Crowd-sourcing Vendor Performance Evaluations
How 2,000 organizations in PA shared their experiences to help each other.
Introductions

**Government Challenge**

Kim Bullivant
• Marketing Manager, COSTARS, Commonwealth of Pennsylvania

David Yarkin
• Founder and CEO, Procurated
• Former Chief Procurement Officer, Commonwealth of Pennsylvania

**Consumer Tech Company Solution**

Genna Gold (How Yelp Solved)
• Director, Partner Engagement, Procurated

Becca Moran (How Glassdoor Solved)
• Sr. Director, Product Management, Procurated
Agenda

Three Procurement Challenges and Three Modern Tech Solutions

• Challenge One: Finding the best suppliers from hundreds

• Challenge Two: Understanding a supplier's true past performance

• Challenge Three: Effectively managing key suppliers' current performance

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David@procurated.com
Meet COSTARS member, Fred.
What is COSTARS?
The Commonwealth of Pennsylvania’s Cooperative Purchasing Program

How did it begin?

1998
Legislature passed the Commonwealth Procurement Code - Act 57

2002
Legislature expanded the scope of eligible participants

2004
Legislature passed an amendment to the Procurement Code - Act 77 authorizing DGS to establish the COSTARS Program
PA Procurement Law

- By purchasing through the COSTARS Program, COSTARS members meet the procurement requirements of Chapter 19 of the Procurement Code.
- Time and cost associated with formal competitive bidding is drastically reduced.

By purchasing through the COSTARS Program, COSTARS members meet the procurement requirements of Chapter 19 of the Procurement Code.

- No advertising, competitive bidding or price quotes required for items below $11,300.
- Three informal price quotes required with award to the lowest for items between $11,300 and $21,000.
- Advertise twice and formal competitive bidding required for items more than $21,000.

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Why COSTARS? Opportunity & Savings!

- Reduces administrative costs of bidding and contract award
- Multiple vendor contracts provide variety and flexibility
- Competitive pricing plus negotiation saves money
- Product customization
- Large, small, small diverse suppliers can compete for millions of dollars government business
- Easy to use
- Saves time
What else makes the program so successful?

- 36 COSTARS-exclusive multi-vendor contracts.

- More than 100 Statewide COSTARS-participating contracts.

- More than $1 Billion in spend in FY18.

- Estimated savings of approximately $3,600 on each transaction above the bidding threshold.
More than 9,000 members comprised of:

- Political subdivision, e.g., local municipalities, school districts
- Tax-exempt nonprofit education or public health institutions
- Public authorities
- Tax-exempt nonprofit fire, rescue, ambulance companies
- And to the extent provided by the law, any other entity that expends public funds for the procurement of supplies and services
More than 2,300 COSTARS Suppliers!

• To become an authorized COSTARS Supplier, bidders must submit a **RESPONSIVE AND RESPONSIBLE BID**.

• Through the Contractor Responsibility Program, COSTARS Commodity Specialists vet each supplier to ensure they are in **GOOD STANDING** with the Commonwealth of Pennsylvania.

• Once a supplier is awarded a COSTARS contract, they are only authorized to sell to COSTARS members **after** they pay the **ANNUAL ADMINISTRATIVE FEE**.

**More choice enables increased competition and better pricing!  ** **BUT.....**
Sometimes, choosing a supplier can be quite overwhelming!

<table>
<thead>
<tr>
<th>Contract #</th>
<th>Contract Description</th>
<th>Vendor Name</th>
<th>Business Category</th>
<th>Web URL</th>
<th>Contact Overview</th>
<th>Vendor Contact</th>
<th>Contract Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>000-283</td>
<td>Maintenance, Repair, &amp; Operation Equipment &amp; Supplies</td>
<td>1st Class Cleaning &amp; Flooring Inc.</td>
<td>Small Business</td>
<td><a href="http://www.1stclasscostars.com">www.1stclasscostars.com</a></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000-392</td>
<td>Maintenance, Repair, &amp; Operation Equipment &amp; Supplies</td>
<td>3B Services, Inc.</td>
<td>Small Business</td>
<td><a href="http://www.3bservices.com">www.3bservices.com</a></td>
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</tr>
<tr>
<td>000-084</td>
<td>Maintenance, Repair, &amp; Operation Equipment &amp; Supplies</td>
<td>84 Lumber Company</td>
<td>Small Business</td>
<td><a href="http://www.84lumber.com">www.84lumber.com</a></td>
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<td></td>
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<td>000-323</td>
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</tr>
<tr>
<td>000-242</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>000-239</td>
<td>Maintenance, Repair, &amp; Operation Equipment &amp; Supplies</td>
<td>All Specialties, Inc.</td>
<td>Small Business</td>
<td>[Website not provided]</td>
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<td>000-475</td>
<td>Maintenance, Repair, &amp; Operation Equipment &amp; Supplies</td>
<td>ABC Heating Cooling &amp; Plumbing Inc.</td>
<td>Small Business</td>
<td>[Website not provided]</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Still overwhelming!

HVAC Equipment, Parts & Accessories

110 Records Found.
PROCURATED to the rescue!
The Consumer Challenge

• Traveling to New York, looking for a great meal
• So many choices, but only 10 minutes to make a decision
• Looking for a steak restaurant I can walk to
• Want to support a diverse business
• Can search, filter and sort through Yelp to find the perfect restaurant.
How COSTARS Used Modern Tech to Solve the Challenge
The Government Challenge – References and Past Performance

- Conducting a high profile RFP
- Evaluating suppliers’ references
- All three references speak glowingly, no negatives
- All suppliers get max points for references.
- Past performance is a non-factor in the award.
- Evaluation committee members start “checking the box.” We rarely pick suppliers based on past performance.
- Suppliers with awful track records get our contracts.
"We do role-play prep calls with governments to make sure we know exactly how they [references] plan to answer questions."

"We want to get assurances that governments will be prepared to answer the reference questions."

"We want to make sure that the reference is well prepared for the call."

Suppliers
The Consumer Challenge

• After being laid off due to COVID, looking for a job
• Found interesting job with a local company
• Aced interview, agreed on comp and benefits
• But I have questions about what it’s really like to work there.
• Hiring manager tells me what I want to hear.
How Governments Are Using Modern Tech to Solve the Challenge

### Procurated

**Americhem International, Inc.**

<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Rating</td>
<td>★★★★★</td>
</tr>
<tr>
<td>Customer Service</td>
<td>★★★★</td>
</tr>
<tr>
<td>Pricing/Value</td>
<td>★★★★★</td>
</tr>
<tr>
<td>Quality</td>
<td>★★★★★</td>
</tr>
<tr>
<td>Timeliness</td>
<td>★★★★</td>
</tr>
</tbody>
</table>

**Company Description**

Americhem International was founded in 1990 and is a family-owned company that is more than a wholesale distributor offering top brands in the janitorial, office, food service & equipment segments.

**About**

- **YearFounded:** 1990
- **Annual Revenue:**

**Anonymous Reviewer**

- **Never any issues**

**Anonymous Reviewer**

- **All 5 stars!**

**Business Designations**

- Small Business
- Contract Vehicle
- Veterans
- Counties
- Dauphin County

**Commodities**

- Absorbents
- Adhesives and Sealants
- Batteries and Generators and Kinetic Power Transmission
- Bombs and Crops and Brushes and Accessories
- Classroom and Instructional and Institutional Furniture and Fixtures
The Government Challenge – Managing Key Suppliers

- The challenge: hundreds of contracts, but 20 critical ones.
- Contract managers like Milton conduct quarterly business reviews (QBRs) with them.
- Gathering performance data is very difficult:
  - Time consuming
  - Low response rates
  - Loudest Voices win
- Unable to get actionable information to better manage suppliers.
Power of (Internal) Crowdsourcing

- From day one of a contract, survey end users on a supplier’s performance
- Identify challenges early on before they escalate
- Integrate with ERP/eProcurement systems to increase compliance
- Bring useful information to the QBR
- Identify areas of strength and specific areas of improvement
- Create roadmap for supplier improvement and chart progress to that end.
- Compare suppliers on contract
- Compare each supplier’s performance for your govt vs. national performance.
Vendor Performance Management

Supplier: Zingerman

Zingerman

Harrisburg, PA

www.zingerman.com

Overall Rating: ★★★★★ 36
Customer Service: ★★★★★
Pricing/Value: ★★★★★
Quality: ★★★★★
Timeliness: ★★★★★

Organization
Average Org Rating
Reviews From Org

- Department of Natural Resources: ★★★★★ 1
- Department of Transportation: ★★★★★ 2
- Department of Corrections: ★★★★★ 21
- City of Washington: ★★★★★ 21
- Jefferson County: ★★★★★ 1

Ratings Over Time

Love the personal touch from Chris

Nulla feugiat dignissim eros, ut auctor nulla. Nunc et imperdiet est, quis sollicitudin odio. Pellentesque habitant morbi tristique senectus et netus et malesuada fames ac turpis egestas. Etiam quis conalvis

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# Vendor Performance Management

<table>
<thead>
<tr>
<th>Supplier</th>
<th>Overall Rating</th>
<th>Customer Service</th>
<th>Pricing/Value</th>
<th>Quality</th>
<th>Timeliness</th>
<th>NPS</th>
<th>Count of Reviews</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Supplier</td>
<td>5/5</td>
<td>3/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/5</td>
<td>92%</td>
<td>128</td>
</tr>
<tr>
<td>Zencorporation</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/5</td>
<td>80%</td>
<td>23</td>
</tr>
<tr>
<td>Mathtouch</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/5</td>
<td>5/5</td>
<td>85%</td>
<td>18v</td>
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<tr>
<td>Randofase</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/5</td>
<td>80%</td>
<td>23</td>
</tr>
<tr>
<td>Plexzap</td>
<td>1/5</td>
<td>2/5</td>
<td>1/5</td>
<td>1/5</td>
<td>1/5</td>
<td>54%</td>
<td>23</td>
</tr>
<tr>
<td>Doncon</td>
<td>4/5</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>4/5</td>
<td>45%</td>
<td>23</td>
</tr>
<tr>
<td>Betatech</td>
<td>2/5</td>
<td>2/5</td>
<td>1/5</td>
<td>2/5</td>
<td>1/5</td>
<td>80%</td>
<td>23</td>
</tr>
<tr>
<td>Zungoity</td>
<td>4/5</td>
<td>5/5</td>
<td>4/5</td>
<td>4/5</td>
<td>4/5</td>
<td>78%</td>
<td>23</td>
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<tr>
<td>Zingerman</td>
<td>5/5</td>
<td>5/5</td>
<td>5/5</td>
<td>3/5</td>
<td>4/5</td>
<td>70%</td>
<td>224</td>
</tr>
</tbody>
</table>
Every Decision Matters!

• Have you experienced similar challenges?
• Thousands of supplier reviews at your fingertips.
• You too can help our community by contributing!
• We are all in this together!
Audience Participation!

Which procurement challenge is the biggest challenge for YOU?

1. So many suppliers to choose from and you need to whittle it down to the highest rated ones?

2. Trying to learn more about a supplier’s past performance and only talking to cherry picked references?

3. Trying to manage current suppliers with limited visibility about their performance?

Write 1, 2 or 3 and tell us about your most recent experience.
Thank you! Questions?

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Bonus Material

Interview with PA DGS Secretary Curt Topper about COSTARS and evaluating vendor past performance.

Video Link: https://youtu.be/1JR4GX5p1R0