



Best Value Evaluation of SDP Plan Forms: A Guide for Strategic Sourcing Teams

Background

The Supplier Diversity Program (SDP) was established to promote supplier diversity in public contracting. The program encourages the award of Commonwealth contracts for goods and services in a way that strengthens and increases business opportunities for Minority Business Enterprises (MBEs), Women Business Enterprises (WBEs), Veteran Business Enterprises (VBEs), Service-Disabled Veteran Business Enterprises (SDVOBEs), Disability-Owned Business Enterprises (DOBEs), and Lesbian, Gay, Bisexual, and Transgender Business Enterprises (LGBTBEs).

Businesses awarded large Commonwealth contracts for goods and services (also called prime contractors or prime vendors) are required to make measurable financial commitments to do business with one or more diverse businesses (often called SDP Partners). This business-to-business relationship requirement applies to all Large Procurements for goods and services, which were historically defined as those expected to exceed \$150,000 in total spending. **Effective July 1, 2021, Large Procurements will be defined as those expected to exceed \$250,000 in annual spending.**

Other changes related to the SDP include:

Prior Policy/Process	Policy/Process effective July 1, 2021
<p>SDP Forms #1 and #2:</p> <ul style="list-style-type: none"> Companies bidding on large procurements must complete <i>Supplier Diversity Program (SDP) Plan Form 1 - SDP Plan Commitment</i> and submit this completed form with their bid responses. If awarded a contract, contractors must complete <i>SDP Plan Form 2 - Declaration of SDP Partners</i> and submit it to the contract manager within 30 days of award. 	<p>One single form:</p> <ul style="list-style-type: none"> Bidders will complete the new SDP Plan Form and submit it with their bid responses. Current SDP Plan Form #1 and SDP Plan Form #2 will be eliminated.
<p>Information collected from bidders and evaluated by the Strategic Sourcing Team (SST):</p> <ul style="list-style-type: none"> Bidders' SDP commitments are expressed as a percentage of contract sales that will be spent with SDP partner(s). 	<ul style="list-style-type: none"> The SDP percentage commitment will continue to be evaluated. However, the evaluation also will include other metrics, as described below.
<p>Allocation of evaluation points:</p> <ul style="list-style-type: none"> No less than 10% of the total available evaluation points will be allocated to the evaluation of the bidder's SDP commitment. 	<ul style="list-style-type: none"> No less than 25% of the total available evaluation points will be allocated to the evaluation of the SDP component of the bid response. The majority of the SDP evaluation score should be dedicated to the bidder's SDP commitment.

Specifically, the following fields of the new SDP Plan Form correspond to the goals stated above:

Type of information collected from bidders	Possible use of the information by the SST
SDP focus statement	Assess the bidder’s level of integration of supplier diversity into company operations.
SDP policy link or attachment (if any)	
Additional creative initiatives (if any)	
SDP commitment – subcontracting	Evaluate the bidder’s SDP commitment.
SDP commitment – ancillary	
SDP commitment – total	
List of proposed partners	Assess the likelihood of the bidder meeting their SDP commitment.
Company prior year spending with the list of partners (if available)	
Company average gross annual revenue	
	If deemed necessary by the Agency or Statewide Contract Strategic Sourcing Team (SST) and included in the evaluation criteria, consider the bidder’s company size during the evaluation of the ancillary SDP commitments and total prior year spending.

Key Evaluation Requirements

The following **key requirements** apply to the evaluation of submitted SDP Plans:

- At least 25% of the available evaluation score must be dedicated to the evaluation of the bidder’s SDP Plan. The majority of the SDP evaluation score should be dedicated to the bidder’s SDP commitment.
- The evaluation of the form must be meaningful - bidders offering more value in their SDP Plan submissions must receive higher scores.

Suggested Practices for Best Value Evaluation of SDP Plans for Commodities and Services

While departments will continue to set evaluation criteria for their bids, the following best practices for measuring best value are provided for Departments’ consideration. Departments determine the maximum number of points available for each SDO evaluation component.

1. **Evaluate the bidder’s SDP commitment.**¹ The majority of the SDP evaluation score should be dedicated to the bidder’s SDP commitment. Teams may use one of the following two methods of allocating points:

¹ The form continues to collect SDP commitment information but enables departments to measure subcontracting and ancillary commitments separately. The separation of subcontracting and ancillary spending percentages does not imply that one is more inherently valuable than the other. The total SDP commitment will be used as a measure of each contractor’s compliance with contract terms.

a. **Based on a range (example):**

<i>Proposed total SDP commitment</i>	<i>Evaluation points awarded²</i>
<1% ³	0
1-2%	2
3-4%	...
5-6%	...

b. **Based on a formula:**

Points per 1% commitment = Points allocated to SDP commitment / Maximum proposed total SDP commitment
*Bidder's score = Bidder's SDP commitment * Points per 1% commitment.*

c. **Additional considerations:** Unless the RFR includes a specific desirable criterion for subcontracting or ancillary partnership spending, separate partnership types should not be assigned separate scores.

2. **Assess the likelihood of the bidder meeting their SDP commitment:** We recommend that this section of the SDP Plan be given the second-highest number of the evaluation points. These points may be assigned proportionally:

a. **Based on a range (example):**

<i>Total prior year spending</i>	<i>Evaluation points awarded</i>
<i>No partners listed</i>	0
<i>Partners listed + no prior year spending</i>	3
<i>Partners listed + prior year spending of:</i>	
<i>\$1-1,000</i>	4
<i>\$1,001-5,000</i>	...
<i>\$5,001-10,000</i>	...
<i>\$10,001-50,000</i>	...
<i>\$50,001-100,000</i>	...
<i>>\$100,000</i>	...

b. **Based on a formula (example):**

- *No partners listed = 0 points.*
- *Partners listed + no prior spending = 3 points.*
- *After that, use this formula:*

Points per \$1 of historical spending = Points allocated / maximum total prior year spending

*Bidder's score = Bidder's SDP commitment * Points per \$1 of historical spending*

3. **Assess the bidder's level of integration of supplier diversity into company operations:** Departments may consider the following information presented in the focus statement and/or additional creative initiatives for evaluation.

- *A clearly stated purpose or goal.*
- *Specific types of diverse and small businesses targeted.*
- *Which departments/units within the business are responsible for implementing supplier diversity.*

² The example tables do not provide point distribution for all percentages (...) to encourage departments to det their own evaluation scales based on historical contractor performance, industry research and other factors. Departments may use adjective-based rating scales (e.g. "Excellent/Good/Fair/Poor," or "Highly advantageous/Advantageous/Not advantageous") to evaluate components of SDP plans. However, regardless of the method used to evaluate SDP plan components, the evaluation must produce a final numerical score accounting for 25% of the available total evaluation points.

³ An SDP plan with a commitment of less than 1% is unacceptable and should be clarified with the bidder. It is at the SST's discretion whether the bidder's SDP evaluation score should be amended after such a clarification.

- Types of opportunities for which diverse and small businesses are considered.
- Specific measures/methods of engagement of diverse and small businesses.

Pursuant to the November 2020 OSD Memorandum re: *Supplier Diversity Program (SDP) and Small Business Purchasing Program (SBPP) Updates*, additional creative initiatives may include:

- Mentor-protégé relationships.
- Technical and financial assistance provided to diverse businesses.
- Joint ventures between nondiverse and diverse businesses.
- Voluntary assistance programs by which nondiverse business employees are loaned to diverse businesses or by which diverse business [employees] are taken into viable business ventures to acquire training and experience in managing business affairs.

a. Evaluation scale (example):

<i>Evaluator's assessment of response</i>	<i>Evaluation points awarded⁴</i>
<i>None</i>	<i>0</i>
<i>Extremely general</i>	<i>0.5</i>
<i>Some best practices</i>	<i>...</i>
<i>All best practices</i>	<i>...</i>

4. SDP Performance on past contracts: A bidder's history of SDP reporting and spending on prior contracts may be indicative of their ability to report and perform on a new contract. Criteria may deduct evaluation points based on a bidder's failure to meet their SDP commitment and/or consistently not filing SDP reports on a prior contract.

a. History of SDP performance (example):

- The bidder reported zero SDP spending and/or did not provide any SDP reporting on the previous contract = - 5 points (negative 5)

b. Additional considerations: To apply this criterion, the SST must review SDP performance of all bidders on the prior contract. This criterion also must include a clear indication of the scope of this review (i.e. the entire contract duration, the last three years of the contract, the final year of the contract).

5. Qualified contractor lists: In situations where bid submissions are not scored, SDP Plans must, at a minimum, include a total SDP Commitment Percentage and at least one proposed SDP Partner with an explanation of the products and services the partner will supply.

Suggested Practices for Best Value Evaluation of SDP Plans for Purchase of Service (POS) Procurements

Similar to the acquisition of general commodities and services, Departments conducting procurements for the acquisition of client health and human services, also referred to as Purchase of Service (POS), will continue to set evaluation criteria for their bids. However, the following best practices for measuring best value based on SDP Plan Forms for POS submitted by bidders are provided for Departments' consideration. Departments determine the maximum number of points available for each SDO evaluation component within the SDP plan evaluation, which must account for a minimum of 25% of the total evaluation score pursuant to the Supplier Diversity Office's (SDO) Supplier Diversity Program (SDP) Policy for Purchase of Service (POS) Procurements and Contracts.

⁴ Departments may use adjective-based rating scales (e.g. "Excellent/Good/Fair/Poor," or "Highly advantageous/Advantageous/Not advantageous") to evaluate components of SDP plans. However, regardless of the method used to evaluate SDP plan components, the evaluation must produce a final numerical score accounting for 25% of the available total evaluation points.

1. Evaluate the bidder’s current-year commitment: The majority of the SDP evaluation score should be dedicated to the bidder’s financial commitment for the current fiscal year. Teams may use one of the following two methods of allocating points:

a. Based on a range (example):

<i>Total prior year spending</i>	<i>Evaluation points awarded</i>
<i>No partners listed and/or no current-year commitment</i>	<i>0</i>
<i>Partners listed + current-year commitment of:</i>	
<i>\$1-1,000</i>	<i>4</i>
<i>\$1,001-5,000</i>	<i>...</i>
<i>\$5,001-10,000</i>	<i>...</i>
<i>\$10,001-50,000</i>	<i>...</i>
<i>\$50,001-100,000</i>	<i>...</i>
<i>>\$100,000</i>	<i>...</i>

a. Based on a formula:

Points per \$1 commitment = Points allocated to SDP commitment / Maximum proposed total SDP commitment
*Bidder’s score = Bidder’s SDP commitment * Points per \$1 commitment*

2. Evaluate the bidder’s prior-year spending: We recommend that this section of the SDP plan be given the second-highest number of the evaluation points. These points may be assigned proportionally:

a. Based on a range (example):

<i>Total prior year spending</i>	<i>Evaluation points awarded</i>
<i>No partners listed and/or no prior-year commitment</i>	<i>0</i>
<i>Partners listed + prior year spending of:</i>	
<i>\$1-1,000</i>	<i>4</i>
<i>\$1,001-5,000</i>	<i>...</i>
<i>\$5,001-10,000</i>	<i>...</i>
<i>\$10,001-50,000</i>	<i>...</i>
<i>\$50,001-100,000</i>	<i>...</i>
<i>>\$100,000</i>	<i>...</i>

b. Based on a formula:

Points per \$1 commitment = Points allocated to SDP commitment / Maximum proposed total SDP commitment
*Bidder’s score = Bidder’s SDP commitment * Points per \$1 commitment*

3. SDP Performance in prior years: A bidder’s history of SDP reporting and spending may be included in bid evaluation criteria. Criteria may deduct evaluation points based on a bidder’s failure to meet program requirements and/or consistently not filing SDP reports over a specific period.

a. History of SDP performance (example):

- *The bidder reported zero SDP spending and/or did not provide any SDP reporting in the previous three years = - 5 points (negative 5)*

b. Additional considerations: To apply this criterion, the criteria must specify the time period covered by the evaluation (i.e. the last three years of the contract, the final year of the contract, etc.) and must review the SDP performance of all bidders over that period of time.

4. Additional equity and inclusion criteria relevant to health and human services: Departments may incorporate additional equity and inclusion criteria relevant to health and human services into the SDP evaluation, including

but not limited to racial disparities, health equity, as well as cultural and linguistic accessibility and proficiency; however, the total score allocation for such additional criteria may not exceed 10% of the total evaluation score.

- 5. Minimum SDP plan standard:** In situations where bid submissions are not scored, SDP Plans still must be evaluated. To be acceptable, an SDP plan must include, at a minimum:
- **For new providers:** at least one proposed SDP Partner and a current-year financial commitment.⁵
 - **For existing providers:** at least one SDP Partner, prior-year spending information, and a current-year financial commitment.⁵

However, if response evaluation involves scoring, Departments are required to create meaningful evaluation criteria beyond these minimum requirements.

Addressing bidder size disparities in the evaluation of SDP Plans

In situations where a Department expects a significant disparity in the sizes of bidder companies, the SST may take into account the impact of the bidder's company size (indicated as the average gross annual revenue on the SDP Plan Form) on the bidder's potential ancillary spending and total historical SDP spending. Approaches available for such evaluation include but are not limited to:

1. Scoring SDP commitments and historical spending of bidders qualified through the Small Business Purchasing Program (SBPP) separately from bidders that are not qualified through the SBPP.⁶
2. Scoring SDP commitments and historical spending of smaller bidders (e.g. less than \$15 million dollars in annual average revenue, regardless of the primary place of business or number of employees) separately from larger bidders.
3. Using a factor proportional to the bidders' average annual revenue stated on the SDP form to adjust ancillary spending and historical SDP spending totals used for evaluation.

SST Discretion to determine Best Value evaluation of SDP Plans

While the Operational Services Division (OSD) provides this guidance document for SSTs to consider in evaluating the new SDP Plan Form, the SST retains the discretion on how to allocate the SDP points. The SST may contact OSDHelpDesk@mass.gov with questions about this guidance document, including determining their allocation of SDP points while establishing their RFR evaluation criteria.

⁵ The SDP Plan Form for POS is filed annually as part of a provider's Uniform Financial Statements and Independent Auditor's Report (UFR) for the completed fiscal year. The form contains both (1) a report of the provider's SDP spending for the UFR completed/reporting year ("prior year spending"), and (2) the amount(s) committed by the provider to spending with diverse business-to-business partners for the year in progress ("current-year spending").

⁶ While departments may evaluate bidders in groups by size, we strongly discourage the establishment of separate contract categories for small and large contractors, especially in cases where those require duplicative price solicitation for the same product or service or create the perception that products/services offered by a diverse or small business do not meet the same specifications.