MAFBE Update and Supplier Diversity Recommendations

Presented to the Board of Trustees
December 2, 2011
PRESENTATION AGENDA

1. Trends in University MAFBE and Supplier Diversity Efforts
   - MAFBE Expenditures FY07-11
   - Expenditures as a Percentage of Spend FY09-11
   - MAFBE Outreach Efforts

2. Bronner Group Phase Two Assessment and Recommendations
MAFBE AND SUPPLIER DIVERSITY

- **MAFBE (Business Enterprise for Minorities, Females, and Persons with Disabilities Act)**
  - Purpose is to provide access to procurement opportunities by creating an equitable and competitive business environment while stimulating the growth and development of businesses owned by minorities, females and persons with disabilities
  - Annual Gross Sales of Businesses Limited to less than $75 million
  - Goal is Twenty (20) percent of allowable State expenditures

- **Supplier Diversity**
  - Same purpose as MAFBE Act
  - Broader base of qualified businesses owned by minorities, females and persons with disabilities
  - All diversity vendors are certified by city, county, state, quasi-governmental or national certifying agencies
FY07-FY11 CAPITAL & NON-CAPITAL MAFBE EXPENDITURES

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Capital Expenditures (in Millions)</th>
<th>Non-Capital Expenditures (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY07</td>
<td>$14.7</td>
<td>$12.9</td>
</tr>
<tr>
<td>FY08</td>
<td>$12.7</td>
<td>$12.3</td>
</tr>
<tr>
<td>FY09</td>
<td>$8.6</td>
<td>$12.6</td>
</tr>
<tr>
<td>FY10</td>
<td>$8.4</td>
<td>$7.7</td>
</tr>
<tr>
<td>FY11</td>
<td>$24.0</td>
<td>$25.6</td>
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</tbody>
</table>

Total Expenditures:
- FY07: $26.9
- FY08: $25.6
- FY09: $20.9
- FY10: $21.0
- FY11: $31.7

- Non-Capital
- Capital
FY07-FY11 MAFBE EXPENDITURES BY CATEGORY

<table>
<thead>
<tr>
<th>Category</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female (Caucasian)</td>
<td>$11.2</td>
<td>$12.8</td>
<td>$13.6</td>
<td>$10.2</td>
<td>$14.2</td>
<td>$31.7</td>
</tr>
<tr>
<td>Persons With Disabilities</td>
<td>$0.9</td>
<td>$0.8</td>
<td>$0.6</td>
<td>$0.8</td>
<td>$1.5</td>
<td>$5.8</td>
</tr>
<tr>
<td>Female (Minority)</td>
<td>$3.6</td>
<td>$2.5</td>
<td>$4.6</td>
<td>$3.0</td>
<td>$7.0</td>
<td>$21.2</td>
</tr>
<tr>
<td>Minority (Male)</td>
<td>$11.1</td>
<td>$9.6</td>
<td>$2.1</td>
<td>$3.0</td>
<td>$14.2</td>
<td>$37.0</td>
</tr>
</tbody>
</table>

Total Expenditures (in Millions)
FY09-FY11 CAPITAL & NON-CAPITAL MAFBE EXPENDITURES BY CAMPUS

Total Expenditures (in Millions)

- UIS/UA/GC Non-Capital: $1.4
- UIS/UA/GC Capital: $0.8
- UIUC Non-Capital: $0.4
- UIUC Capital: $5.8
- UIC Non-Capital: $1.3
- UIC Capital: $4.7

UIS/UA/GC Non-Capital: $9.0
UIS/UA/GC Capital: $8.0
UIUC Non-Capital: $4.1
UIUC Capital: $3.3
UIC Non-Capital: $10.5
UIC Capital: $7.8

Total: $21.4
FY09-FY11 MAFBE & DIVERSITY EXPENDITURES COMPARED TO UNIVERSITY OF ILLINOIS ADDRESSABLE SPEND

NOTES
(1) Addressable spend only includes expenditures where the designated MAFBE agency determines that minority vendor opportunities exist.
(2) The FY11 Diversity expenditure total is not yet available.
MAFBE OUTREACH ACTIVITIES

- **Initiated Annual MAFBE Conference four years ago:**
  - UIC-sponsored conference held in Chicago
  - Representation from all University of Illinois campuses, UIC departments, other higher education institutions, and government agencies
  - Approximately 440 attendees

- **Other Outreach Events – a total of 13 for FY11, including:**
  - Minority Business Development Agency (MBDA) Annual Vendor Conference
  - Chicago Business Opportunity Fair (CBOF)
  - WBDC Annual Woman’s Entrepreneurial Conference
  - Hispanic American Construction Industry Association Construction Expo
  - Chicago Changing Color of Leadership Conference
  - Cook County Business Opportunity Expo
Hired the Bronner Group to develop a report outlining recommendations and strategies that can be implemented by the University to enhance the participation by minorities, females, and persons with disabilities including:

- Phase one assessment of current MAFBE efforts and opportunities for improvement
- Phase two recommendations to include a proposed policy statement and organizational model; the identification of opportunities and strategies to increase MAFBE spend in professional services, supplies and equipment and construction; proposed staffing levels, training and communication strategies and proposed performance metrics
- Phase three proposed implementation plan

The results of the Phase One assessment were presented at the March 23, 2011 Board meeting. Today the Bronner Group will be presenting their Phase Two recommendations
Recommendations Overview for the Board of Trustees

December 2, 2011
Springfield, Illinois
Agenda

1. “Key Takeaways” from the Phase Two Assessment:
   1. Illinois Procurement Environment
   2. University’s Supplier Diversity Policy
   3. Implementation of Supplier Diversity
   4. Outreach to Diverse Vendors
   5. Sourcing Strategies

2. Next Steps for the University of Illinois’ Supplier Diversity program

3. Q&A and Discussion
Phase II: Findings and Recommendations

- Governance
- Policy
- Structure
- Outreach
- Sourcing
# Governance

<table>
<thead>
<tr>
<th>Phase One Finding</th>
<th>Phase Two Recommendation(s)</th>
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</table>
| **State Procurement Law is Often Misunderstood and Highly Restrictive** | **Pursue Legislative Relief**  
Build a Supplier Diversity Advocacy Campaign and pursue changes to state procurement laws. |
| **Procurement Activities Require Substantial New Effort** | **Scoring consideration for bids/proposals from diverse business**  
**Acceptance of alternative certifications (beyond MAFBE) for veteran-owned and other diverse businesses** |
| **General Stigmatization of MAFBE Vendors** | |

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### Phase One Finding

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<tr>
<th>UNIVERSITY POLICIES RELATED TO SUPPLIER DIVERSITY, WHILE WELL-INTENTIONED, DO NOT APPROPRIATELY CONVEY A SERIOUS COMMITMENT TO DIVERSITY VENDORS</th>
<th>PHASE TWO RECOMMENDATION(S)</th>
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- **NO MAEBE**

**Re-Brand, Re-Focus and Communicate**

Present the University’s new program in a manner consistent with its genuine commitment.

- Board-level adoption of new supplier diversity mission and vision statements
- Link goals and measurements to the program’s desired outcome: more diverse suppliers
## Structure

<table>
<thead>
<tr>
<th>Phase One Finding</th>
<th>Phase Two Recommendation(s)</th>
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<tbody>
<tr>
<td><strong>The University’s Supplier Diversity Program is Inadequately Resourced</strong></td>
<td>Increase Staff, Unify Reporting</td>
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<tr>
<td>Dissonance around Campus-Specific Versus System-Centralized</td>
<td>Allocate the resources necessary to expand the current program and boost results.</td>
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<tr>
<td><strong>Flawed Progress Tracking, Reporting, and Methodology of MAFBE Contracts and Performance</strong></td>
<td>Dedicate seven (7) full-time and one (1) part-time employees to supplier diversity-related activities, including outreach and technology</td>
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<td></td>
<td>Align the University’s supplier diversity initiative under a single reporting relationship</td>
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<td></td>
<td>Invest in technology to track sub-contractors</td>
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**Outreach**

<table>
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<tr>
<td><strong>Outreach efforts are strong at the Chicago campus, but could benefit from University-wide coordination</strong></td>
<td><strong>Better Leverage Diverse Business Feedback</strong>&lt;br&gt;University outreach activities should focus more closely on “actionable feedback” from businesses.</td>
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</tbody>
</table>
| **Non-traditional outreach to diverse vendors should be enhanced, including active participation in capacity-building and other creative vendor support strategies** | <ul><li>Create a Diversity Advisory Council and recruit vendor representatives</li><li>Build specific outreach plans tailored to each individual campus market</li><li>Host unique events, e.g. “matchmaking fairs”</li></ul>
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<td>Lack of capacity-building and mentoring activities</td>
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<tr>
<td>Inadequate access to and coordination with other supplier diversity local and state efforts and databases &amp; insufficient geographic reach</td>
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**Inventory Businesses, Leverage Partnerships**

Maintain and access a current listing of potential diverse suppliers and coordinate with peers.

- Assign responsibility to continually update and circulate new diverse vendors matrix
- Create mechanism for vendors to self-update profiles for the University
- Explore innovative “incubation” concepts
Summary and Next Steps

The University is on the Path to National Leadership in Supplier Diversity

- No Organized Program
- Growing Program
- Established Program & Identity
- Nationally Recognized Program

**Final Step:** Discuss recommendations and agree upon changes to be implemented
Phase Three: Implementation

- Approve Recommendations and Determine Implementation
- Prepare New University Supplier Diversity Policy Statement
- Establish Clear Roles and Responsibilities
- Develop a Progress Reporting and Performance System
Questions & Discussion