



TESTIMONY SUBMITTED TO THE
SENATE GOVERNMENT OPERATIONS COMMITTEE

MARKETING PARTNERS, INC.
PAT HEFFERNAN, PRESIDENT

FEBRUARY 24, 2017

Thank you for the opportunity to share my experience and submit suggestions for improving the state contracting and procurement process. I am offering these comments today representing three organizations:

1. I am the president of Marketing Partners, Inc., a small Burlington-based research, marketing, and public relations firm. I wish to share my experience as a woman business enterprise and a contractor with the State of Vermont since our founding in 1992;
2. I am a founder and long-time member of the public policy committee of Vermont Businesses for Social Responsibility; and
3. I am a founder, board member emeritus, and public policy committee co-chair of Women Business Owners Network (WBON), an organization established in 1984 to foster, celebrate and advance women's business ownership in Vermont.

Marketing Partners' Experience

Marketing Partners, Inc. is a small firm located in downtown Burlington. Our clients are generally Vermont-based, values-led companies marketing regionally, nationally and internationally, or not-for-profit and government organizations, including the State of Vermont.

Our firm is proud to have worked with more than two dozen Vermont agencies, departments and divisions over the past two decades and is registered with the State of Vermont Chief Marketing Office as a pre-qualified marketing firm and with the Vermont Department of Information and Innovation as a pre-qualified website planner and designer.

Our experience with the state procurement process is that Vermont does not maximize the value of every dollar it spends. The current procurement process is not designed to bring the "net highest value" to Vermont taxpayers.

Once competing firms are deemed to be qualified and to have met the standards for a request for proposal, there is no tiebreaker available—that is, **there is no mechanism for awarding “bonus points” to a company based on its positive business practices.**

At the moment, a company doing more for its employees, its local community, our natural environment and the Vermont economy through positive business practices — practices that other parts of state government are often spending lots of time and money to encourage, enforce or remedy — such a company is at a competitive disadvantage in the procurement process.

For example, as President of Marketing Partners, I am faced with escalating costs for the employee benefits that enable our employees to afford to sustain themselves and their families. Our benefits include 100% employer-paid health insurance, life insurance, dental insurance, paid sick leave and disability insurance, plus a 401(k) matching plan, a profit-sharing plan, a cafeteria/flex spending plan, a wellness program covering health club memberships and other long-term preventive lifestyle measures, and an annual professional development allowance.

I am telling you this to put into context a frustration of ours — in the Vermont procurement process, our small company and its employees are competing with and subsidizing other private, profitable employers, both large and small, who may or may not be paying comparable wages but who are not offering basic benefits, and specifically for our purposes today, who are not adding value by helping to make Vermont an affordable and desirable place to live and work. When we are in a tiebreaker situation and such a competitor wins a contract based solely on price, and their employees and families are receiving state and federal public assistance, then I suggest Vermont has not achieved the “net highest value” for its procurement dollars.

I believe Vermont can maximize the value of every dollar it spends and increase small business participation in government contracting by establishing a practical statewide procurement checklist to recognize and encourage positive business practices.

Such a procurement checklist could include workforce, energy, and climate change practices eligible for bonus points in competitive bidding situations with two or more finalists. To make the checklist practical for small businesses as well as government procurement officials, the bidder’s original submission would be self-certified with a note, “subject to audit or additional

documentation.” Requests for additional documentation should be the exception rather than the rule and required only for contracts of significant amounts.

Vermont Businesses for Social Responsibility (VBSR)

As a founder and long-time member of the public policy committee of Vermont Businesses for Social Responsibility, I can tell you that improving the state procurement process in a way that minimizes the competitive disadvantages and recognizes the value of positive business practices has long been a VBSR policy objective.

Over the years VBSR has proposed administrative or regulatory changes to level the playing field and enable recognition for businesses paying livable wages, providing health insurance, practicing energy efficiency, acting on climate change, and behaving like a high road employer. We have seen short-term improvements and executive orders issued and then rescinded (or simply not implemented).

VBSR believes Vermont has an opportunity to become a leader in encouraging positive action on climate change and as responsible high road employers through the market force of its purchasing power. By placing practical procurement guidelines into statute for tiebreaker situations, S.0032 would be a step toward seizing this opportunity.

Women Business Owners Network (WBON)

As a founder, board member emeritus, and public policy committee co-chair of Women Business Owners Network (WBON), I have also witnessed temporary successes in encouraging equal business prospects and equal access to state procurement opportunities for woman-owned businesses.

For example, we were thrilled when Governor Dean signed Executive Order No. 15-91 for Recognition and Encouragement of Vermont Minority/Women Business Enterprises (WBE). Among other actions, the order sought “equal access and maximum opportunity to participate in state contracting procedures” and required “data on women and minority business to be integrated into the state’s vendor list and the list of awarded contracts.”

Yet when *Change The Story* issued [The 2016 Status Report: Women’s Business Ownership in Vermont](#), among the findings were significant gaps in the number, size and annual revenues of woman-owned businesses compared to male-owned businesses, as well as the need for new and better data on the

gender ratio of businesses that have been awarded state contracts across state agencies.

Change The Story researchers were unable to answer the question: "What is the frequency with which women-owned businesses benefit from local, state, and federal government contracting opportunities, and what are the strategies for increasing this vital resource for revenue growth?"

A particularly large gender gap has been identified in the percent of firms owned by women and in average annual revenues for the manufacturing and professional, scientific, and technical services sectors. Because these are the sectors most active in energy and climate change procurement, S.32 offers an opportunity to improve this situation.

WBON recommends that question of ownership by gender be asked in every Vermont RFP or contract requirement sheet (using U.S. Census Bureau, Survey of Business Owners definitions).

WBON recommends that the results of every Vermont RFP be tracked by gender and reported online annually.

In summary, Women Business Owners of Vermont, Vermont Businesses for Social Responsibility and I as a woman business owner believe there are significant opportunities for the State of Vermont to leverage the impact of its contract and procurement spending by establishing a "net highest value" practical procurement checklist process that enables bonus points to be awarded to a business doing more for its employees, our natural environment, and the Vermont economy through positive business practices.