

GRAND VALLEY STATE UNIVERSITY
Diversity Assessment Committee
Purchasing & Contracts Subcommittee Final Report

INTRODUCTION

An integral goal of GVSU's diversity program is to ensure that we promote an environment of equal opportunity and multiculturalism. One way we accomplish this goal is through the supplier diversity program that supports inclusive purchasing practices. The Purchasing Services team has managed a successful supplier diversity program for many years by employing inclusive and ethical-standards practices without quotas, set-a-sides, or incentives. Therefore, no dramatic changes were required in the supplier diversity program for compliance with Proposal 2. We remain dedicated to supporting the University's outreach efforts, value our local community and embrace the participation of individuals and groups from Michigan, the nation and the world.

BACKGROUND

What is supplier diversity?

Supplier diversity is simply a diverse representation of suppliers. The supplier diversity program is a strategic initiative with the goal of providing equal opportunities for minority, women, and disabled-person business enterprises to compete for contracts. There are no preferences or guarantees to any vendor under this strategy at GVSU, but rather a commitment to foster inclusive best practices that will provide equal opportunities for all eligible vendors to bid for goods and services as suppliers, contractors, and subcontractors.

What/Who is a Minority Owned Business?

Supplier diversity can include all disadvantaged business enterprises (DBE), and they are commonly referred to as minority and women owned business enterprises (M/WBE). However, consistent with those groups included in our reporting to the Board of Trustees treasurer, the GVSU supplier diversity program hereafter refers to minority/woman/disabled-person business enterprises and defines them as M/W/DBE or minority businesses. Based on the certification program of the National Minority Supplier Development Council, the University has defined an M/W/DBE as a privately or publicly owned business enterprise whose ownership is at least 51% owned, controlled and actively managed by one or more minority/women/disabled persons of any one of the following groups:

- African Americans – Africa, Jamaica, Trinidad descent
- Native Americans – American Indians, Aleuts, Eskimos, Native Hawaiians, Malaya descent
- Hispanic Americans – Mexico, Spain, Puerto Rico, Cuba, or others of Latin descent
- Asian Indian Americans – India, Pakistan, Bangladesh descent
- Asian Pacific Americans – Japan, China, Korea, Philippines, Vietnam, Samoa, Guam, the U.S. Trust Territory of the Pacific Islands, the Northern Mariana Islands, Laos, Cambodia, Taiwan descent
- Women – Females who are not representative of the aforementioned groups
- Disabled – Persons who are not representative of the aforementioned groups, and are physically or mentally impaired as defined by the Americans with Disabilities Act (ADA)

The University identifies vendors who meet this definition through certification organizations including the National Minority Supplier Development Council, Michigan Minority Business Development Council, Women's Business Enterprise National Council, and Dun & Bradstreet. Additionally, vendor self certification is accepted from the West Michigan Minority Contractors Association, West Michigan Hispanic Chamber of Commerce, and the University's Vendor Registration form.

Why is supplier diversity important?

Principles: It is in the best interest of the University and the communities we serve to make special efforts to go beyond doing business as usual. Doing business with the same suppliers we've always done business with sets up barriers, and they may be limiting potential for receiving best value. Supplier diversity programs are the way we make certain these barriers come down.

- We should be committed to purchasing high quality products and services at the best possible price. If an M/W/DBE can provide that potential, they shouldn't be overlooked.
- We have an obligation to the very taxpayers who provide our revenues and attend our University. All vendors should have access to the market they helped create!
- When we help all segments of the business community, we're helping ourselves. Our economies will only be as strong as the segments that make it up.

Economics: Commitment to our supplier diversity program helps to strengthen the economic development in the communities we serve.

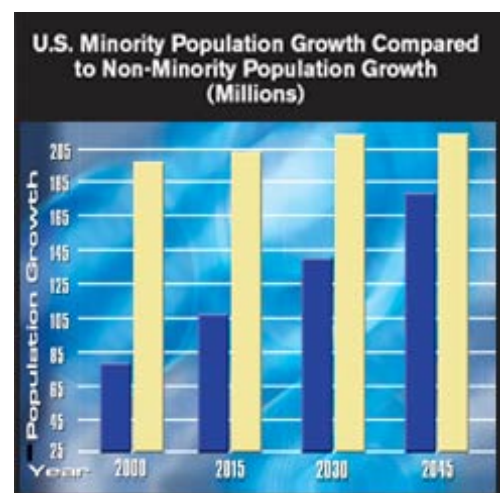
- Grand Valley and its more than 24,600 students, faculty, and staff made a total estimated impact of nearly \$580 million in Kent, Ottawa, and Muskegon counties during fiscal year 2005.

- State public universities annually contribute an estimated \$39 billion to Michigan's economy. For each dollar of the state government's share of the universities' operating cost, the state's economy receives a return of \$26 collectively.
- An increase in Michigan's minority purchasing power will outpace the expansion of non-minority purchasing power by considerable amounts during the next five years. African Americans, Asian Americans, and Hispanic Americans collectively control 18% of the nation's disposable personal income. The combined buying power of these three groups expanded from \$629 billion in 1990 to \$1.3 trillion in 2000. By the year 2045, total minority purchasing power is expected to reach \$4.3 trillion, accounting for 32% of the overall purchasing power in the U.S. Dollars spent by minorities are projected to reach 50% of non-minority spending by the year 2045, up from 25% in 2000.



Demographics: The changing demographics also make supplier diversity a business imperative. The demographics of the American economic landscape are changing dramatically, and we must reach out to these diverse groups that represent our customer and supplier base today and into the future.

- While the number of U.S. businesses increased by 10% between 1997 and 2002 to 23 million, the rate of growth for minority and women owned businesses was far higher; ranging from 67% for native Hawaiian and other Pacific islander owned businesses to 20% for companies owned by women.
- As many as one-third of U.S. residents now claim "minority" heritage, reflecting the continuing evolution of an American national identity that transcends ethnic and religious boundaries.
- Growth of the non-minority population is projected to slow by 1 million during the period 2015-2030 to 7 million. At the same time, the minority population is expected to jump by 32 million. The largest increase in the minority population is projected to occur in the period 2030-2045, with expected growth of 38 million. By contrast, the non-minority population will show its smallest gain, amounting to 1 million.



GVSU Supplier Diversity Program History

Formative Years: Established in the late 1980's, the program's formative years focused on sourcing new vendors, identifying the M/W/DBEs we were doing business with, coding them in our financial records system, and total spend. Sourcing M/W/DBE vendors remains one of the greatest challenges of successful programs today. The average annual spend for the period 1995 to 1999 was \$926,767, excludes construction. Best practices introduced:

- Supplier diversity program policy and procedures
- Total spend reporting
- Purchasing staff performance assessment goals
- Vendor registration and self-certification
- Supplier Diversity Advocate Committee organized 1998; dissolved 2002
- Campus outreach networking
- Community outreach memberships and networking:
 - Michigan Minority Business Development Council (MMBDC)
 - Women Business Enterprise National Council (WBENC)
 - Regional Alliance for Diversity in Public Purchasing

Next Generation: The primary focus is campus and community outreach and developing long-term vendor relationships. The University's decentralized purchasing environment and the Purchasing Card program present challenges in assuring inclusive and compliant buying practices. The average annual spend for the period 2002 to 2006 was \$4,154,570, excludes construction; an average 4% of the University's total spend; a 348% increase over the formative years spend. The national average is 7-11% of total spend. Including construction spend does not significantly influence this average, as historically, minority contractors and subcontractors are underrepresented in GVSU construction contracting.

GVSU has gained state-wide recognition for our achievements and community leadership in supplier diversity. Additional best practices introduced:

- Second tier (subcontractors) spend sourcing and reporting
- Supplier diversity program data included in the 2005 Campus Sustainability Report
- MMBDC Executive Advisory Committee service
- MMBDC Project One (matchmaker programs) memberships
- Campus buyer/supplier networking meetings
- Local and regional buyer/supplier networking events and presentations
- Purchasing Services website (www.gvsu.edu/purchasing)

- Awards received:
 - Grand Rapids Area Chamber of Commerce-Minority Business Committee Corporation of the Year Award, first nonprofit organization recipient
 - MMBDC Corporate One Award, five-year recipient
 - MMBDC Regional Service Award, two-year recipient
 - MMBDC Corporation of the Year Award-Education Sector, three-year nominee

GVSU STRATEGIC PLAN RECOMMENDATIONS

The supplier diversity program was established to support and strengthen the University’s purchasing policy of prohibiting discrimination against any vendor. In its review of current best practices, the Purchasing & Contracts Subcommittee determined that these appear to result in the best service to the University and provide a broad range of opportunities for inclusiveness among vendors. Therefore, the Subcommittee advocates continuation of the one, relentless goal of increasing opportunities for M/W/DBEs to compete for University contracts as suppliers, contractors, and subcontractors. Furthermore, the Subcommittee recommends introduction of additional strategic purchasing and outreach initiatives that will:

- Enhance current best practices
- Promote synergy among our campus and regional communities
- Support a sustainable future

Diversity Assessment Committee – Purchasing & Contracts Subcommittee

Chairperson	Ester Burns	Purchasing Services Manager, Purchasing Services
Subcommittee	Jim Bachmeier	Vice President for Finance & Administration
	Michele Golightly	Administrative Assistant, Student Life Office
	Pat Haynes	Assistant Dean, College of Liberal Arts & Sciences
	Simone Jonaitis	Executive Director, Continuing Education
	Martha Moore	Accountant, Business & Finance
	Sherry Moyer	Dept. Coordinator, School of Public & Nonprofit Administration
	Stefanie Procriv	Senator, Student Senate Finance Committee
	Pat Smith	Deputy University Counsel, Office of University Counsel
	Tim Thimmesch	Assistant Vice President for Facilities Services
	Dante Villarreal	Director, Small Business & Technology Development Center

Recommendations – Enhancement of Current Best Practices

- Terminology
 - Revise specified terminology in the supplier diversity procedures manual, program brochures, contracts, request for proposals/bids, forms, and website to better represent our compliance. New terms include: outreach, inclusive
- Documents
 - *Supplier Diversity Program Brochure*: expand to booklet form listing not only M/W/DBE vendors, but all suggested regional vendors with M/W/DBE vendors coded
 - *Request for Proposal/Bid, Terms & Conditions*: add clause that encourages vendor responsibility in alliance with the University's commitment to diversity and sustainability; request vendor disclose their initiatives
- Website
 - Develop online vendor sourcing for employee and student access
 - Develop online supplier diversity training
- Process Improvement
 - Implement and/or enhance processes that will strengthen the goal of inclusiveness in our practices on a campus-wide basis
 - Promote and benchmark diversity inclusiveness in decentralized spending (<\$5,000)
- Construction Contracting
 - Coordinate with Facilities Planning office to develop a form for architects and general contractors to report M/W/DBE vendor participation in their payment request documentation. This second-tier strategy data will be included in spend reporting.
 - Communicate procedure and form instructions to architects and general contractors

Recommendations – Promote Synergy Among Our Campus and Regional Communities

- Awareness Training
 - Provide supplier diversity training for current and new employees, student organizations and club sports
 - Include supplier diversity training in the Human Resources Office and Clerical/Office/Technical development training series
 - Invite the Purchasing Services team and/or a purchasing advocacy committee to participate in departmental meetings
- Create Champions
 - Identify key staff to champion/advocate supplier inclusive sourcing practices
 - Assist in promoting department best practices and success stories
 - Participate in a purchasing advocacy committee

- Promote Win-Win Collaborations
 - Invite department representatives to participate in bid evaluations and debriefings
 - Invite vendors to exhibit/participate in student organization nights
 - Host vendor fairs
 - Invite faculty, staff and students to tour vendor facilities
 - Facilitate opportunities for student scholarships and internships
- Promote Agency Affiliations
 - Invite faculty, staff and students to attend agency meetings; host agency meetings
 - Invite faculty, staff and students to attend buyer/supplier networking and sourcing events as participants and/or volunteers
- Marketing and Advertising
 - Work with the DAC Support Services Subcommittee and Institutional Marketing to develop coordinated messages
 - Design marketing materials that integrate the University's mission, vision and values; distribute to campus and regional communities, networking events, and trade fairs
 - Solicit Institutional Marketing support for display ads in diversity directories and banquet programs
 - Add "Contracting with GVSU" web link on the University's home page
 - Add "Purchasing Services" web link under the Campus Services listing

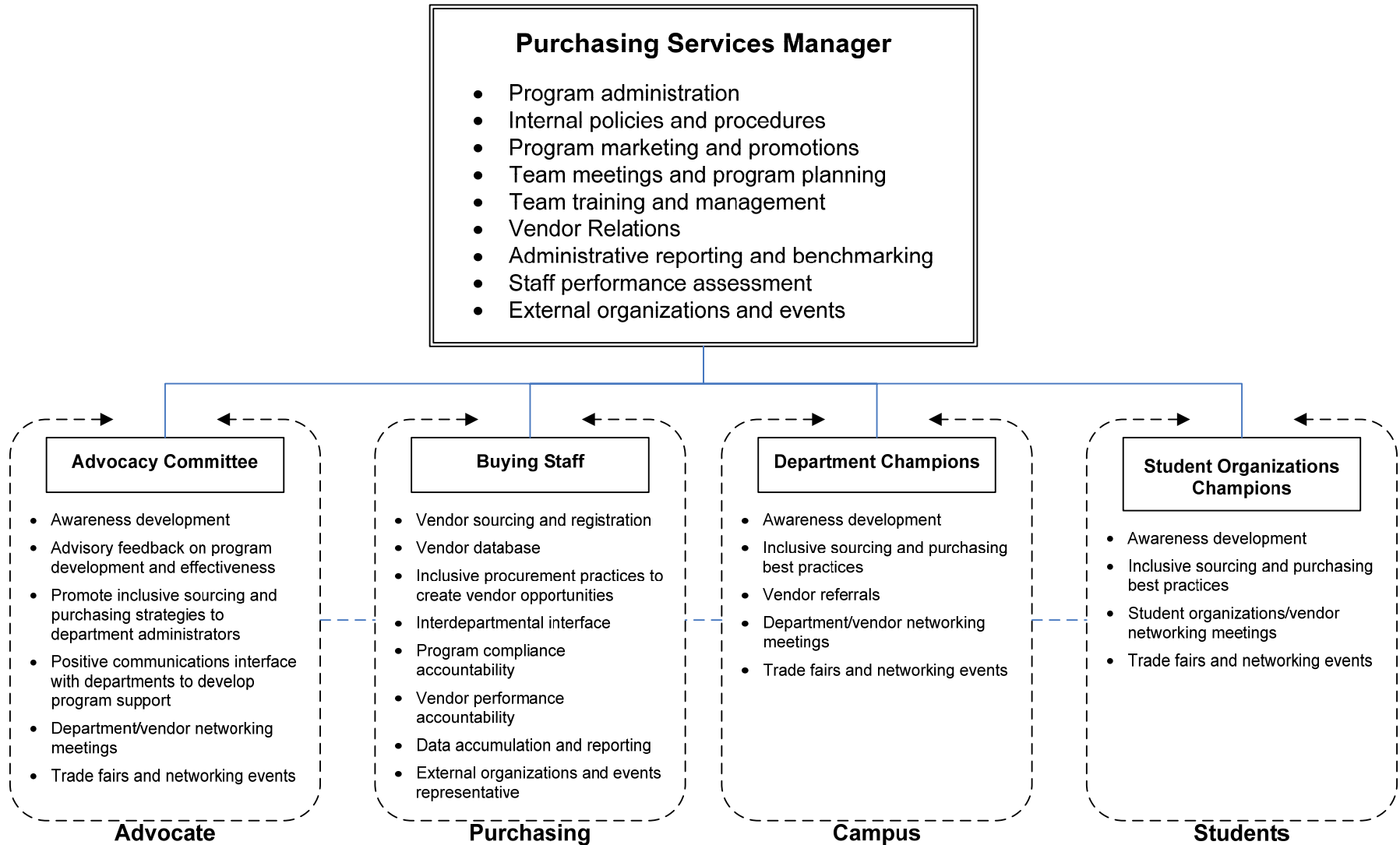
Recommendations – Support a Sustainable Future

- Improving/Changing Perceptions
 - Promote and highlight M/W/DBE vendor success stories in University publications
 - Introduce annual recognition dinner; department champions recognize outstanding vendors
- Influence Employee Behavior and Campus Culture
 - Continue communications that reinforce diversity as a core value for GVSU and remains part of our stated mission, vision and values
 - Include mentoring support by the Purchasing Services team, an advocacy committee, and departmental champions
- Reinforce Responsibility and Accountability
 - Deans and appointing officers must demonstrate commitment by advocating supplier inclusive sourcing practices
 - Introduce measurable goals to the annual performance reviews
 - Recognize and celebrate departmental and individual achievements
- Develop Performance Indicators

- Monitor procurements of commodities and/or services by departments with high spending and historically low procurements from M/W/DBE suppliers; measure annual progress over a 3 to 5 year period
- Develop internal criteria that demonstrates commitment to introducing inclusive sourcing practices
- Monitor departments whose staff responsible for purchasing have completed training; measure the progress and success of sustaining commitment and adoption of inclusive sourcing strategies
- Establish an Advocacy Committee
 - Reintroduce a purchasing advocacy committee; includes current DAC Purchasing & Contracts Subcommittee members; on a rotating basis, include representatives from other departments who have purchasing responsibility; meet on a quarterly basis
 - Introduce a procurement network model and responsibilities; reference Appendix A
- Benchmarking
 - Quarterly reports on department spending and diversity participation to deans and appointing officers
 - Quarterly reports on University spending and diversity participation to Vice President for Finance and Administration and the Advocacy Committee
- Funding
 - Provide scholarship assistance for Advocacy Committee members to attend National Association of Educational Procurement Supplier Diversity Institute
 - Provide assistance for departmental champions to attend regional training programs
 - Provide assistance for Purchasing Services to host local training programs, sponsor campus representatives at local networking events, and event sponsorships
 - Hire a full-time Supplier Diversity Coordinator; responsible for the continued development and efficacy of the supplier inclusiveness initiative, reports to the Purchasing Services Manager

APPENDIX A

GRAND VALLEY STATE UNIVERSITY Supplier Diversity Procurement Network



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