail to help develop solutions.



*“The position isn’t as highly valued as it should be, so we don’t always recruit for the best talent. ... The people who get brought in don’t always have the skills and experience [in problem solving].”*

— FEDERAL CONTRACTING OFFICER

*“People who know what they’re doing, who understand the letter and the spirit— it’s incredibly flexible and powerful. But [for] folks who just look at the letter without the intent [or] spirit, it can be very [limiting]. You need people who understand how to take risks.”*

— FEDERAL CONTRACTING OFFICER

*“Problem solving and critical thinking are an opportunity to get out of your small world of contracting, to understand what the agency is doing and to communicate with your customer. But it requires going [down] a few layers to see the real issue. ... Sometimes the procurement professional will skip the problem-solving process, and the result is a solution to the wrong problem.”*

— LOCAL PROCUREMENT EXECUTIVE

*“A major part of the workforce has over 20 years’ experience. They are retiring, but we’re not hiring the right people to come in behind them. And when we bring new people in, we’re training them on old tools.”*

— PUBLIC SECTOR TRAINING PROVIDER

## Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS

### Competency 2d: RISK ANALYSIS AND MANAGEMENT

Workforce proficiency rating: 14%

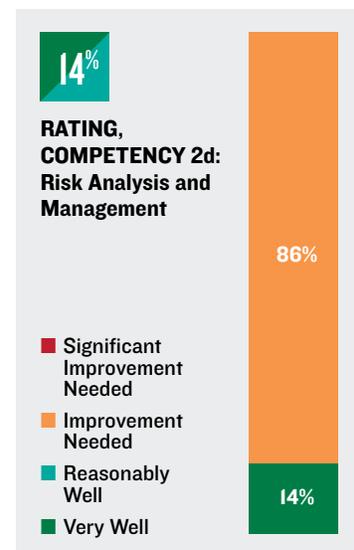
#### Competency description:

Analyze and manage all aspects of financial, time line, performance, and legal risk associated with complex procurements.

#### Rating description:

No competency was rated as needing improvement by more interviewees than risk analysis and management. Many specified that the procurement workforce fails to adequately manage different types of risk. Officials struggle to balance their wariness about potential legal risks and regulatory violations with the need to achieve desired outcomes.

The lack of a sophisticated approach to risk management can exacerbate underperformance, increase costs, discourage innovation, and threaten time lines and continuity of supply. Many interviewees noted that concerns about criticism of an agency's leadership from political actors or from the media contribute to this highly cautious attitude.



*“Are we talking analyzing personal or organizational risk? We are outstanding at this. But in terms of risk to the [internal] customer or outcome, we’re very bad.”*

— PUBLIC PROCUREMENT PROFESSIONAL ORGANIZATION LEADER

*When procurement policy creates “an abundance of caution, people freeze. [You either] completely ignore [policy] and just go do what needs to be done to meet the mission, or you can bring everything to a halt ... and go for the [lowest] common denominator because better solutions are riskier and require more justification.”*

— FEDERAL PROCUREMENT EXECUTIVE

*“Many folks come at it from a risk-averse perspective—but they shouldn’t focus on avoiding risk! [They] need to focus on managing it.”*

— **FEDERAL PROCUREMENT EXECUTIVE**

*“Risk isn’t just about the legal risk but about the risk to the organization. We need procurement professionals to stand up to the end user and change procurement from the Department of ‘No’ to the Department of ‘No, But ...’ This can position procurement as a business partner.”*

— **LOCAL PROCUREMENT EXECUTIVE**

*“I use the Washington Post test as a litmus for risk management: What kind of scrutiny would the governor take? What is the political risk? It supersedes all the other stuff, like schedule, price, and cost. This is where our focus is, and it comes at the expense of the real risk [to the outcome], which we don’t focus on. Political risk is instantaneous ... but the financial risk won’t show up until months from now.”*

— **STATE PROCUREMENT EXECUTIVE**

## Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS

### Competency 2e: NEGOTIATIONS

Workforce proficiency rating: 60%

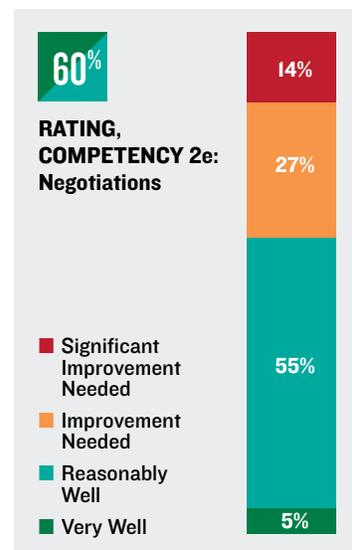
#### Competency description:

Develop and execute effective negotiation approaches based on a strong understanding of supplier costs and pricing strategies, and of product capabilities.

#### Rating description:

Negotiation was rated the third-strongest competency overall and the strongest in the Functional Requirements and Analytical Skills category, but 40 percent of interviewees still regard the workforce's proficiency as subpar. Because the importance of energetic negotiation is undervalued, the workforce is neither hired nor trained for this capability. The procurement workforce's negotiating position is also weakened by information asymmetry: Suppliers almost always know far more about relevant products and services than procurement officials.

Interviewees suggested that the procurement community has failed to take full advantage of opportunities to narrow this asymmetry by, for example, sharing purchasing data across organizations or assigning procurement officers to a particular industry to help them build specialized expertise. Interviewees also argued that workloads don't allow procurement officials the time to conduct thorough negotiations, necessitating a perfunctory, "check the box" approach.



*“Often they [the procurement workforce] don’t understand the basic concepts of negotiation—they approach buying as a transaction. They don’t use benchmarking, don’t use procedural steps or tactics.”*

— FEDERAL CONTRACTING OFFICER

*Procurement officials “don’t always do negotiations—[they are] just accepting the first price offered.”*

— FEDERAL PROCUREMENT EXECUTIVE

*“We have a wealth of data available as the federal government, but there hasn’t been great utilization of that information. There’s information asymmetry—the seller community has always been more informed.”*

— **FORMER PROCUREMENT EXECUTIVE WHO HAS ALSO WORKED FOR SUPPLIERS**

*“We don’t negotiate from a position of strength. We give in to the vendors, and they anticipate this.”*

— **FEDERAL PROCUREMENT EXECUTIVE**

## Group 2: FUNCTIONAL REQUIREMENTS AND ANALYTICAL SKILLS

### Competency 2f: CONTRACT MANAGEMENT AND ADMINISTRATION

Workforce proficiency rating: 50%

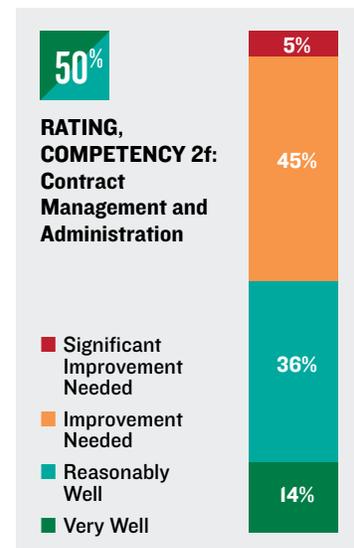
#### Competency description:

Work with internal customers to ensure suppliers are meeting agreed-on deliverables. Manage contract change orders with appropriate justifications. Ensure government is providing suppliers with appropriate feedback and resources. Close out contracts efficiently and effectively.

#### Rating description:

Interviewees were divided on the procurement workforce's technical capacity to manage and administer contracts. Among the half who indicated that improvement is needed in this competency, many pointed to a lack of focus on the post-award phase of the procurement life cycle. Some attributed this to insufficient time or resources to properly administer contracts, while others argued that procurement leaders have failed to make managing supplier performance a strategic priority.

Interviewees specifically highlighted workforce weakness in justifying and managing change orders, which limits its capacity to administer especially complex contracts and can allow suppliers to overpromise and underdeliver.



*“The agency is always about spending the money, getting the next contract in place, getting to the next acquisition-decision event. Spend, spend, spend is the impetus.”*

— FEDERAL CONTRACTING OFFICER

*“We don’t have the resources to really administer the contracts. ... We don’t have the quantity of personnel to manage this.”*

— FEDERAL PROCUREMENT EXECUTIVE

*“Change orders [are] an enormous part of complex contracting. There’s obvi-*

*ously a deterioration in terms of how good of a deal the government gets versus preserving that deal in contract management. There is a perverse incentive where contractors can promise the sky and then don't deliver, or get well on a low bid through change orders [submit an artificially low bid and later increase the price via change orders]. There is probably not enough training here, and this is a huge gap between the importance of the issue and the attention that it achieves."*

— ACADEMIC SPECIALIZING IN PROCUREMENT

### Group 3: STAKEHOLDER ENGAGEMENT

#### Competency 3a: INTERNAL CUSTOMER ALIGNMENT AND EXPERTISE

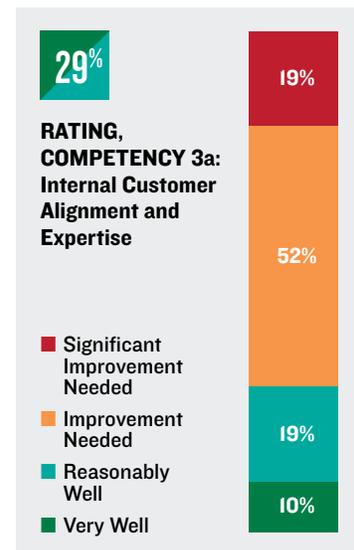
Workforce proficiency rating: 29%

##### Competency description:

Collaborate with internal customers to understand the mission or program objectives and requirements. Use influence to assist with defining and shaping procurement strategy, resolve disagreements, and obtain buy-in across departments and groups. Maintain a clear customer service mind-set.

##### Rating description:

More than 70 percent of interviewees agreed that the procurement workforce does not adequately engage with internal customers. Too often, officials lack a strong understanding of the customer's mission or the exact needs a purchase is intended to meet. Some interviewees suggested that this lack of understanding is caused by procurement officials' failing to get proactively involved in the pre-award phase of the purchasing process; others argued that internal customers exclude the procurement office from decision making. In either case, the result is misalignment within government, which can delay transactions or lead to purchases that don't fully meet outcomes.



*“The [procurement professional] needs to aggressively engage with the customer to add value, not just wait for the invitation.”*

— FEDERAL PROCUREMENT EXECUTIVE

*“I have to understand the mission I am supporting and what its needs are. I can't do that by reading a statement of work. ... I do it by sitting down and engaging, by understanding what they're trying to do.”*

— STATE PROCUREMENT EXECUTIVE

*“If the program shows interest in and values [their procurement counterpart] as key members of the team, then procurement professionals will get invested and will add value. ... It helps shift the focus from transaction to seeing the actual outcome.”*

— **FEDERAL PROCUREMENT OFFICIAL**

### Group 3: STAKEHOLDER ENGAGEMENT

#### Competency 3b: MARKET ALIGNMENT AND EXPERTISE

Workforce proficiency rating: 19%

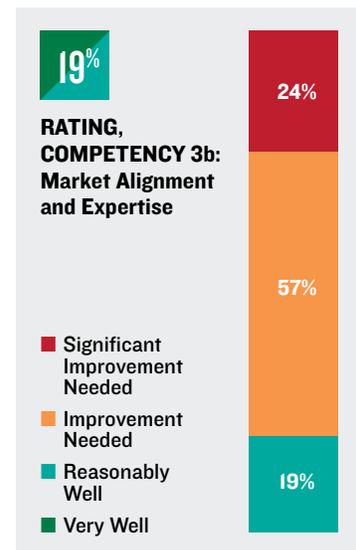
##### Competency description:

Possess deep expertise in targeted industry sectors, including market trends, innovations, pricing and cost, competition, and best practices for structuring relationships. (Examples of targeted sectors common to public agencies include information technology, facilities management and services, and professional services.)

##### Rating description:

Interviewees rated market expertise the second-weakest competency overall and the weakest of the stakeholder engagement group: Nearly a quarter gave it the lowest possible grade. Most pointed to insufficient knowledge of the industries that governments routinely do business with, such as information technology, facilities management, and professional services.

This limits procurement officials' capacity to harness the market's offerings to provide innovative solutions for public problems. Interviewees also noted that deficiencies in this competency exacerbate the difficulties described in Internal Customer Alignment and Expertise. Lack of understanding of a given market undermines the procurement workforce's credibility with internal customers, who then decline to engage procurement offices in purchase planning.



*“We need to align resources around what we buy, and then around the customer. ... But mostly it’s about developing expertise in how to ensure what we are buying supports our customer.”*

— FEDERAL PROCUREMENT EXECUTIVE

*“The roles need to shift dramatically, with much greater emphasis on category experts with deep market knowledge. For example, information technology experts speak the language of programmers, understand software contracts that*

*manage risk in [the] cloud. ... This is the depth of category [and] market domain expertise that is truly needed.”*

– **ACADEMIC SPECIALIZING IN PROCUREMENT**

*“I admire government agencies that will proactively bring in vendors not for product pitches but just to get smart on a subject.”*

– **PUBLIC SECTOR TRAINING PROVIDER**

### Group 3: STAKEHOLDER ENGAGEMENT

#### Competency 3c: SUPPLIER ENGAGEMENT

Workforce proficiency rating: 33%

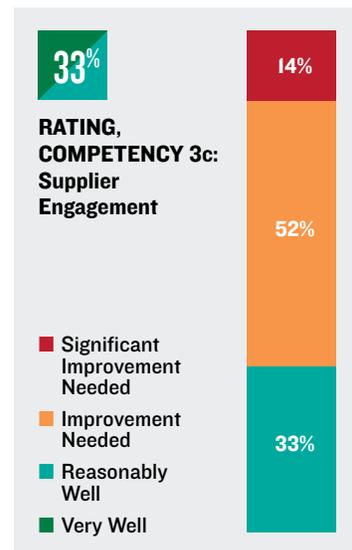
##### Competency description:

Partner with suppliers throughout the procurement process to ensure proper understanding of internal customer requirements and needs. Provide ongoing management of relationships with suppliers through the entire process to ensure performance against requirements and alignment with broader mission goals.

##### Rating description:

Two-thirds of interviewees agreed that the workforce needs to improve its engagement with suppliers during all three phases of the procurement life cycle. Many argued that officials need to better understand suppliers' unique capabilities and the specific market pressures affecting each company.

A major impediment to that goal is the fear of perceived favoritism or of violating procurement policies or regulations. Interviewees said that concerns about the appearance of impropriety render procurement officials especially reluctant to engage with suppliers during the pre-award phase. Some interviewees applauded such efforts as the Office of Federal Procurement Policy's "Myth-Busting" campaigns<sup>7</sup> to address misconceptions that discourage productive communication with suppliers.



*"If you don't understand the cost drivers for each supplier or for what you're purchasing, you don't really know [that you're getting market-based pricing]. You're just making an assumption ... but because you have so many actions to complete, you don't have the time to validate."*

— STATE PROCUREMENT EXECUTIVE

*"If you step out [on] the ledge half an inch, you're worried about the [Inspe-*

*tor General] report, the [Government Accountability Office] report, your boss getting called to the Hill, and then you bearing the brunt of the repercussions.”*

— **FORMER FEDERAL PROCUREMENT EXECUTIVE**

*“What ways can you gain efficiencies with timing when you think bigger? Part of that is your communication with vendors; you can get fewer contract amendments if you do more bidders’ conferences. Find those flaws earlier so you don’t have to completely scrap and start over.”*

— **STATE PROCUREMENT EXECUTIVE**

## IV. GENERAL FINDINGS AND WORK TO BE DONE

### General Findings for Strengthening the Public Procurement Workforce

The following five high-level findings, drawn from the study, offer insights into the state of the public procurement workforce and point toward opportunities to ensure that it is properly equipped to conduct the public's business. We hope that they will be useful to both internal procurement organizations and educational institutions preparing students for public service.

#### **1. There is a strong need to clarify procurement's role and enhance its strategic value within public sector organizations.**

Many public sector leaders do not understand procurement's important part in achieving their organizations' mission and outcomes. This locks many procurement offices into a primarily clerical role and limits the workforce's capacity to deliver value.

One state procurement executive argued that “before [procurement] can deliver value, the [customers] have to see and understand how procurement is relevant to what they do. Once they understand this value and it has been demonstrated on a consistent basis, it helps to increase the reputation of the procurement organization and establishes credibility. And this is when procurement can influence in a positive way the mission and its delivery.”

Addressing workforce competency gaps is an essential element in enhancing procurement's strategic value. In addition, agency leaders and elected officials must ensure organization-wide clarity on procurement's role. “It's critical for people [within government] to understand this as an ecosystem, with total responsibility for the outcome—not one team against the other, but joint ownership of individual pieces of a larger puzzle,” said one federal procurement executive.

“The truth is, there is a huge misalignment here across the public sector procurement space. [Customers] will be out driving publicly this cool and innovative thing they want to get done,” said one state procurement executive. “Then procurement and the lawyers come in and say, ‘You can't do this the way you described it.’ So there's almost a hate relationship, because we're the last thing preventing them from getting what they want.”

#### **2. Public procurement organizations must achieve alignment with internal customers and develop deeper understanding of supplier markets.**

Interviewees agreed that procurement departments must be aligned with internal customers, working closely with them from early in the process.

“Our successful procurements occur when we sit down with the program office, identify what we’re trying to do, and then collaborate forward,” said a senior federal procurement executive. “Unfortunately, due to the lack of perceived value of procurement or other cultural barriers, the customers generating requirements do not engage procurement until it’s too late.”

Similarly, the procurement workforce must demonstrate that it has a strong understanding of supplier capabilities to advise internal customers.

“Over time the average complexity level of what we’re buying is increasing,” said a former federal procurement executive. “This will require that particularly the program side has enough knowledge, monitoring, and management in terms of subject matter expertise.”

### **3. Procurement officials and agency leadership should examine the impact of the policies and regulations that govern the procurement process.**

While procurement policies and regulations are intended to ensure the best value for government and to prevent mismanagement or fraud, interviewees warned that their scale, complexity, and occasional contradictions have the unintended consequence of increasing costs, delaying completion, and harming outcomes.

Some argued for top-down changes in communications about policies and regulations. “We need to reduce the amount of information or, conversely, make it easier to find,” said one federal program manager. Others suggested that the procurement workforce itself must change the rigid manner in which it interprets regulations. “Policies themselves are not the biggest constraint,” said a professor of business management and supply chain thought leader. “The first step is just getting people to change their mind-set.”

### **4. Leaders should promote a culture that encourages taking smart risks and incentivizes trying innovative approaches.**

Almost all interviewees agreed that the procurement workforce’s capacity to contribute to innovative solutions to complex problems is limited by a risk-averse, change-resistant orientation, which can lock employees into outdated processes or established suppliers who may not meet desired outcomes.

Procurement leaders must encourage creative problem solving, and invest in training and recruitment that enhances such an approach. One federal procurement executive said,

“The culture hasn’t always been fair to people who are innovative and take risks. ... There’s no upside to innovation and only a downside.”

## **5. The increased use of data and procurement technologies offers opportunities to enhance professionals’ strategic value.**

Interviewees noted that the growth of the open-data movement, combined with demands from policymakers for evidence-based decision making, is driving a more thorough analysis of procurement information to identify areas for improvement. A procurement office with a strong capability to analyze procurement data from other agencies, states, or cities stands to add considerable value.

A related trend is end-to-end procurement software, which is far more widespread in the private than in the public sector.

“The adoption of a next generation of procurement technologies will lead to significantly better contract awards based on total value, not just unit price,” writes Jason Busch for Public Spend Forum.<sup>8</sup>

### **Work to be Done**

The Volcker Alliance hopes that this examination of the workforce serves as a call to action for all Americans who are interested in ensuring effective, efficient public procurement. This is a critically important, though undervalued, part of executing public policy, and as this study illustrates, its leaders agree that the public procurement workforce needs to develop its skills and competencies in some specific areas.

In addition to sounding an alarm, we hope this report is a springboard for progress. The procurement leaders who contributed to this study agreed that targeted improvements in key public procurement competencies could narrow competency gaps and enhance the workforce’s contribution to achieving agency missions. To continue to better understand the challenge and enable leading procurement professionals to meet it, some next steps include:

### **Socialize the competency model**

Interviewees emphasized the value of engaging the broader procurement community to develop an agreed-on competency model for understanding and improving specific procurement capacities. The twelve-competency model described in the preceding pages needs to be discussed with a broader set of procurement leaders in order to gain more feedback,

make adjustments, and drive toward adoption as a universal model of competencies for the public procurement workforce.

All manner of future work to strengthen the public procurement system will profit by a short, clear, and accessible list of the crucial competencies required of an effective public procurement professional.

### **Enhance understanding of the relative importance of competencies and nature of gaps**

While this study leverages the expertise of forty-three procurement leaders, it would be beneficial to survey a larger sample of the procurement community to determine each competency's relative importance in achieving desired outcome, as well as the nature of competency gaps. This larger data-collection effort would enable the segmentation of responses by stakeholder or by level of government to provide customized findings.

### **Understand the supply side of workforce competencies**

Many interviewees suggested that it would be valuable to carefully examine where the procurement workforce gets education and training. Universities, professional associations, and public sector training organizations provide instruction to the public procurement workforce, and it's important to analyze how well this training conveys the critical competencies that procurement leaders believe the job demands.

WHILE THIS STUDY SHOULD BE cause for concern, it should also illustrate that the procurement community has many talented, intelligent, and dedicated leaders grappling with the evolving demands on this critical portion of the public workforce.

This study is an early step in the important work of strengthening the profession of public procurement, but the Alliance hopes that it will build momentum for targeted change within public agencies and education and training institutions. An excellent public service, in procurement and in all governmental functions, benefits all Americans, and the Volcker Alliance hopes that this study will catalyze the change agents prepared to take on the challenge.

## V. STUDY PARTICIPANTS AND ACKNOWLEDGEMENTS

### Participating Public Procurement Leaders

The Alliance is enormously grateful for the participation of the following experts from all quarters of the public procurement community, as well as several very senior procurement officials who requested anonymity so they could speak candidly. The depth and breadth of this report's findings reflect their experience and perception.

#### Project shapers (of twelve total, one asked to remain anonymous)

- Jason Klumb, Midwest regional administrator, US General Services Administration
- Timothy Laseter, PhD, professor of practice, Darden School of Business, University of Virginia
- Pierre Mitchell, chief research officer, Azul Partners
- Robert M. Monczka, PhD, professor emeritus of supply chain management, Michigan State University; former distinguished research professor, Arizona State University
- Gary Ragatz, PhD, associate professor of supply management, Michigan State University
- Joseph Sandor, PhD, Hoagland-Metzler Professor of Purchasing and Supply Management, Broad School of Business, Michigan State University
- Thomas A. Sharpe Jr., commissioner, Federal Acquisition Service, US General Services Administration
- Stan Soloway, chief executive officer and president, Professional Services Council
- Curt Topper, secretary, Department of General Services, the Commonwealth of Pennsylvania
- David Van Slyke, PhD, associate dean and Louis A. Bantle Chair in Business and Government Policy, Maxwell School of Citizenship and Public Affairs, Syracuse University
- Robert Zarnetske, Northeast regional administrator, US General Services Administration

#### Additional respondents (of thirty-one total, two asked to remain anonymous)

- John R. Bashista, senior procurement executive, Office of Acquisition Management, US Environmental Protection Agency
- David A. Bray, PhD, 2015 Eisenhower Fellow and visiting executive in-residence, Harvard University
- Trevor L. Brown, PhD, dean, Glenn College of Public Affairs, Ohio State University

- Jeff Brownlee, senior deputy director and chief procurement officer, state of Michigan
- Soraya Correa, chief procurement officer, US Department of Homeland Security
- Michael W. Derrios, division director, checkpoint technologies, Office of Security Capabilities, US Transportation Security Administration
- Kay Ely, director, information technology schedule programs, Federal Acquisition Service, US General Services Administration
- Michael P. Fischetti, executive director, National Contract Management Association
- Robert E. Gleason, chief procurement officer, Commonwealth of Virginia
- Harry Hallock, deputy assistant secretary (procurement), Department of the Army
- Robert Handfield, PhD, Bank of America Professor of Supply Chain Management, Supply Chain Resource Cooperative, Poole College of Management, North Carolina State University
- Mark Hopson, contract specialist, Bureau of the Census, US Department of Commerce
- Virginia Huth, director, Office of Acquisition Policy, Integrity and Workforce, Office of Government-wide Policy, US General Services Administration
- Joseph G. Jordan, chief executive officer, FedBid Inc.; former administrator, Office of Federal Procurement Policy, the White House
- Steven Kelman, PhD, Weatherhead Professor of Public Management, John F. Kennedy School of Government, Harvard University; former administrator, Office of Federal Procurement Policy, the White House
- Don Kettl, PhD, professor of public policy, School of Public Policy, University of Maryland
- Jeffrey A. Koses, senior procurement executive, US General Services Administration
- Andrew Krzmarzick, vice president of learning and development, GovLoop
- Ergene Lee, director, Contracts and Procurement Division, Office of the Inspector General, US Department of Housing and Urban Development
- Mark Lutte, director, Division of Purchases, state of Maine
- Eric Mandell, chief of acquisitions, Department of General Services, state of California
- Lieutenant General Wendy M. Masiello, United States Air Force, director, Defense Contract Management Association, US Department of Defense
- Derrick Moreira, executive director, Censeo Consulting Group
- Mark Naggar, contract specialist and manager, federal-wide Buyers Club, US Department of Health and Human Services
- Joanie F. Newhart, associate administrator, workforce programs, US Office of Man-

agement and Budget

- Richard Spires, chief executive officer, Learning Tree International; former chief information officer, US Department of Homeland Security
- Melissa Starinsky, director, Federal Acquisition Institute, US General Services Administration
- Rear Admiral Lenn Vincent (Ret.), Forrestal-Richardson Memorial Industrial Chair, Defense Acquisition University
- Sterling Whitehead, contract specialist, Navy Strategic Systems Programs, US Department of the Navy

### **Acknowledgements**

We are grateful for the invaluable support of Censeo Consulting Group and Public Spend Forum, which provided a keen understanding of the public procurement realm and leveraged key relationships to ensure input from the top leaders in the field.

- Raj Sharma, chief executive officer, Censeo Consulting Group; co-founder, Public Spend Forum
- Ash Bedi, managing director of strategy and research, Public Spend Forum
- Frank McNally, director of learning and content development, Public Spend Forum
- Jonathan Messinger, executive editor, Public Spend Forum
- Karimah Hamad, executive assistant, Censeo Consulting Groups

The Volcker Alliance also acknowledges the contributions to this paper of art director Don Besom and copy editor Michele Arboit.

## VI. LITERATURE REVIEW

A WIDE ARRAY OF PREVIOUS RESEARCH on public procurement provided general background for this study. As described in Section II, this secondary research can be grouped into two general categories.

The first category includes studies that explore the overall structure of the procurement function in the public and private sectors. The following were especially helpful in assessing the state of public procurement and identifying key procurement challenges.

- The annual surveys on public procurement competencies conducted by the Professional Services Council<sup>9</sup>
- “Responding to an Aging and Changing Workforce: Attracting, Retaining and Developing New Procurement Professionals,” by the National Association of State Procurement Officials (2008)<sup>10</sup>
- “The changing role of procurement: Developing professional effectiveness,” by Rana Tassabehji and Andrew Moorhouse, *Journal of Purchasing and Supply* (2008)<sup>11</sup>
- *Complex Contracting: Government Purchasing in the Wake of the US Coast Guard’s Deepwater Program*, by Trevor Brown, Matthew Potoski, and David Van Slyke<sup>12</sup>

The second category focuses on procurement’s human capital dimension, including training for practitioners and approaches to competency models in the private and public sectors. The studies below were crucial to developing the public procurement competency model.

- “Army Contracting Workforce Development Building Core Competencies and Skills,” published by the Naval Postgraduate School<sup>13</sup>
- The Institute of Supply Management (ISM) Mastery Model, containing fifteen competencies accepted across the private sector<sup>14</sup>
- The Federal Acquisition Institute Acquisition Workforce Competency Survey Reports: 2010, 2012, 2014<sup>15</sup>
- Government Procurement Reform Programme, initiated by the government of New Zealand in 2015<sup>16</sup>

Two key insights emerged from the Alliance’s canvas of this literature:

One, many public sector models (especially in the federal government) are organized around executing processes rather than developing core skills and enhancing the value provided by the procurement workforce. This report’s proposed competency model seeks to reverse this.

Two, procurement competency models vary widely. Some contain a relatively brief set of broad competencies, and others enumerate a long list of tactical skills. This report's model prioritizes relative brevity in order to maximize accessibility and was especially influenced by the ISM's fifteen-competency model for private sector procurement.

**STAFF OF THE VOLCKER ALLIANCE**

MELISSA AUSTIN

EMILY S. BOLTON

TALI CHAZAN

ELIZABETH DONNELLY

KAELEIGH FORSYTH

WILLIAM GLASGALL

MELANIE MARTHA

MAGGIE MELLO

PETER MORRISSEY

PRADEEP NAIR

HENRY OWENS

AMY M. SMITHERMAN

GAURAV VASISHT

NOAH A. WINN-RITZENBERG

## ENDNOTES

1. John DiIulio, *Bring Back the Bureaucrats* (West Conshohocken: Templeton Press, 2014), 67.
2. Rebecca Kheel, "McCain: Aircraft carrier program wasted \$4.7 billion," *Hill* (Washington, DC), October 14, 2015, <http://thehill.com/policy/defense/256906-mccain-aircraft-carrier-program-wasted-47-billion>.
3. DiIulio, *Bring Back the Bureaucrats*, 66-67.
4. Dan Glazier and Mandy Smithberger, "The F-35: Still Failing to Impress," Straus Military Reform Project: Project on Government Oversight, March 7, 2016, <http://www.pogo.org/straus/issues/weapons/2016/the-f-35-still-failing-to-impress.html>.
5. Jason Meisner and Juan Perez Jr., "Ex-CPS chief Barbara Byrd-Bennett pleads guilty, tearfully apologizes to students," *Chicago Tribune*, October 14, 2015, <http://www.chicagotribune.com/news/ct-barbara-byrd-bennett-plea-met-1013-20151012-story.html>.
6. Christian Davenport, "USIS contracts for federal background security checks won't be renewed," *Washington Post*, September 9, 2014, [https://www.washingtonpost.com/business/economy/opm-to-end-usis-contracts-for-background-security-checks/2014/09/09/4fcd490a-3880-11e4-9c9f-ebb47272e40e\\_story.html](https://www.washingtonpost.com/business/economy/opm-to-end-usis-contracts-for-background-security-checks/2014/09/09/4fcd490a-3880-11e4-9c9f-ebb47272e40e_story.html).
7. Daniel Gordon, "Myth-Busting: Addressing Misconceptions to Improve Communication with Industry during the Acquisition Process" (Office of Management and Budget Memorandum, 2011), <https://www.whitehouse.gov/sites/default/files/omb/procurement/memo/Myth-Busting.pdf>, and Lesley Field, "Myth-Busting 2: Addressing Misconceptions and Further Improving Communication During the Acquisition Process" (Office of Management and Budget Memorandum, 2012), <https://www.whitehouse.gov/sites/default/files/omb/procurement/memo/myth-busting-2-addressing-misconceptions-and-further-improving-communication-during-the-acquisition-process.pdf>.
8. Jason Busch, "The Top 5 Trends in Public Sector Procurement Technology," Public Spend Forum (blog), March 30, 2015, <http://publicspendforum.net/5-trends-in-public-sector-procurement-technology/>.
9. "A Closing Window: Are We Missing the Opportunity for Change?" Professional Services Council, January 2015, [http://www.pscouncil.org/i/p/Procurement\\_Policy\\_Survey/c/p/ProcurementPolicySurvey/Procurement\\_Policy\\_S.aspx](http://www.pscouncil.org/i/p/Procurement_Policy_Survey/c/p/ProcurementPolicySurvey/Procurement_Policy_S.aspx). [On this page, see also surveys from 2014, 2012, 2010, 2008, 2006, 2004, and 2002.]
10. "Responding to an Aging and Changing Workforce: Attracting, Retaining and Developing New Procurement Professionals," National Association of State Procurement Officers, March 2008, <http://www.naspo.org/dnn/Publications/ArtMID/8806/ArticleID/2193>.
11. Rana Tassabehji and Andrew Moorhouse, "The changing role of procurement: Developing professional effectiveness," *Journal of Purchasing and Supply Management* 14 (2008): 55-68, [https://www.researchgate.net/publication/247117529\\_The\\_Changing\\_Role\\_of\\_Procurement\\_Developing\\_Professional\\_Effectiveness](https://www.researchgate.net/publication/247117529_The_Changing_Role_of_Procurement_Developing_Professional_Effectiveness).
12. Trevor Brown, Matthew Potoski, and David Van Slyke, *Complex Contracting: Government Purchasing in the Wake of the US Coast Guard's Deepwater Program* (Cambridge: Cambridge UP, 2013).
13. Christina Lene and Dawn Poppler, "Army Contracting Workforce Development Building Core Competencies and Skills" (Naval Postgraduate School Project, 2014), [http://calhoun.nps.edu/bitstream/handle/10945/43945/14Sep\\_Lene\\_Poppler\\_needs\\_supplemental.pdf?sequence=1](http://calhoun.nps.edu/bitstream/handle/10945/43945/14Sep_Lene_Poppler_needs_supplemental.pdf?sequence=1).
14. "ISM Mastery Model" (Institute for Supply Management), <https://www.instituteforsupplymanagement.org/education/ismsupplychain-masterymodel.cfm?navItemNumber=28812>.
15. "Workforce Competency Surveys and Reports" (Federal Acquisition Institute, 2014), <https://www.fai.gov/drupal/humancapital/workforce-competency-surveys-and-reports>. [On this page, see also reports from 2012, 2010, 2008, and 2007.]
16. "Procurement Competency Framework" (New Zealand Government Procurement, 2013), <http://www.business.govt.nz/procurement/news/archived-news/try-our-new-procurement-competency-framework>.

**The Volcker Alliance**

560 Lexington Avenue, Suite 16B

New York, NY 10022

(646) 343-0155

[info@volckeralliance.org](mailto:info@volckeralliance.org) | [www.volckeralliance.org](http://www.volckeralliance.org)