

Procurement Paralysis – Part II

In the May issue, I argued that a state of paralysis has taken hold within the federal procurement process, rooted in an increasingly abnormal fear of criticism among officials. I offered a few suggestions and asked readers to submit theirs. Given the volume of reader responses received, it is clear that this magazine has a large and healthy circulation and the topic touched a nerve among readers.

Here is their diagnosis of the worsening state of procurement paralysis, and how to improve things. I am grateful for their suggestions. The Top Ten in terms of frequency, were:

Top-10 Reader Prescriptions for Procurement Paralysis

⑩ Establish a blue-ribbon panel (industry and government) that would review existing procurement policies, and then develop a new government procurement policy that **strikes a more appropriate balance** between policy compliance and process efficiency.

⑨ Within the policy, and in practice, place a greater **emphasis on “timeliness” as opposed to “correctness.”** Given that products and services now evolve so quickly, a lengthy procurement process is likely to be outpaced by change, ultimately rendering the procured solution irrelevant.

⑧ Adopt a recognized professional designation and **training** program for procurement specialists, together with intermediate and advanced procurement courses for program managers.

⑦ Develop a special section within Public Works and Government Services Canada devoted to knowledge management, together with a

“swat team” of procurement specialists to be summoned when a department’s internal **procurement capacity** is overloaded.

⑥ Create a **“fast-track” procurement process** to satisfy common and/or low-risk requirements based on dollar value and government priorities – a process that gets the job done and mitigates real (as opposed to perceived) risks.

⑤ The real problem is the **lack of accountability and flexibility** within the current system. Procurement should not attempt to “validate” (or dictate) the business decision made by the manager in the department. The due diligence should rest with the department and the oversight should remain there.

④ Supplement the focus on efficiency and inflexible procurement rules and their punitive oversight with a capacity for **flexibility to adapt to unforeseen events.**

③ Strengthen **accountability** by increasing **transparency** – track, record and publish procurement decisions for later review by auditors, **Parliamentarians** and the public.

② **Decentralize** decision-making, enabling **flexible** choices that meet local needs and changing requirements. While decentralization carries

the risk of misinterpretation and genuine wrongdoing, over-centralization carries the risk of failing to take any action at all, or of taking rule-compliant but ineffective action. A better procurement process will weigh both kinds of risk.

① The system should “catch people doing something right,” and **reward** those who are capable of balancing competing objectives and delivering results.

In *The Wisdom of Crowds*, James Surowiecki’s 2004 best-seller, he argued that the aggregation of information by diverse groups often resulted in decisions and insights that were better than could have been made by individual experts. The quality of the readers’ submissions validates Surowiecki’s thesis. The experts would do well to engage in a wide consultation on the issues.

David Zussman recently toured Australia. He commented (*Ottawa Citizen*, 3.9.2007) on public sector renewal underway within the two countries, observing that: “The first difference is that Australians, in the last 20 years, have developed a passion for gold while Canadians, in the words of the *Economist* magazine, have a passion for bronze.”

In May, the Government of Canada was developing a new procurement policy, expected to be released later this year. I

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“One-size-fits-all procurement reforms that have the effect of treating government officials more like suspected criminals than responsible managers, or which attempt in a heavy-handed manner to achieve one set of objectives at the expense of all others, are simply not capable of producing the results that Canadians expect.”

noted that if one were serious about toning down the climate of abnormal fear and relieving the paralysis, the release of a new and vastly improved policy framework would be an ideal place to start. But, as of today, the new procurement policy is rumoured to be several more months away.

While this delays an important opportunity to cure the paralysis, it does provide more time to get it right. Let's go for gold, not settle for bronze.

Distilling the comments received into a prescription, the "wisdom of the crowd" that our readers offer to those drafting the new policy is:

"culture of acceptance" people observing the misdeeds have not persisted in raising their concerns, and corrective action was not taken early in the process.

8. Reward results. For managers who balance competing objectives, follow the rules and deliver results, there should be special recognition and reward. If good results are not recognized and misdeeds are not confronted, it sends the very clear message that performance doesn't matter.

1. Clarify the objectives. Strike a more appropriate balance between the many competing objectives of government procurement (best value, socio-economic benefits, competition, etc). Instead of attempting to do too many things (and none of them well), focus on the primary objectives.

2. Simplify the policy. Excessive complexity contributes to paralysis. Make the rules easier to understand and to apply. It need not take 500 pages to convey the government's intentions with respect to procurement.

3. Provide training and enhance professionalism. Give specialists advanced skills, and the executives who make decisions an understanding of the process and goals.

4. Enhance capacity. Procurement capacity within many departments is at an all-time low, the result of baby-boom demographics combined with years of neglect and inaction. Additional capacity is urgently needed within many departments.

5. Decentralize and delegate. The authority to make decisions and to execute procurement requirements should be placed in the hands of the departments. Procurement second-guessers, mandatory mechanisms and anything else within the existing procurement process that is preventing managers from delivering their programs should be curtailed.

6. Publish everything. Full and open disclosure on all procurement decisions, including who, what, when, where, why and how, should be documented and made available publicly. Accountability without transparency is wishful thinking.

7. Consequences for cheaters. If an individual is found to have knowingly and deliberately violated the rules, or acted inconsistently with the mission and values of the organization, then there ought to be real consequences. Accountability without consequence is also wishful thinking. Most "misdeeds" have been known internally well before they became public. But in the



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