

PROCUREMENT GUIDE

for Executive and Legislative Leadership



FOREWORD

This executive guide, prepared by the National Association of State Procurement Officials (NASPO), examines the strategic value of public procurement in state government. It is intended for government leaders, particularly those serving in an executive or legislative role, who seek a greater understanding of how the expertise of state procurement professionals can be leveraged to benefit citizens and help achieve state objectives.

This guide will begin by discussing the purpose and value of public procurement, along with the structure of public procurement. Next, the guide will provide a more detailed explanation of the strategic value of public procurement. Following that, it will provide an overview of the public procurement process, as well as a highlight of some key concepts and considerations in public procurement. Then, the guide will discuss and provide context for the current landscape of public procurement operations before closing with some final recommendations for additional resources. In addition, this guide also contains a brief glossary of some essential public procurement terms.



- Public procurement ensures that public agencies have the materials and services they need to best serve the public
- Public procurement modernization generates cost savings and increased transparency
- A strong, and often centralized, procurement leadership structure supports a state's strategic goals

The Purpose and Value of Public Procurement

Public procurement is the process by which government agencies or public sector organizations purchase goods, services, or works.¹ This process can include things like buying office supplies for government offices, hiring a company to build a bridge, or contracting a cleaning service for public schools. The purpose of public procurement is to provide public sector organizations with the goods, services, or works they need to operate effectively and efficiently. It is also used to ensure that public funds are spent in a fair, transparent, and accountable manner. Furthermore, it can help stimulate economic growth and development by providing business opportunities for the private sector.

Recently, public procurement has undergone a significant evolution. The digital transformation has been a key change, with the introduction of eProcurement systems and platforms, automated bidding and evaluation processes, digital document management, and real-time tracking and reporting. These technological advancements have streamlined procurement processes, making them more efficient and transparent.

The approach to procurement has also become more strategic. There has been a shift from tactical buying to strategic sourcing, with an emphasis on risk management integration, data-driven decision making, and the use of performance metrics and analytics. These strategic changes have allowed procurement professionals to make more informed decisions and manage risks more effectively.

The value created through these changes is substantial. **Cost efficiency has been improved** through better pricing achieved through competition, reduced administrative costs, bulk purchasing power, and process standardization. **Transparency has been enhanced**, reducing the risk of corruption, providing clear audit trails, offering equal opportunities for suppliers, and ensuring public accountability. The economic impact of these changes has also been significant. They have **provided support for small businesses, stimulated local economic development, promoted innovation, and fostered market competition.**

Here are a few examples to highlight the impact of modernized public procurement:

Michigan's Cloud Infrastructure as a Service (IaaS) Program, implemented in January 2023, has already resulted in over \$650,000 in savings²

Florida's modernized quarterly sales reporting process has freed up its contract managers to reallocate 448 hours per quarter on average to other value-added tasks, along with an annual cost savings of \$42,216³

Missouri's Division of Purchasing has reduced the average time to complete a bid request from 149 days in September 2022 to 104 days in December 2024⁴

¹ "Procurement Toolbox Issue 1: Introduction to Procurement," NASPO, accessed April 14, 2025, https://cdn.naspo.org/RI/ProcurementToolboxIssue1_IntroductiontoProcurement.pdf.

² "Cloudy with a Chance of Savings: Infrastructure as a Service," NASPO, 2024 George Cronin Awards for Procurement Excellence, accessed April 11, 2025, https://cms.naspo.org/wp-content/uploads/2024/11/2024_Cronin-Booklet_Annual_Updated_Aug26.pdf.

³ "Modernized Quarterly Sales Reporting," NASPO, 2023 George Cronin Awards for Procurement Excellence, accessed on April 11, 2025, https://cms.naspo.org/wp-content/uploads/2023/12/2023-Cronin-Committee-Booklet-All-Submissions_KSUpdatesB.pdf.

⁴ "Missouri - Operational Improvement Through Turnaround Time Management," NASPO, 2024 George Cronin Awards Case Study, accessed May 5, 2025, <https://cdn.naspo.org/RI/2024CroninCaseStudyMissouri.pdf>.

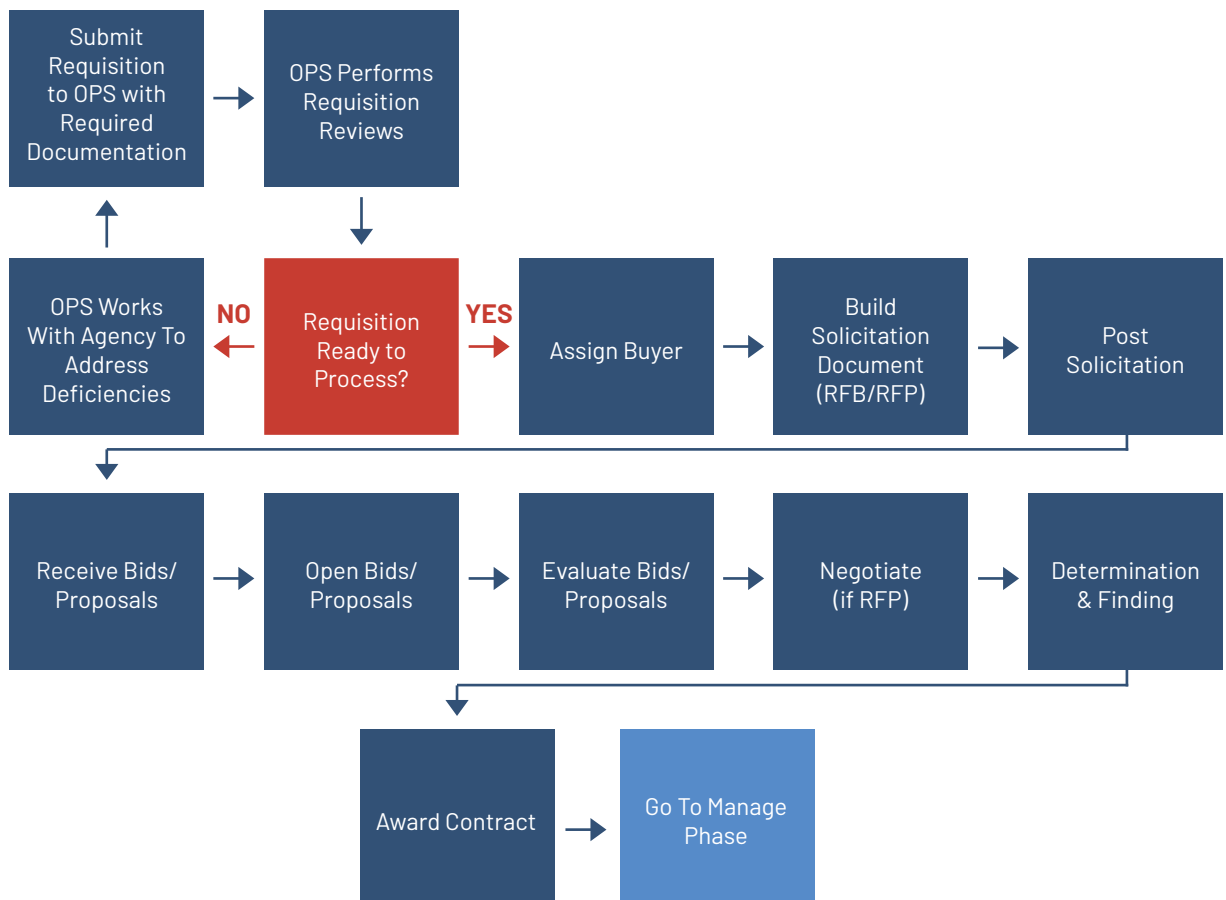
The Structure of Public Procurement

While NASPO recognizes the importance of a centralized procurement office, the organizational structure varies depending on the state or territory.⁵ A centralized procurement office consists of one Chief Procurement Officer (CPO) who carries the responsibility for all procurement within the state under their authority.⁶ The CPO may delegate their purchasing authority to agency heads, such as facilities management or information technology, depending on the dollar value, complexity or category, under the parameters of the law. Below is an example of the public procurement workflow from the state of Kentucky.⁷

3.1.1 PROCURE PHASE PROCESS FLOW

The Procure phase of the procurement lifecycle is defined as the process of acquiring goods and/or services through an open, competitive solicitation process, including solicitation development, solicitation issuance, receiving response, evaluation, negotiation (if applicable) and award.

The following are the major steps in the typical process flow for the Procure phase:



⁵ To learn more about your state's public procurement organizational structure, you can review the answers to questions 6 through 15 and questions 20 through 28 provided by your state's CPO in the 2024 Survey of State Practices (SoSP), a biennial survey of state procurement laws and practices conducted by NASPO. "Survey of State Practices," NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/survey-of-state-practices-page/survey/2024/>.

⁶ For an example of a centralized procurement system's workflow, please view pages 12 and 13 of Idaho's state procurement manual. "Procurement Desk Manual," State of Idaho Department of Administration Division of Purchasing, accessed April 14, 2025, https://purchasing.idaho.gov/wp-content/uploads/Services/Desk_manual.pdf.

⁷ "The Commonwealth of Kentucky Procurement Manual," Finance & Administration Cabinet Office of Procurement Services, accessed May 2, 2025, <https://finance.ky.gov/eProcurement/ResourcesSupport/Kentucky%20Procurement%20Manual.pdf>.

In a decentralized/delegated procurement structure, each agency or set of agencies holds the authority for procurement.⁸ There are also hybrid structures that combine a centralized and decentralized structure by exempting only a portion of agencies or functions from centralized authority. Typical exemptions from procurement statutes include federal highway procurement and higher education.

SECTION 2

Strategic Value of Procurement

- State procurement offices are valuable strategic partners for state governments
- The fundamental pillars of public procurement are competition, fairness, and effective use of public funds
- State procurement offices should be involved early and often in legislative issues concerning public procurement

When a state procurement office is acting strategically, it means that it goes beyond just buying goods and services. It involves planning and managing resources in a way that maximizes value for the state.⁹ This can include negotiating better deals, improving supplier relationships, and making more efficient purchasing decisions. It also involves coordinating with other departments to align procurement activities with the overall goals and objectives of the state. Through early engagement in the process, procurement offices help determine the best supply chain opportunities to satisfy enterprise requirements. **Recognizing the central procurement office as a strategic partner and involving them early on in a project ensures that potential roadblocks can be addressed early.**

It is also important to acknowledge the primary values that a central procurement office upholds.

Fundamental pillars of public procurement include the role of competition, fairness, and effective use of public funds. These elements are crucial for ensuring transparency, efficiency, and impartiality in the public procurement process, all of which are essential for building and maintaining public trust.

Competition

Public procurement often involves the use of thresholds that statutorily require an open competitive bidding process whenever a certain dollar amount for a contract is reached.¹⁰ **Promoting competition among suppliers is important as it helps to achieve better value for money.** Competitive processes tend to drive down costs, improve quality, and foster innovation. By allowing multiple suppliers to bid, public entities can choose from a variety of options that best meet their needs at the most reasonable cost. This approach not only ensures efficiency and cost-effectiveness but also stimulates the market by encouraging suppliers to continuously improve their offerings.

Fairness

Fairness ensures that decisions in the procurement process are made based on objective criteria rather than personal relationships or subjective preferences. This is crucial because it minimizes the risk of corruption, bias, and favoritism. Doing so helps maintain fairness and integrity in the procurement process. **Ensuring fairness is a key aspect of creating a transparent and accountable environment where all participants can trust that decisions are made fairly and ethically.**

Furthermore, state procurement professionals are obliged to uphold stringent ethical standards, including accountability, transparency, and conflict of interest avoidance. Even the suggestion of impropriety can negatively affect the state's reputation. Many states have implemented even stricter guidelines for their procurement teams beyond what's legally required. Additionally, procurement law typically sets criteria for contract awards, guiding officers on which proposal to accept. Understanding this legal standard is crucial, especially given the involvement of taxpayer money. Adhering to these standards can result in fewer protests and more successful contracts.

⁸ For an example workflow of a procurement system that delegates purchasing authority, please view pages 114 and 115 of Colorado's state procurement manual, which can be accessed at "State of Colorado Procurement Manual," Colorado Department of Personnel & Administration, accessed May 9, 2025, <https://coloradopost.gov/sites/post/files/documents/Procurement-Manual.pdf>.

⁹ "Procurement Toolbox Issue 9: Strategic Sourcing," NASPO, accessed April 14, 2025, https://cdn.naspo.org/RI/ProcurementToolboxIssue9_StrategicSourcing.pdf.

¹⁰ "Repository of State Practices: Competitive Thresholds," NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/rosp-category/competitive-thresholds/>.

Effective Use of Public Funds

State procurement is responsible for billions of dollars of spend per year and is one of the largest economic drivers of the U.S. economy, frequently *surpassing \$3 trillion annually*.¹¹ In many states, it is also one of the key drivers of the state's economy, providing a market for local businesses and stimulating economic growth and development. Sound procurement policies provide market access for all businesses through fair and open competition and encourage small and diverse business participation in state contracts.

Sound procurement policies provide market access for all businesses through fair and open competition and encourage small and diverse business participation in state contracts.

Furthermore, numerous small and local businesses engage in commerce with the state government, which subsequently **generates employment**. Government procurement opportunities serve as a steady income source, relied on by the private industry for a consistent revenue flow and business expansion. In addition, cooperative purchasing¹² maintains jobs by involving local companies in contract delivery at both state and national scales. These contracts offer local suppliers statewide and nationwide opportunities as main bidders or through collaboration with other suppliers as subcontractors.

Public funds need to be used efficiently and responsibly to maximize their benefit to the public. This involves careful planning, monitoring, and controlling expenditures to ensure that the procured goods or services are not only cost-effective but also meet the required standards and specifications. Effective use of public funds includes avoiding unnecessary expenditures and ensuring that the procured items fulfill public needs effectively. It is essential that every dollar spent is justified and contributes to the public good. By emphasizing accountability and transparency, public funds can be managed in a way that builds trust and delivers tangible benefits to the community.

Legislation

Procurement offices are a valuable resource in the creation of legislation, administrative rules, and policies. Procurement staff can assist in:

Clarifying, simplifying, and modernizing procurement laws to help governments contract in a more effective manner

Offering insights into the resources required for implementation

Helping troubleshoot potential issues

Providing critical support to executive leaders in understanding and complying with procurement laws and requirements

Involving the procurement office early in any phase of the legislative process is ideal to save time and address the actual issues at hand. NASPO can assist members by providing resources that examine state government best practices nationwide.

Understanding the procurement laws, as well as any issued rules and policies, is important for government entities to ensure compliance. The procurement office typically has oversight responsibility for procurement transactions under the office's statutory authority and often provides regular education to agency procurement personnel. Additionally, the CPO is available to executive leaders to provide information and resources on the procurement function, as well as offer insights into new project goals and objectives to help achieve contracting success.

¹¹ The National Association of State Budget Officers (NASBO) reported that the total state expenditures in fiscal year 2024 exceeded \$3 trillion, 2024 State Expenditure Report," NASBO, accessed May 9, 2025, https://higherlogicdownload.s3.amazonaws.com/NASBO/9d2d2db1-c943-4f1b-b750-0fca152d64c2/UploadedImages/SER%20Archive/2024_SER/Executive_Summary-2024_State_Expenditure.pdf.

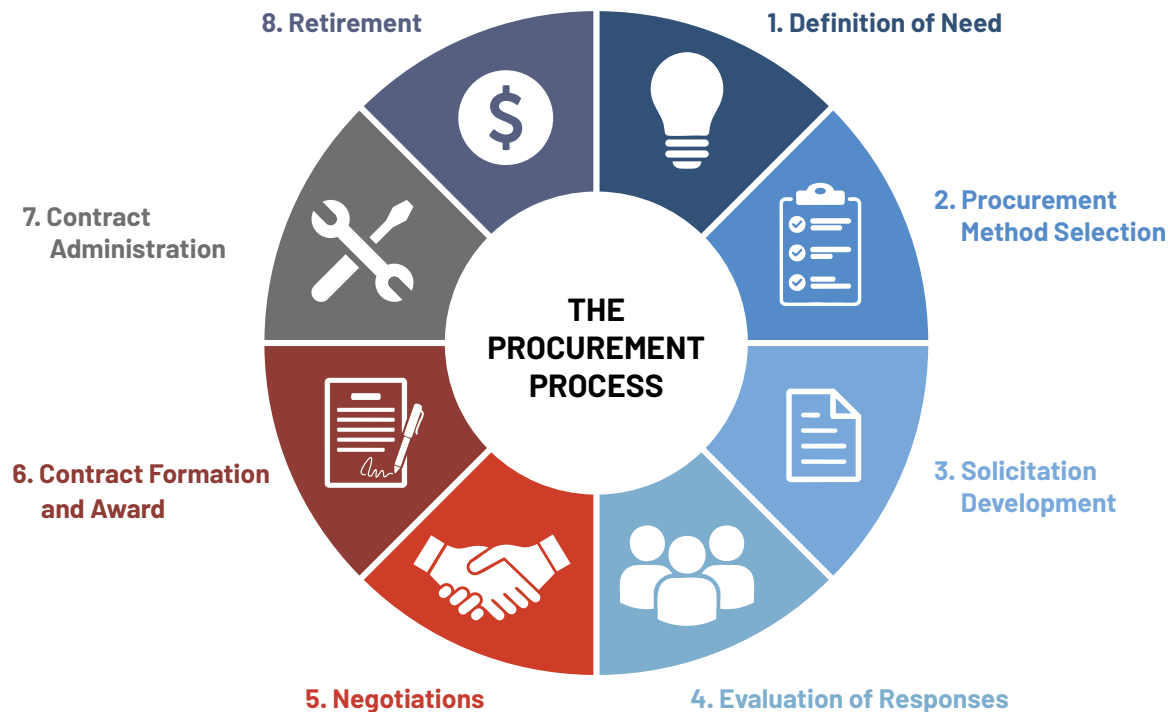
¹² "Strength in Numbers: An Introduction to Cooperative Procurements," NASPO, accessed April 14, 2025, https://naspo.valuepoint.org/wp-content/uploads/2020/08/Cooperative_Purchasing0410update.pdf.

SECTION 3

An Overview of the Procurement Process and Key Considerations

- The public procurement process includes several key steps
- Other factors besides cost are considered in best-value evaluation methods
- Public procurement policy on issues like sole source, emergency procurements, preference laws, and protests heavily influences the public procurement process
- Supplier relationship management is a top priority for procurement offices

Most procurements go through an eight-step process with several essential stages involved in acquiring, utilizing, and retiring the needed good or service.¹³ It is important to recognize that procuring a commodity or service does not end whenever a contract is awarded. **Notably, public procurement offices do the important work of contract management in addition to the initial process of awarding a contract through a solicitation.**^{14,15}



Procurement law, often established in state statutes, frequently requires very specific methods and practices that public procurement offices must follow throughout the entire procurement process.¹⁶ It is worth reviewing what requirements your state has for its public procurement process in NASPO's [Repository of State Practices](#) (RoSP).¹⁷

While familiarizing yourself with the procurement process will go a long way in increasing your understanding of public procurement, it is also important to learn about some common and important practices in public procurement.

¹³ If emergency situations emerge, the number of potential suppliers for a given commodity or service is extremely limited, or the anticipated contract value is below a statutorily established competitive threshold, exceptions might be allowed to expedite certain steps of the procurement process according to your state's procurement law.

¹⁴ "Procurement Toolbox Issue 7: Contract Administration," NASPO, accessed April 14, 2025, https://cdn.naspo.org/RI/ProcurementToolboxIssue7_ContractAdministration.pdf.

¹⁵ "Procurement Toolbox Issue 8: Contract Closeout and Retirement," NASPO, accessed April 14, 2025, https://cdn.naspo.org/RI/ProcurementToolboxIssue8_ContractCloseoutandRetirement.pdf.

¹⁶ Another useful distinction to be familiar with in the public procurement process is the difference between responsiveness and responsibility. You can learn more about this topic by reading "Fact Sheet: Responsiveness v. Responsibility," NASPO, accessed May 9, 2025, <https://cdn.naspo.org/RI/ResponsivenessvResponsibilityFactSheet.pdf>.

¹⁷ "Repository of State Practices: State Statutes and Regulations," NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/rosp-category/state-statutes-and-regulations/>.

Best Value Versus Low Bid

Conventional methods of procurement primarily consider cost in awarding contracts, with the lowest bid that meets the state's requirements receiving the contract. However, **states frequently consider other factors to determine the best value a supplier can offer.** The supplier selection process is more flexible, allowing suppliers to suggest solutions or variants to enhance proposal value. A committee usually evaluates these proposals based on specific criteria, and the one with the highest score wins the contract.

In the **best-value model, cost is only part of the selection process**, enabling the state to evaluate other aspects like innovation, quality, creativity, and team experience, along with the price. This evaluative purchasing approach aims to achieve better value and encourages manufacturers and bidders to enhance their quality and services. Due to its subjective nature and the typically high value and high visibility of the projects it involves, best-value procurement needs to be managed in an unbiased, transparent, and consistent way. Ideally, procurement offices should be involved early in the planning phase and collaborate closely with the agency to ensure the specifications fully support the best-value process.

For example, rather than just focusing on the cheapest proposal for a contract for landscaping services, a best-value approach might consider additional factors such as environmental impacts, previous success in similar projects, as well as the managerial and staffing capability of the potential suppliers.

Sole Source

Non-competitive or sole source procurement is a sensitive topic in the public sector. While competition is the preferred method of performing a procurement process, non-competitive procurements, such as sole source procurements, may be the most appropriate tool under certain circumstances. Competition is unavailable in a sole source procurement situation because there is only a single source for the procurement, or no reasonable alternative source exists. Conducting a sole source procurement for reasons of self interest or monetary gain is prohibited and does not adhere to the [American Bar Association's \(ABA\) Model Procurement Code for State and Local Governments](#).¹⁸ For this reason, many states opt to publicly post all sole source procurements, allowing suppliers to review the opportunity and gauge if competition is available. Additionally, there are states that are required by law to report all non-competitive/sole source procurements to their legislature. Examples of sole source procurements include:

One-of-a-kind pieces of medical equipment

Software enhancements for an existing system where compatibility is the most important factor

Public utility services from regulated monopolies¹⁹

Emergency Procurements

The purpose of emergency procurement exceptions in the public procurement process is to allow government agencies to quickly obtain goods, services, or works in urgent or unforeseen situations without undergoing the standard procurement procedures. These exceptions are crucial for responding effectively to emergencies such as natural disasters, public health crises, or other immediate threats to public welfare or safety. By bypassing the usual competitive bidding requirements, agencies can act swiftly to address the emergency, thereby minimizing harm and restoring normalcy as quickly as possible.

Two recent examples that highlight the need for emergency procurement policies²⁰ include the response to COVID-19²¹ and the wildfires that heavily impacted areas of California.²²

¹⁸ "The 2000 Model Procurement Code for State and Local Governments," American Bar Association, accessed April 14, 2025, <https://publicprocurementinternational.com/wp-content/uploads/2019/04/2000-ABA-Model-Procurement-Code.pdf>.

¹⁹ "Sole Source Purchasing – Procurement and Contracts," American University, accessed April 14, 2025, <https://www.american.edu/finance/procurement-contracts/sole-source-purchasing.cfm>.

²⁰ "Emergency Preparedness Guide," NASPO, accessed April 14, 2025, <https://conference.naspo.org/wp-content/uploads/2020/07/EmergencyPreparednessforStateProcurementOfficials.pdf>.

²¹ For an in-depth analysis of the acquisition of personal protection equipment (PPE) during the COVID-19 emergency, you can review "Assessing State PPE Procurement During COVID-19: A Research Report," NASPO, Robert Handfied, Zhaohui Wu, Andrea Patrucco, Christopher Yukins, and Thomas Kull, accessed April 14, 2025, <https://cdn.naspo.org/RI/AssessingStatePPEProcurementDuringCovid-19-AResearchReport.pdf>.

²² "Contracting enables speed, precision in USACE's wildfires recovery effort," San Luciano Vera, U.S. Army, accessed May 1, 2025, https://www.army.mil/article/284967/contracting_enables_speed_precision_in_usaces_wildfires_recovery_effort.

Preference Laws

Preference laws are state policies that influence the procurement function to implement and achieve socioeconomic objectives. A preference is any advantage given to offerors in a competition for a contract award, which may be granted based on pre-established criteria. The law may identify the preference used as either mandatory or discretionary. Some examples of preference laws include local preference, small, women-owned, and minority businesses (SWAM) supplier preference, or sustainable purchasing preference. Some preference laws also include “set-asides” for specific groups, such as organizations that employ disabled individuals or veterans. If you are curious about reviewing your own state’s preference laws or are interested in learning about preference laws in other states, you can use [NASPO’s State Preference Repository](#).²³

Preference laws in state public procurement **aim to leverage public spending to achieve broader economic and social benefits** for the state and its residents. These laws are designed to prioritize certain categories of businesses when awarding government contracts. The key objectives of preference laws include:

Supporting Local Businesses

Encouraging the growth and sustainability of businesses within the state by giving them a competitive edge in securing government contracts

Job Creation

Stimulating job creation and retention within the state by ensuring that more of the state’s spending is directed towards local employers

Economic Growth

Enhancing the overall economic health of the state by keeping more money circulating within the local economy, which can lead to increased economic activity and tax revenues

Diverse Supplier Base

Promoting a diverse and competitive supplier base by supporting small, minority-owned, women-owned, and veteran-owned businesses

Protests

It should be noted that protests are a normal part of the procurement process and happen in every state and territory. Allowing protests in public procurement processes promotes:

- Transparency
- Accountability
- Fairness
- Integrity
- Efficiency

It also **ensures legal compliance and boosts public confidence**. This openness in the procurement process not only improves the quality and integrity of procurement activities but also significantly benefits both the government and the public. By addressing grievances and correcting errors, it fosters a more just and equitable system.

For most states that have a formal bid protest process, a protest refers to an objection or challenge to a solicitation, the award of a contract, or the intended award of a contract. In most states, protests must be filed in writing to the head of the procuring agency or the central procurement office.²⁴ In some states, suppliers may also have the option of an administrative hearing to review the merits of the protest.²⁵ Depending on the jurisdiction’s process, some states do not proceed further with the solicitation or award and suspend performance until a final decision is made regarding the protest, unless a determination is made that the award or performance of the contract without delay is in the best interest of the state. The decision to stay lies with the CPO or a senior executive who can make an override determination based on the lack of merit of a protest or the fact that the award of the contract without delay is necessary to protect the state’s interests.

²³ “State Preference Repository,” NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/state-preference-repository/>.

²⁴ “Repository of State Practices: Bid Protest,” NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/resp-category/bid-protest/>.

²⁵ “Repository of State Practices: Protest Appeals,” NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/resp-category/protest-appeals/>.

Contract Management

Contract management has been a key focus for state procurement offices for the past decade, gaining the notice of both executive leadership and state legislatures due to its potential to improve contract outcomes. This process, which oversees a contract from start to finish, **ensures that a contractor adheres to the terms outlined in their contract.** Effective contract management involves communicating with all stakeholders, managing potential risks, assigning administrative staff, and deciding on reporting methods. Central procurement offices also educate agency procurement staff and contract end users on managing the contract, including ensuring timely delivery, dispute resolution, and documenting unresolved contract issues.²⁶ The following figure from NASPO's practical guide outlines the different levels of contract management necessary depending on the commodities or services included in the contract.²⁷

FIGURE 10.2 | LEVELS OF CONTRACT MANAGEMENT INTENSITY



Cooperative Procurement

Cooperative purchasing involves sharing procurement contracts between governments and is defined by the [ABA Model Procurement Code](#) as a procurement conducted by, or on behalf of, one or more public procurement units.²⁸ Cooperative purchasing may also include shared procurement programs and resources, including advice and assistance. **It can save considerable time and money** in contract production, lower contract prices through the power of aggregation, and achieve more favorable terms and conditions.

States involved in cooperative contracts benefit from the reduced administrative costs of processing solicitations by leveraging the expertise of staff across state boundaries. Instead of many states soliciting for the same goods or services, one state or cooperative entity takes the lead for the solicitation, and other states or entities may choose to utilize the contract. Cooperative contracting can also benefit local suppliers in providing a larger market for their goods and services or providing opportunities for subcontracting with larger national firms for regionalized delivery. Several types of cooperative purchasing entities exist, and not all state laws support the use of each type of cooperative.

²⁶ An excellent example of a state developing a sophisticated approach to contract management in a decentralized procurement structure is discussed in "2024 George Cronin Awards Case Study: Colorado - Whose Contract is it Anyway?" NASPO, accessed April 14, 2025, <https://cdn.naspo.org/RI/2024CroninCaseStudyColorado.pdf>.

²⁷ NASPO, *State & Local Government Procurement: A Practical Guide*, 4th ed. (Plantation: JRoss Publishing, 2024).

²⁸ "The 2000 Model Procurement Code for State and Local Governments," American Bar Association, accessed April 14, 2025, <https://publicprocurementinternational.com/wp-content/uploads/2019/04/2000-ABA-Model-Procurement-Code.pdf>.

States may choose to operate their own cooperative purchasing program.²⁹ In addition, there are national cooperative purchasing groups, such as NASPO ValuePoint, that leverage the bulk buying power of several states simultaneously to generate cost savings and reduce the administrative burden on state procurement offices in the procurement process.³⁰

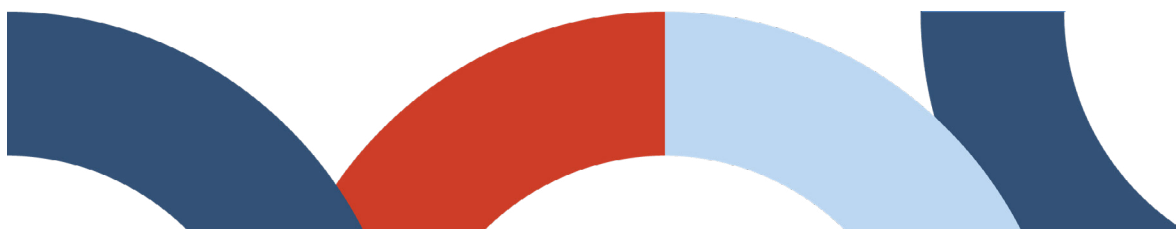
Supplier Relationship Management

Suppliers are essential for the delivery of goods and services needed for government to function properly. The competitive bid process is designed to give all suppliers who can provide goods and/or services the opportunity to do so. Ensuring that suppliers are treated fairly and comply with all the required laws, rules, and best practices for contracting are some of the key responsibilities of the procurement office. Understanding the bid process, award criteria, and contracting procedures requires that the procurement office provide regular supplier education and guidance to instruct suppliers on how to conduct business with the state. Procurement officers continually meet and communicate with suppliers to ensure contracts are progressing in accordance with state regulations and requirements.

Ensuring that suppliers are treated fairly and comply with all the required laws, rules, and best practices for contracting are some of the key responsibilities of the procurement office.

Suppliers are valuable resources for their industry expertise that inform the solicitation process when handled in a fair and equitable manner. Central procurement monitors supplier exchanges through open communication with all suppliers collectively. Examples include pre-bid meetings, question and answer periods, notice of negotiations, notice of award, etc. By being open and transparent in all communication, procurement safeguards against the risk of protest and assures that all suppliers receive equitable treatment.

The state of Michigan has implemented a number of innovative approaches to supplier relationship management in recent years. One such example is the state's Life Cycle Supplier Outreach & Relationship Management program that works to reduce costs, increase competition, improve relations with suppliers, and produce better outcomes for the state. Michigan's Central Procurement Services (CPS) approach to this program includes the use of a Vendor Opportunity Dashboard, which allows potential suppliers to see what projects CPS has planned for the near future. In addition, Michigan now posts every proposal they have received from suppliers for a year, which allows other suppliers to improve their future proposals based on the winning proposals and to avoid the need for submitting a Freedom of Information Act (FOIA) request. Lastly, CPS supplements all of these tools with supplier outreach and education opportunities.³¹



²⁹ One such example is the Minnesota Multistate Contracting Alliance Pharmacy, which you can learn more about at “MMCAP Infuse,” Minnesota Multistate Contracting Alliance Pharmacy, accessed May 9, 2025, <https://infuse-mn.gov/>.

³⁰ To learn more about NASPO ValuePoint and national cooperative purchasing groups, you can visit “NASPO ValuePoint,” NASPO, accessed May 9, 2025, <https://www.naspovaluepoint.org/>.

³¹ To learn more about Michigan's approach to supplier relationship management, check out their entire gold winner submission to NASPO's 2023 George Cronin Awards for Procurement Excellence, “2023 Cronin Submission Booklet,” NASPO, accessed May 9, 2025, https://cms.naspo.org/wp-content/uploads/2023/12/2023-Cronin-Committee-Booklet-All-Submissions_KSUupdatesB.pdf.

- Technological innovations, such as eProcurement, are increasing the efficiency of public procurement offices
- Public procurement is in the midst of addressing several talent management challenges

In many respects, public procurement has been forced into the forefront of innovating government processes, especially with respect to technological innovations and an increased effort to digitize the procurement process. Additionally, workforce and talent management considerations are also on many CPOs' minds as the profession of public procurement seeks new ways to recruit talent, along with trying to retain existing employees while developing succession plans for procurement professionals that are nearing retirement. It is worth exploring the two topics of technological innovations and workforce management to understand some of the key priorities of modern procurement offices.³²

Technological Innovations

Data management, eProcurement systems, and artificial intelligence (AI) all play increasingly significant roles in public procurement processes. Effective data management is crucial for public procurement to ensure transparency, efficiency, and compliance. It involves collecting, storing, and analyzing procurement data to make informed decisions, forecast needs, and monitor spending. Proper data management helps in identifying trends, optimizing costs, and reducing waste.³³

eProcurement systems are online systems that automate and streamline procurement processes. eProcurement allows for the electronic handling of all procurement activities, including:

- Supplier registration
- Bid submission
- Evaluation
- Contract management
- Payment processes

This technology **makes procurement processes more efficient, reduces paperwork, and increases accessibility**, allowing suppliers from various regions to participate, thereby promoting competition and fairness.

Artificial intelligence (AI) in public procurement is emerging as a transformative tool. AI can automate routine tasks, such as document analysis and compliance checks, freeing up time for procurement professionals to focus on more strategic activities. AI can also enhance decision-making by providing predictive analytics to forecast procurement trends and outcomes. Additionally, AI tools can help in detecting anomalies and potential fraud, thus increasing the integrity of the procurement process.

Together, these technologies significantly improve the efficiency, transparency, and effectiveness of public procurement systems. They help public sector organizations manage costs, ensure compliance with regulations, and ultimately deliver better services to the public. While implementing technological improvements can be timely and costly, the benefits they provide are immense to the state.

Talent Management

Public procurement faces a number of challenges regarding talent management.³⁴ These include an *aging workforce*, which is a concern for the continuity and future of the field. Additionally, *providing competitive compensation and benefits* can be a hurdle to overcome when attracting new talent. *Skills gaps are another issue*, with certain technological skills lacking in the current workforce, and states as employers have started to move toward 'skills-based' hiring practices.

³² "2025 Top 10 Priorities for State Procurement," NASPO, accessed April 14, 2025, <https://cdn.naspo.org/RI/NASPOsTopTenPriorities2025.pdf>.

³³ The state of Missouri has recently implemented new low-cost tools in its data management strategy, which have led to operational improvements and increased user agency satisfaction. You can read more about their approach in "2024 George Cronin Awards Case Study: Missouri – Operational Improvement Through Turnaround Time Management," NASPO, accessed May 9, 2025, <https://cdn.naspo.org/RI/2024CroninCaseStudyMissouri.pdf>.

³⁴ For a more in-depth analysis of talent management in public procurement, you can review "Navigating the Future of Talent," which is a report highlighting the key findings of NASPO's 2024 Partnership Forum, where state procurement officials, academics, students, and NASPO strategic partners discussed the primary challenges of talent management, "Navigating the Future of Talent," NASPO, accessed May 9, 2025, <https://cdn.naspo.org/RI/PartnershipForumReport.pdf>.

Solutions to these challenges involve several strategies. Increasing training efforts is one potential strategy aimed at equipping the workforce with the necessary skills. Mentorship is another solution, providing guidance and support to younger professionals. In addition, university partnerships can help attract new talent, while modern job descriptions can make the field more appealing to younger generations.

Looking to the future, several priorities are emerging. Technology skills are becoming increasingly important, as are change management skills. Clear career paths are needed to attract and retain talent, while knowledge retention is crucial for continuity. The field of **public procurement is evolving towards strategic roles that require broader skill sets and tech literacy**. It is crucial for executive and legislative leaders to collaborate with the procurement office to address these workforce challenges proactively. A professional, well-trained, and adequately staffed procurement office is essential to successfully delivering vital goods and services.

SECTION 5

Conclusion

Public procurement offices provide essential goods and services to the public in both routine and emergency situations, and they are a vital strategic partner for your state's operations and goals. Taking the time to understand how the procurement process works in your state, along with fostering a collaborative relationship between your executive or legislative office and your state's central procurement office, will go a long way in ensuring that your constituents receive the best value for their tax dollars in a timely manner. NASPO encourages you to familiarize yourself with who the key personnel are in your state's central procurement office³⁵ and to make the most of their expertise when you are engaged in an issue involving the procurement process.³⁶ In addition, NASPO has a number of resources, including a practical guide on state and local procurement titled "[State & Local Government Procurement: A Practical Guide](#),"³⁷ for you or members of your staff to use and expand your knowledge on public procurement.³⁸

³⁵ "Procurement by State," NASPO, accessed April 14, 2025, <https://www.naspo.org/states/>.

³⁶ "Repository of State Practices: Procurement Website," NASPO, accessed April 14, 2025, <https://www.naspo.org/research-and-innovation/rosp-category/procurement-website/>.

³⁷ NASPO, *State & Local Government Procurement: A Practical Guide*, 4th ed. (Plantation: JRoss Publishing, 2024).

³⁸ The majority of NASPO's educational resources can be found in their Content Library, <https://www.naspo.org/research-and-innovation/content-library/>, or you can also visit NASPO's Procurement U resources, which include several free public procurement courses, <https://www.naspo.org/procurement-u/>.

Glossary of Essential Public Procurement Terms



Best and Final Offer (BAFO): After discussions/negotiations, a public procurement official should request that those respondents who engaged in discussions/negotiations submit revisions to their proposals.

Best Value: An evaluation method that allows flexibility in the procurement process by evaluating offers on factors other than technical acceptability and lowest price.

Central Procurement Office: The procurement office within a state or local government that is responsible for conducting all or most of the procurements for that government.

Chief Procurement Officer (CPO): The person who heads the central procurement office of a state or local government.

Contract Management: Includes the entire contracting process, from the presolicitation activities through contract closeout.

Cooperative Procurement: Also known as Cooperative Purchasing, is the process in which two or more entities, such as government departments or agencies, combine their procurement requirements to gain the advantages of bulk purchasing.

Emergency Procurement: A special process used to acquire goods, services, or works urgently and immediately due to unforeseen circumstances. This method bypasses the usual lengthy procedures to address situations that pose a threat to life, public health, safety, or welfare.

eProcurement: A broad term used to describe the use of internet and computer software to conduct the procurement process in place of the traditional paper-based methods. eProcurement covers several stages including the preliminary identification of a need, sending solicitations to suppliers, receiving offers from vendors, legal tender, and contract management.

Invitation for Bid/Invitation to Bid (IFB/ITB): An Invitation to Bid (ITB), also known as an Invitation for Bids (IFB), is a procurement method used to solicit competitive sealed bids. The bidding process is initiated by the organization issuing an ITB, outlining project specifications and inviting suppliers to submit bids. According to these submissions, a decision is made based on the lowest responsive bid from a reliable bidder.

Procurement Cycle: The series of steps that an organization goes through to identify its needs, select vendors, negotiate contracts, and eventually acquire goods and services.

Procurement Laws: The specific statutes derived from legislative rules that govern the powers, duties, and responsibilities of procurement professionals in each state. These codified laws delegate authority and define how goods and services should be solicited, evaluated, and awarded in the process of procurement. The laws also cover the standards of ethical behavior expected in procurement and the legal recourse available to suppliers in relation to procurement decisions.

Request for Information (RFI): A tool that can be used to gather information before preparing a solicitation for a formal competition.

Request for Proposal (RFP): A Request for Proposal (RFP) is a method utilized to solicit proposals from potential service providers or suppliers, where the award decision is made through discussions and negotiations. RFPs are often used when the details of a project or service are not well-defined, allowing potential vendors to present possible solutions that could exceed the expected results.

Request for Qualifications (RFQ): A formal process used by government agencies or other public entities to gather information about the qualifications and capabilities of potential contractors or service providers.

Responsible Bidder: A business or individual who is financially and technically able to perform what is required as outlined in the IFB and subsequent contract.

Responsive Bid: A bid that meets all requirements outlined in the IFB in form and substance.

Scope of Work (SOW): Refers to the request being made of suppliers responding to a solicitation.

Sole Source Procurement: Model Procurement Code §3-205: A contract may be awarded for a supply, service, or construction item without competition when, under regulations, the Chief Procurement Officer, the head of Purchasing Agency, or a designee of either officer above the level of the Public Procurement Officer determines in writing that there is only one source for the required supply, service, or construction item.³⁹

Supplier Management: A business practice that focuses on developing and maintaining relationships with contracted suppliers to provide the best value contracts, products, and services.

³⁹ "The 2000 Model Procurement Code for State and Local Governments," American Bar Association, accessed April 14, 2025, <https://publicprocurementinternational.com/wp-content/uploads/2019/04/2000-ABA-Model-Procurement-Code.pdf>.

