

**DIVERSIFYING SUPPLIERS AND VENDORS:**

**RACE AND GENDER-NEUTRAL STRATEGIES THAT LEAD TO  
INCREASED MINORITY AND WOMEN-OWNED BUSINESS  
RELATIONSHIPS**

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## **ABSTRACT**

**Colleges and universities, both public and private, are becoming increasingly concerned with diversity issues. Diversity among students, staff and faculty has been at the forefront of most administrative strategies and initiatives for some time. Recently more attention has been directed to diversifying suppliers that provide goods and services to higher educational institutions. These vendor and supplier diversity initiatives, in many cases, have been driven to the forefront by public policy issues and the active involvement of boards of trustees and administrators.**

**Public institutions are particularly sensitive to the demands from state legislators because of the need to secure public funding support for operating expenses, academic facility construction, repair and renovation and plant expansion. Research institutions rely on significant federal dollars to fund various projects that attract world class scientists and teachers to their campuses. The act of balancing the demands of public policy and providing good stewardship of university assets, while attracting bright, eager minds, presents unique challenges to universities in America. It requires that universities must find creative strategies to increase the diversity of its vendors and suppliers.**

**Purdue University has embarked upon an aggressive initiative to increase business opportunities to minority and women-owned businesses through a race and gender neutral strategy. This initiative is within a larger framework of university economic development and community outreach efforts. This presentation shares the fundamental structure of the program and the goals therein.**

## **INTRODUCTION OF THE ORGANIZATION**

### **PURDUE UNIVERSITY**

**With its 138-year history of supporting the social, charitable and economic vibrancy of North Central Indiana, Purdue University stands as a major influence. Every day, Purdue fulfills its mission to the people of Indiana. Whether through its leadership in engagement and service programs, its ever growing research/discovery programs, its Cooperative Extension Service operating in all 92 counties, or the eight agricultural research centers that cover the state, Purdue helps thousands of people do their jobs better, work smarter and live more productive lives. As one of the largest universities in the nation, Purdue now employs about 17,500 people, more than 14,500 of whom live in Tippecanoe and surrounding**

counties, while educating approximately 69,000 students at campuses and facilities statewide, making Purdue one of the state's largest employers. The sheer size makes it an economic dynamo, with an estimated annual impact of about \$2.9 billion on Indiana's economy. Today, Purdue is achieving excellence under its 10th president, Dr. Martin C. Jischke, whose aggressive Strategic Plan is transforming the University into a preeminent, world-renowned institution. Within this six-year plan on the West Lafayette campus alone, Purdue is creating 300 new faculty positions, spending more than \$700 million on new construction and renovation, and committing \$200 million for additional scholarships and fellowships. Included in the plan is the development of Discovery Park, where Purdue is becoming a world leader in nanotechnology and biosciences, creating thousands of new jobs for the Indiana economy.

## **STATEMENT OF INITIATIVE**

Purdue University's strategic plan (2002-2007) establishes goals and objectives that increase diversity among students, staff, and faculty. Embedded within the plan is the vision to increase Purdue's role in sustaining the economic vitality of the state of Indiana by creating new business opportunities within business technology centers and research park facilities throughout the state. The intersection of the goal of creating a more diverse campus community and the goal of strengthening businesses in Indiana naturally includes extending opportunities to what are known as "historically underutilized small businesses"; small minority and women-owned firms.

Purdue University's supplier diversity initiative focuses on two of the major impediments to minority and women-owned companies successfully entering into business partnerships with the University; (1) the aspect of human nature that resists change, and (2) the geographical location of the University.

Staff and faculty members who are charged with the daily activities and decisions regarding procurement and contracting are susceptible to the normal pressures associated with managing and controlling those processes for which they are responsible. These staff persons may be reluctant to spend the necessary time to develop relationships with any new company if the current relationship is fulfilling the requirements set forth by University policies and state statutes. This phenomenon applies to all new businesses equally regardless of the ethnicity or gender of the business owner. All new relationships carry unknown qualities and therefore unwanted and unneeded risks.

Purdue University is located in West Lafayette, Indiana which is 75 miles north of Indianapolis, the State capital, and 110 miles south of Gary, Indiana, in the northwest portion of the state. Citizens living in northwest Indiana many times

**consider themselves more aligned with the Chicago metro area than with Indiana. Census data reveal that of Indiana's 27,770 minority firms, 50.3% of them are within Lake County (Gary) and Marion County (Indianapolis).**

**Small business owners make conscience decisions on how best to use their most precious commodity; time. In the absence of a history of success with the University, small business people will decide to focus their time in areas where their perception of success is greater. Developing an initiative that brings together University daily decision makers and the qualified historically underutilized small businesses in an environment that is conducive to building business partnerships is the challenge Purdue is meeting with energy, focus and confidence for success.**

## **DESIGN**

**The Purdue Supplier Diversity Initiative began with active support and commitment from the Board of Trustees, President, Executive Vice President and Treasurer (EVP/T), and other executive level administrators. Two critical decisions emanated from early deliberations, (1) create a staff position to focus supplier diversity efforts, and (2) have that person report directly to the EVP/T. Placement within the organization was critical for the initiative to be successful. Having the supplier diversity position report directly to the EVP/T elevated the supplier diversity initiative to executive level and gave the Office of Supplier Diversity Development immediate visibility and credibility. The manager of the program was hired in February 2005 and immediately began the task of developing a strategic plan for the Office of Supplier Diversity Development.**

**Court decisions regarding contracting in recent years have defined the limits within which a diversity development program can operate. Care must be exercised to not extend preferential treatment to any class of business without documented evidence of past discrimination of that specific class and any program designed to address past discrimination must be "narrowly tailored" so as not to negatively impact non-protected classes of businesses. With this in mind, the plan developed by Purdue University is focused on (1) sensitizing staff and faculty on the importance of supplier diversity and provide the necessary tools for successfully sourcing of women and minority firms, (2) aggressive outreach activities that motivate women and minority firms to visit campus and build the relationships that precede business partnerships, and (3) enhance communications to staff and faculty about qualified women and minority firms, to the women and minority business communities about opportunities at Purdue and to the public in general regarding the success the University has in making contracting opportunities available to all qualified businesses.**

**The premise of the Purdue initiative is by expanding the awareness of staff and faculty and by identifying those women and minority firms that are capable of delivering quality services and goods and ensuring that information about contracting opportunities is distributed early and wide, the result will be an increase in the contracting opportunities awarded to women and minority firms.**

## **IMPLEMENTATION**

**The focus areas of the strategic plan internal, external and communications carries aggressive goals and objectives. Each will be highlighted below while the complete plan is behind Appendix A.**

### **INTERNAL**

- **Form Task Force of staff to discuss best ways to approach decision makers and enlist their support of the initiative.**
- **Make presentations to senior administrators at the invitation of the Provost and the University President.**
- **Present supplier diversity program goals to Business Managers and Communications staff**
- **Attend Business Service Quarterly meetings and Purchasing Department staff meetings regularly**
- **Develop newsletter for internal staff**
- **Establish two sourcing tools for staff to contact minority and women firms**

**The two sourcing tools for staff each have unique capabilities. The first, “Goldmine” is a proprietary system developed in-house by Purdue’s Information Technology department. It allows for self registration by the minority or women-owned business. It is a simple one-sheet form that is directed to the procurement department for review by staff. After staff has ascertained the capabilities of the firm, a decision is made to transfer the information into a data base that is accessible by anyone with a “purdue.edu” email address. The second sourcing tool is a contracted service from a minority firm that provides access to every certified minority and women-owned company in America. These firms are not reviewed by Purdue staff; this service allows for identification of potential companies that may be capable of entering a partnership with Purdue.**

## **EXTERNAL**

- **Visit regional campuses and surrounding communities quarterly**
- **Identify advocacy groups whose mission is to support minority and women-owned businesses**
- **Establish Advisory Committees to provide feedback on program direction and impact and also serve as a communication conduit for activities that occur in their region of the state.**
- **Leverage Purdue's involvement in Indiana Black Expo Summer Celebration particularly the Business Networking Sessions.**
- **Develop and enhance relationships with local chambers of commerce.**
- **Continue to provide leadership of Lafayette Supplier Diversity Coalition**
- **Design and implement aggressive programs that bring minority and women-owned businesses on campus to meet with appropriate decision makers.**

**The on-campus networking sessions are designed to bring together minority and women-owned businesses with buyers and end users of products and services. Each event has taken place over a two-day period and two sessions are conducted per day. Companies are given the ability to register for the session that best fits the product or service they provide. Additionally, staff who have that particular industry or product as their responsibility will attend only the session that correspond to their area of responsibility. Sessions are divided into (1) Construction and Related Services, (2) IT, Communications and Marketing, (3) Goods and Products, and(4) All Other Professional Services. The first event drew 132 attendees for all sessions, the second event drew 156 and the most recent event, in November 2006, drew 398 attendees.**

## **COMMUNICATIONS**

- **Develop effective website to disseminate information on Purdue's supplier diversity initiatives and be a repository of various types of information that would assist staff, faculty, minority and women businesses.**
- **Develop and distribute e-newsletters**
- **Create data base of advocacy groups in Indiana whose mission is to assist minority and women-owned businesses. This strategy would leverage effort to contact the individual firms directly with notices of contracting opportunities.**
- **Develop positive material for media dissemination**
- **Author articles on supplier diversity**
- **Schedule appearances on electronic media**
- **Attend vendor fairs with Supplier Diversity exhibit**

**The aggressive nature of Purdue's Office of Supplier Diversity Development strategic plan calls for additional staff to be added to ensure success. During 2006 an intern, along with administrative staff, were added to the Office of Supplier Diversity Development and were instrumental and critical to the execution of the plan.**

## **BENEFITS**

**The goal of the Purdue Supplier Diversity Development initiative is to increase the contracts awarded to minority and women-owned businesses in the absence of establishing a procurement preference program. While it is too early to draw any conclusions regarding the increase contracting goal, it is clear that a number of benefits have begun to accrue to the University. Since the creation of the Office of Supplier Diversity the largest construction contract was awarded to a minority firm for the construction of the Neil Armstrong Engineering Administration Building, \$44 million. Included in Purdue's multi-million dollar enterprise resource planning (ERP) project, two firms, one minority and one women-owned, were awarded subcontracts that will be 10% of the total cost of the project.. A minority firm, Concerto, a joint partnership between Office Max and Guy Brown, Inc., now provides the University with office supplies coupled with a minority firm, Pillow Express, which provides the delivery of those supplies. A minority firm recently completed the purchase of a majority firm which has enjoyed a long-term business partnership with the University. That partnership is continuing with the new minority firm.**

**In addition, Purdue has been recognized by the Indiana Hispanic Chamber of Commerce, the Indiana Business Diversity Council, the Indiana Minority Business Magazine, and the Black Graduate Association for supplier diversity development efforts. The Tippecanoe County Commissioners and the Mayors of Lafayette and West Lafayette issued a proclamation designating November 15-16, 2006, as "Supplier Diversity Days" in recognition of the Relationship to Partnership Networking Sessions. Staff has become more aware of the capabilities of minority and women-owned firms and is incorporating sourcing of those firms into their daily processes.**

**Reaching the goal of increasing contracts to minority and women-owned firms will be a natural result of Purdue's aggressive program. Sensitizing staff and faculty on the importance of diversifying the supplier base, along with providing the necessary tools for sourcing, is driving the success of this initiative. Communicating successes to the minority and women-business community will further encourage increased participation and relationship building with Purdue University in the future.**

