



December 18, 2015

### **UM Supplier Diversity Report FY 2015**

This provides the University of Missouri System's (UM) Supplier Diversity (SD) Report for FY 2015. UM SD spending for FY 2015 was \$58 million dollars. This represents 8% of UM's total business spending (\$716 million) and an increase of about 5% versus a year ago. This report covers spending in Design & Construction (D&C) and Supply Chain (UMSSC) for the enterprise. Please see attached exhibits for complete detail.

### **Background**

UM has had a supplier diversity program in place to specifically increase minority and women-owned business (M/WBE) participation in the purchase of goods and services for over 20 years. Over the past 24 months, UM has revamped this work, broadening the effort to a supplier diversity program. With an important measure remaining the increase of business opportunities to minority and women-owned businesses, UM has added Veteran and Service Disabled Veterans to the list of diverse suppliers UM recognizes. This addition moves UM in line with how both private business and many other universities that are engaged in supplier diversity efforts manage the inclusion of Veteran-owned businesses in a supplier diversity program.

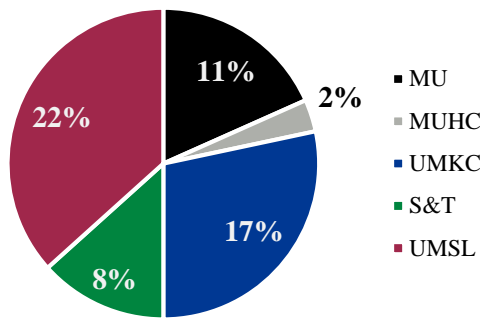
### **Business Overview**

The chart below provides top-line spending highlights (dollars and percentages), by campus, of SD spending for FY 2015 versus FY 2014.

<b>University of Missouri System FY 2015 vs. FY 2014 Supplier Diversity Participation (\$ shown in millions)</b>					
<b>Campus</b>	<b>Total Business Spending by Campus</b>	<b>Total FY 2015 SD Spending by Campus</b>	<b>SD % of Total Business Spending by Campus</b>	<b>Total FY 2014 SD Spending by Campus</b>	<b>% Index 2015 vs 2014 SD Spending by Campus</b>
MU	\$313	\$33.4	11%	\$21.8	153
MUHC	\$271.5	\$5.0	2%	\$5.2	96
UMKC	\$42.0	\$7.0	17%	\$15.3	46
S&T	\$50.0	\$3.9	8%	\$1.8	217
UMSL	\$39.2	\$8.8	22%	\$11.0	80
<b>Total</b>	<b>\$715.7</b>	<b>\$58.1</b>	<b>8.0%</b>	<b>\$55.1</b>	<b>105</b>

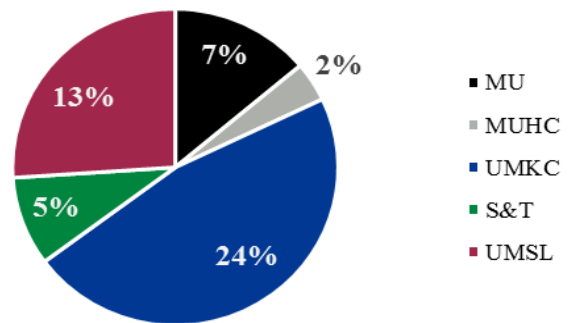
UM's diverse supplier spending reflects a 5% increase versus a year ago. This is solely fueled by SD spending increases in D&C. SD spending as a percentage of D&C overall total business spending was 22% of UM's budget, up substantially from last year's 14%. UMSSC SD spending fell this year by 1%, mostly due to an adjustment of some data inaccurately identified as diverse suppliers. As a part of overall UMSSC spending, SD spending was 4%. Total SD (D&C and UMSSC) percent of spending for both FY 2014 and FY 2015, by campus, is on the next page.

**FY 2015 Total SD Spending % of Total UM Business Spending (By Campus)**



\*Includes UMSSC and Design & Construction.  
Total UM SD%: 8.1%

**FY 2014 Total SD Spending % of Total UM Business Spending (By Campus)**



\*Includes UMSSC and Design & Construction.  
Total UM SD%: 7.4%

**Design and Construction**

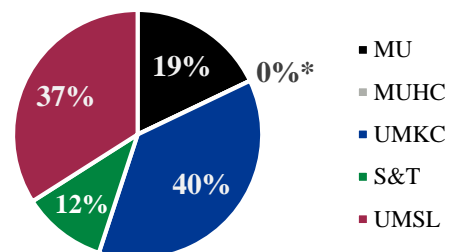
D&C spending for FY 2015 was strong, with \$36 million in SD spending, accounting for 22% of D&C overall business spending. This represents a 16% dollar increase versus a year ago. On a percentage basis, D&C was up 57% versus a year ago. Each of our campuses reflected solid increases versus FY 2014. Spending at UMSL for FY 2015 was strong with 37% of direct spending with diverse suppliers. Expenditures with Power-Up and Mechanical Solutions delivered almost \$5 million dollars in MBE spend alone in the St. Louis region. While overall spending was down, UMKC still delivered over 40% of its spending with diverse suppliers. Strong double-digit SD spending percentages were reported by S&T (12%) and MU (19%), respectively. MU SD spending alone was over \$20 million dollars for the year.

We would expect UM to deliver strong results in D&C during FY 2016. The Lafferre Hall renovation at MU has Tarlton (a WBE) as construction manager. We have set aggressive goals for the Business School project at UMSL of 25% (MBE) / 10% (WBE/Veteran). The addition of Veterans/Service Disabled Veterans and Disadvantaged Business Enterprises to our list of what counts as a diverse supplier should help increase our diverse supplier spending as well. Spending detail by campus is listed below with a comparison of FY 2015 spending vs. FY 2014.

UM FY 2015 D&C Supplier Diversity Participation (\$ shown in millions)				
Campus	Total UM D&C Spending	UM SD D&C Spending	SD % of Total D&C FY 2015 Spending	SD % of Total D&C FY 2014 Spending
MU	\$104.9	\$20.4	19%	10%
MUHC*	n/a	n/a	n/a	n/a
UMKC	\$11.9	\$4.8	40%	32%
S&T	\$26.9	\$3.2	12%	5%
UMSL	\$20.3	\$7.5	37%	15%
<b>Total</b>	<b>\$164</b>	<b>\$35.9</b>	<b>22%</b>	<b>14%</b>

\* Included in MU total.

**FY 2015 Total SD Spend % of Total D&C Spending (By Campus)**

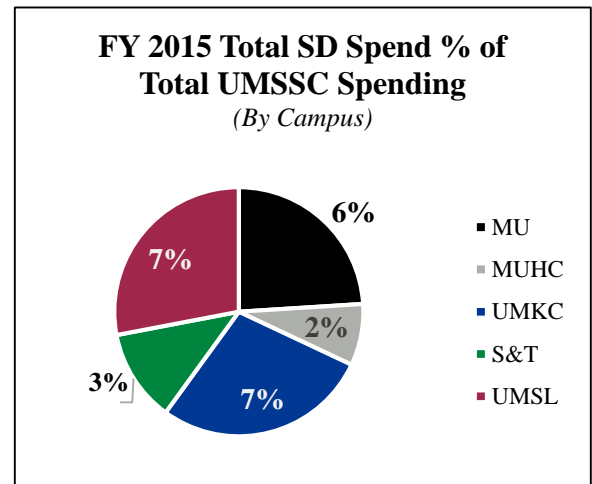


**UM System Supply Chain**

SD spending within UMSSC remains relatively flat versus a year ago. Spending for the year was \$22 million dollars. This represents 4% SD spending against a spending base of \$552 million dollars. We have identified cleaning UMSSC’s database as well as creating an improved process for supplier registration and identification as an important tactic that we (UMSSC, Accounting, and SD) are working on. We did however go through the last two FY worth of SD spending data to identify suppliers we know are incorrectly coded (ex. Siemens, Tiger Place, Enterprise Holdings, etc.). Our findings revealed almost \$4 million dollars in incorrect diverse supplier spending that we have removed. We will both clean and correct all suppliers in our database as well as introduce a better supplier registration process going forward.

We reported last year on work being done to implement a focused and formalized effort within UMSSC. There is now an individual (Cathy Simonds), who has responsibility for leading program implementation within UMSSC. And, there is a detailed supplier diversity business plan that has been created with targets and timelines. Our ultimate target is to hit 10% SD spending in UMSSC by FY 2019. The plan has a recommended glidepath related to increasing UMSSC SD spending as well as a couple of commodity areas (office products and technology) to focus on for some “quick wins”, if feasible. Spending detail by campus is listed below with a comparison of FY 2015 spending vs. FY 2014.

UM FY 2015 UMSSC Supplier Diversity Participation (\$ shown in millions)				
Campus	Total UMSSC Spending	UM SD UMSSC Spending	SD % of Total UMSSC FY 2015 Spending	SD % of Total UMSSC FY 2014 Spending
MU	\$208.1	\$13	6%	5%
MUHC	\$271.5	\$ 5	2%	2%
UMKC	\$30.1	\$2.2	7%	16%
S&T	\$23.1	\$0.8	3%	5%
UMSL	\$18.9	\$1.3	7%	9%
<b>Total</b>	<b>\$551.7</b>	<b>\$22.3</b>	<b>4%</b>	<b>5%</b>



**The Way Forward**

With supplier diversity a part of The Office of Finance business objectives for FY 2016 and beyond, there will be a continued need to sharpen our focus and efforts to increase diverse supplier spending, specifically within our largest area of spend. Additionally, we will need to keep our eyes open externally in the area of diverse supplier issues in Missouri.

We should celebrate the 5% SD dollar spending increase for FY 2015 the men and women of UM have achieved. Some of the individual campus results within D&C were outstanding. The award of business to World Wide Technology was a great starting point by UMSSC. However, at 8% of total business spending, we just have more work to do if we want UM to be in a leadership role in the area of diversity among higher education institutions nationally. Supplier diversity is part of that narrative.

As we move forward with our supplier diversity efforts, UM must look at all areas of its business operation for opportunities. The key points are to be strategic, inclusive and choiceful. UMSSC made a strategic choice in choosing World Wide Technology (WWT) to consolidate the purchase of selected Cisco hardware. It was a “win” for supplier diversity (\$9 million in FY 2015) and a win for the bottom line (a reported \$2 million in savings). We believe there may be added technology opportunities long-term that will deliver cost savings and added value. The selection of Tarlton as Construction Manager on the Lafferre Hall project at MU was a big win for D&C. Longer-term, I see added

value from our relationship with Tarlton beyond the building component. They have an extremely solid reputation of being an inclusive supplier in the markets they operate in. This can and will help UM going forward. We will continue to encourage UM to look at and think about supplier diversity strategically and as an added value concept.

UM is picking up momentum in the area of supplier diversity. I'm encouraged by what we've done in the last year. But, we're not there yet. If anything, we'll push harder as we seek to achieve breakthrough. We'll work to meet our commitments during FY 2016 and beyond. Now, more than ever, we will need the leadership of the enterprise to support and help lead the work to diversify our supply base as the broader inclusion work unfolds across the system. This will not be easy nor will it be quick work. And yes, we will stumble along the way. However, SD ultimately makes for stronger and more viable communities within the cities UM operates in. We will share the complete report internally as well as a version created for external use that will be available on the SD website.

D.M. (Daryl) Hodnett

**Exhibit I**

University of Missouri System FY 2015 Supplier Diversity Participation <sup>1</sup>									
(\$ shown in millions)									
	UMSSC <sup>2</sup>			Design & Construction <sup>2</sup>			Total UM Business		
Campus	Total UM UMSSC Spending	UM SD UMSSC Spending	SD % of Total UMSSC Spending	Total UM D&C Spending	UM SD D&C Spending	SD % of Total D&C Spending	Total UM Business Spending	Total SD Business Spending	SD % of Total Business Spending
MU	\$208.1	\$13.0	6%	\$104.9	\$20.4	19%	\$313.0	\$33.4	11%
MUHC <sup>3</sup>	\$271.5	\$5.0	2%	n/a	n/a	n/a	\$271.5	\$5.0	2%
UMKC	\$30.1	\$2.2	7%	\$11.9	\$4.8	40%	\$42.0	\$7.0	17%
S&T	\$23.1	\$0.8	3%	\$26.9	\$3.2	12%	\$50.0	\$3.9	8%
UMSL	\$18.9	\$1.3	8%	\$20.3	\$7.5	37%	\$39.2	\$8.8	22%
<b>Total</b>	<b>\$551.7</b>	<b>\$22.3</b>	<b>4%</b>	<b>\$164.0</b>	<b>\$35.9</b>	<b>22%</b>	<b>\$715.7</b>	<b>\$58.1</b>	<b>8%</b>

*Footnotes:*

1. Combined MBE, WBE, Veterans and DBE business data.
2. All UMSSC and D&C spending data submitted by each organization.
3. D&C for MUHC managed and overseen by MU Facilities. Spending is included and reported in MU Report.

**Exhibit II**

University of Missouri System Supplier Diversity - Five Year Snapshot*									
(\$ shown in millions)									
<b>Total UMSSC Spending</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>				
Total Dollar Amount of All UM UMSSC Contracts	\$479,714,599	\$508,037,610	\$523,553,309	\$530,271,525	\$551,778,180				
Total MBE Spending (Percent)*	\$7.0 M (1.5%)	\$18.5 M (3.6%)	\$15.7 M (3.0%)	\$13.0 M (2.5%)	\$13.0 M (2.4%)				
Total WBE Spending (Percent)**	\$13.0 M (2.7%)	\$8.0 M (1.6%)	\$8.9 M (1.7%)	\$11.0 M (2.1%)	\$9.3 M (1.6%)				
	<b>Total 5-Yr UMSSC Spend</b>		<b>Total 5-Yr SD Spend</b>		<b>% of Total 5-Yr SD Avg.</b>				
	\$2.6 B		\$104.1 M		4.0%				
<b>Total Design &amp; Construction Spending</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>				
Total dollar amount of all UM Construction Contracts	\$165,111,829	\$134,835,831	\$225,651,586	\$214,604,173	\$164,095,001				
Total MBE Spending (Percent)	\$13.0 M (7.8%)	\$11.0 M (8.0%)	\$18.0 M (8.3%)	\$18.0 M (7.9%)	\$15.8 M (9.6%)				
Total WBE Spending (Percent)**	\$15.0 M (9.1%)	\$13.3 M (10.0%)	\$23.0 M (9.9%)	\$13.0 M (6.5%)	\$20.2 M (12.3%)				
	<b>Total 5-Yr D&amp;C Spend</b>		<b>Total 5-Yr SD Spend</b>		<b>% of Total 5-Yr SD Avg.</b>				
	\$904 M		\$160.0 M		17.7%				

\* 5-year Total Business Spending for UM: \$3.504 BN / 5-year Total SD Spending: \$264.0 Million = 7.5%.

\*\* Minimal veteran | DBE spending for FY 2015. Will breakout a line item for FY 2016.