

The Power of Procurement:

**How Effective District
Procurement Operations Can Make
a Difference for Students**

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The COVID-19 pandemic has significantly increased the need for additional academic and non-academic supports and services for students.

To help schools meet this need, the federal government released approximately \$190 billion in pandemic relief aid for K–12 schools—Elementary and Secondary School Emergency Relief (ESSER) fund I, II, and III—to be spent by September 2022 (ESSER I), September 2023 (ESSER II), and September 2024 (ESSER III). These funds are an unprecedented and time-bound opportunity for districts to develop capacity and deliver more, higher-quality services to students.

For school districts to fully realize the value of these time-bound ESSER funds, districts will need to spend more money and do so more quickly than they typically do. District procurement processes should be designed to ensure the timely investment in high-quality services or products.

ESSER funding has created a time-sensitive need for superintendents to strengthen their procurement capacity. While the ESSER funds will sunset in 2024, effective policies in this area significantly impact student outcomes.

Chiefs for Change and our technical assistance partners recently worked with a large, urban school district to help the system strengthen its procurement practices. The district has a budget of approximately \$3 billion, including a substantial amount of ESSER funding. Roughly \$1 billion of that flows through the procurement division.

This transformation is only a few months into a multi-year process. Yet the district is on track to complete 16 of 30 planned process improvement initiatives by early fall 2022.

What are some potential benefits of building district procurement capacity?

Districts that invest in strengthening procurement could experience significant benefits in both the near and long term.

Potential near-term benefits

In the near term, the district could unlock benefits for students by spending ESSER funds more quickly to procure more and higher-quality services to meet student needs.

Potential long-term benefits

In the long term, improving procurement capabilities can enable districts to:

- Spend district funds in a more cost-effective way, potentially unlocking additional value for students. (See [“Using benchmarks in your system”](#) to learn more.)
- Reduce the amount of time district administrators spend procuring needed goods and services for students and teachers.

- Attract and retain high-quality procurement talent, especially during periods of higher labor market churn in procurement roles.

Strengthening procurement processes could enable districts to deliver cleaner and safer school environments, better wellbeing supports for students, and higher-quality learning materials.

Where might superintendents and procurement leaders begin?

Based on our work directly supporting school districts, Chiefs for Change has identified eight key aspirations for district procurement that all school systems can consider. Superintendents could use the table below to begin to determine their district procurement processes’ strengths as well as opportunities for improvement.

Likewise, chief procurement officers, directors of procurement, and/or other procurement leads could consider the guidance in this table to develop a compelling case for change to present to their superintendent.

Beyond procurement, the table below could also be used as a model for reviewing other support operations.

8 potential aspirations	Guiding questions to consider for developing a case for change
The district has a clear and measurable vision for procurement.	<p>Does the district’s procurement vision consider:</p> <ul style="list-style-type: none"> • Impact on student learning and experience? • User experience? • Time to deliver goods? • Value generation (e.g., via bid-induced cost savings)? • Capability building (including tech capabilities)? • Tools to support project tracking and transparency? • Performance management metrics?
Procurement follows all relevant laws and regulations.	<p>Does the procurement division understand legal obligations and limitations across levels in the process (including sustainability requirements and/or diversity/affiliate acknowledgements)?</p> <p>Are regular risk audits performed of roles, responsibilities, and functions of procurement and ethics practices?</p> <p>How has the district performed in recent procurement risk audits? Are there any outstanding actions from previous audits?</p>
Procurement function procures all the services needed in our district in a timely fashion and at a high level of quality. (continued on next page)	<p>Does the procurement division fulfill (or otherwise close out) 100 percent of requests?</p> <p>How does the district compare to national benchmarks for procurement efficiency, including time to issue and evaluate requests for proposals (RFPs) and to issue purchase orders (POs)? (See “Using benchmarks in your system” to learn more.)</p>

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	<p>Does the procurement division have subject matter experts to contact when needed? Who can help to make the process more efficient?</p> <p>Does procurement of products align to the district's universal perspective of quality (e.g., average number of daily inbound emails asking for clarity, on-time delivery of product)?</p>
Procurement provides high-quality customer service to end users.	<p>Does the procurement division measure satisfaction of direct customers both internally (e.g., school leaders, central academic and operations leaders) and externally (e.g., vendors), such as through a Net Promoter Score?</p> <p>How do the district's measures of end user and vendor satisfaction compare to national benchmarks? (See "Using benchmarks in your system" to learn more.)</p> <p>How does procurement consider the perspective of the downstream end users, including teachers and other school-based staff who will use the services or resources procured?</p>
Procurement operates in accordance with the district's environmental, social, and governance goals.	<p>Does procurement support the achievement of the district's environmental goals, where relevant?</p> <p>Does procurement support the achievement of the district's social goals (e.g., sourcing from minority-owned businesses), where relevant?</p> <p>Does procurement support the achievement of the district's governance goals, including goals for equity, diversity, and inclusion, where relevant?</p> <p>Does procurement support the achievement of broader stakeholder expectations for investment, where relevant?</p> <p>Does the procurement division track the number of sustainable investments?</p>
Procurement is empowered and able to fulfill the district's vision and mission in service of its students.	<p>Do procurement capabilities match the strategic vision? If not, are there initiatives in place to enhance capabilities to achieve this vision?</p> <p>How is the success of the department and of these initiatives measured? Do these metrics align with the strategic vision?</p>
Procurement has enablers in place and sufficient capacity to meet function goals.	<p>Does procurement have enough high-quality/qualified staff?</p> <p>Does procurement own and use a quality tech suite? If so, how effective is the tech suite?</p>
Procurement generates value (e.g., in savings) for the district.	<p>How does the district compare to national benchmarks for value generation, (e.g., via bid-induced cost savings or RFPs designed to drive better alignment with system needs)?</p> <p>How does the district compare to national benchmarks for department efficiency, (e.g., department costs as a ratio of PO volume and/or total district revenue)?</p>

These aspirations could form the basis for transforming a district's procurement function. The next section outlines an example of how a large, urban school district transformed its procurement operations.

What have other districts done to transform their procurement operations?

Context and approach

Despite having a strong ESSER plan in place, the large district that Chiefs for Change and its technical assistance partners supported faced challenges in getting priority strategic initiatives through the procurement process. Initiatives included those related to tutoring, afterschool programming, and device expansion. Few staff members understood the procurement process, and it was not documented through a process map or timeline. Additionally, the existing use of technology was inefficient, which hindered rather than accelerated the work.

In the district, about **45 percent** of POs were for goods and services under \$500, and about **60 percent** were for goods and services under \$1,000. These POs were reviewed and processed in *the same way* as POs for goods and services that cost nearly \$1 million, creating an inefficient process.

Furthermore, 50 percent of positions on the procurement team were unfilled. Board documents went through roughly five to 10 rounds of edits before submission, despite a formal process specifying two-to-three rounds of review. The team spent approximately 40 hours a week manually scanning paper documents. Many end users were also unaware of the procurement process timeline and were unclear about the status of their requests.

Through a rapid diagnostic, the district identified key areas to focus on:

- **Adjusting process and policies** to reduce the high, and potentially unsustainable, workloads.
- **Streamlining overall process complexity** (e.g., 50+ page documents, multi-layered approvals processes) to accelerate completion of customer requests.
- Increasing the **automation of workflows** and reducing the levels of **highly manual activities** (e.g., copying, pasting, and scanning).
- Improving the **measurement and reporting infrastructure** (e.g., standard reporting, KPIs), including customer and supplier management (e.g., scorecards, rationalization of supplier database).

Initiatives and objectives

To make improvements in these areas, the district launched more than 25 initiatives focused on technology improvements (*i.e.*, KPIs; process improvements; user experience for buyers/customers/vendors; and system reviews) and non-technology related improvements (*i.e.*, demand reduction, excess processing reduction, and performance management). These initiatives aim cumulatively to:

- Reduce cycle time for launching and approving competitive bids from up to six months to a public sector procurement standard of three to four months.
- Eliminate manual processing of bids, vendor submissions, and other paper documents by completing all procurement activity within the



procurement IT infrastructure. It previously took multiple days to manually scan paper submissions.

- Improve end-user satisfaction in working with the procurement team from 75 percent to less than 25 percent of district leaders viewing procurement as a pain point.
- Improve workload and overall culture on the procurement team by filling critical vacancies in the team and promoting retention through a culture of affirmation and supportiveness.

The district prioritized quick, high-impact initiatives. These include technology roadmap initiatives, expedited approvals for POs under \$500, and bringing risk and compliance departments into a single workflow. In addition, the department created a tactical implementation plan with a clear project management office lead to launch the remaining initiatives over the next few months.

Key developments

Although it is still early to track the full effect of these initiatives, several significant changes have already taken place in the large district. For example:

- Time to complete the bid process has decreased by more than 80 percent—and vendor satisfaction has increased—as the result of digitizing the process.
- Policies have changed to enable accelerated approval of POs under \$500, freeing up the equivalent of 0.5 full-time employees per year.
- Multiple hiring vacancies have been filled, including by former district procurement staff who are excited to return and be part of a transformed department.

While the district is continuing its progress, early evidence shows that given the opportunity, district procurement divisions can transform culture and processes to significantly improve performance and deliver more and higher-quality services for students.

Using benchmarks in your system

Why are benchmarks important?

Benchmarks can support an understanding of how a district is performing on procurement relative to other districts, but that doesn't mean the benchmarks will be the same across the board.

Selecting the right benchmark

It is important that you define *what* you are trying to better understand for your procurement function—cost savings? Efficiency? Quality? There are metrics that correspond to each of these that can be compared to benchmarks, helping to illuminate your system's performance.

Interpreting data against benchmarks

Performance against procurement benchmarks can vary based on a number of factors, including the district and what the district is procuring. It is important to understand what may cause a metric to vary from system to system (e.g., size of district, procurement skill level, utilization of procurement technology) to determine where your district should fall compared to the benchmarks.

Sample benchmarks

Sample procurement benchmarks can be found in a [2021 Council of the Great City Schools report](#), including Procurement Cost per Purchase Order, Procurement Costs per \$100K Revenue, and Procurement Savings Ratio. The benchmark report also includes "Importance of Measure" and "Factors that Influence" to better understand these key procurement metrics.

Using benchmarks will not only enable your district to assess where you are today but will also provide a level of aspiration. By studying the top-performing districts, you may find ways to improve your own procurement function, and other business operations, to better support your students.

Note that benchmarks are only one factor in a more comprehensive evaluation of current state procurement processes and practices.

What are potential first steps for a district hoping to transform procurement operations?

To have a highly effective procurement operation, superintendents could consider empowering their procurement leaders to:

- 1. Conduct a broad assessment of district procurement capabilities against best practices.** In doing this, procurement leaders could: (A) develop an accurate process map for the RFP and PO processes; (B) benchmark key procurement indicators (*e.g.*, time to RFP) against industry standards (including against other school districts); (C) set goals based on identified gaps; (D) work with IT to determine whether the procurement IT infrastructure has any valuable and underused functionality; and (E) capture the voice of the customer through interviews and/or surveys.
- 2. Develop a set of initiatives that addresses the potential challenges and opportunities identified in the diagnostic.** In collaboration with the IT team, prioritize these initiatives by estimating their likely impact and ease of implementation, conducting additional “deep-dive” analyses (*e.g.*, assessments for strategy and value creation, value preservation, value enablement) where needed.
- 3. Stand up procurement performance tracking.** This could include identifying department KPIs (*e.g.*, customer Net Promoter Score, savings from multi-round bidding) and identifying data collection and management processes to track performance reliably and regularly against these indicators.
- 4. Develop detailed initiative charters and assign an initiative owner who is responsible for ensuring the success of the initiative.** Initiative charters should include milestones with timelines. When assigning initiative owners, ensure the procurement department is adequately staffed to complete its regular responsibilities as well as to manage these initiatives.
- 5. Establish a governance structure for holding initiative owners accountable against the initiative milestones and timelines.** Establish a cadence of daily standups, weekly check-ins with procurement and other involved department leadership, and monthly steering committees with overall district leadership,

including all stakeholders in the initiatives. A qualified individual should lead this process.

Taken together, these potential actions will help to identify existing challenges, set clear initiatives for addressing those challenges, and establish a governance structure to oversee the successful execution of those initiatives.

For additional guidance on implementing a department transformation, consider reviewing the [Chiefs for Change Implementation Engine](#) tool.

Districts could provide more high-quality services and support for students facing unprecedented challenges after two years of pandemic-related disruptions. To capture the full potential of this moment, district procurement divisions may need to deliver more services, and more types of services, more quickly without sacrificing quality.

