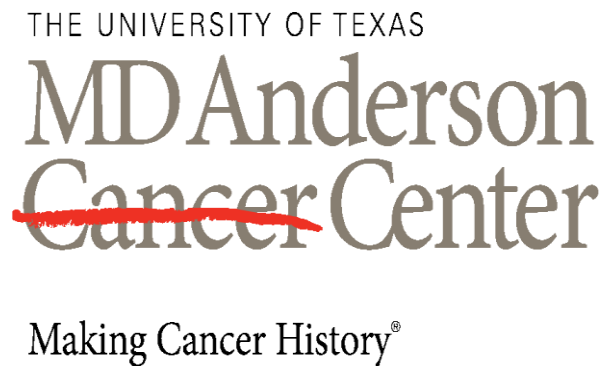


*The University of Texas MD Anderson Cancer Center*



***Historically Underutilized Business  
(HUB)  
Strategic Plan***

***Fiscal Years 2015 – 2016***

***Prepared November 2015***



## **EXTERNAL AND INTERNAL ASSESSMENT**

### ***The University of Texas MD Anderson Cancer Center***

The University of Texas MD Anderson Cancer Center (MD Anderson) commits to a good faith effort to maximize opportunities for Historically Underutilized Businesses (HUBs) and small business concerns (SBCs) (small, small-disadvantaged, woman-owned, HUBZone, veteran, service-disabled veterans, and Alaskan Native Indian small businesses) to provide materials, supplies, equipment, and services needed to support its mission, administrative, and logistical operations of this Institution. MD Anderson strongly supports HUBs and small business concerns, whether on an ethnic or gender basis, under both state and federal guidelines.

The 71<sup>st</sup> Texas Legislative Session instilled the promulgation of policies by The University of Texas System Board of Regents, applicable to U. T. System Administration and its institutions, directing establishment of programs to assist minority and female-owned small businesses (MWBE), disadvantaged business enterprises (DBE), or HUB firms to participate as suppliers of goods and services purchased in support of MD Anderson's mission operations. Operation of these programs over the period since their inception has significantly increased opportunities for HUB firms to participate in MD Anderson's operations.

Efforts to identify and utilize HUB vendors continue to be aggressive. Group purchasing agreements encourage more leverage to obtain high quality goods at the best value. A larger portion of MD Anderson's purchases are being placed with Institutional contracts or with Premier, the cancer center's hospital group purchasing alliance. Price competitiveness is one of several important issues as is availability of HUBs and small business concerns. Required volume and stringent delivery criteria preclude utilizing many smaller vendors.

Operation of the program over the period since inception has increased opportunities for HUB firms to participate in business operations. MD Anderson's expenditures with HUB firms were \$59.3 million in FY2015.

Measurements of supply marketplace variables, including demand for goods/services for which no HUB suppliers are available, payments to non-certified HUB firms are important considerations in evaluating program performance. Payments made by this agency to non-certified HUB firms are significant and should be considered in the evaluation of program results.

**The University of Texas MD Anderson HUB GOAL – Utilization of Historically Underutilized Business (HUB) Firms:**

The University of Texas MD Anderson Cancer Center promotes full and equal opportunity for all businesses to supply the goods and services needed to support the mission, administrative, and business operations of the institution. MD Anderson commits to a good faith effort to increase purchases from and contract awards to HUB firms consistent with the state's goals for HUB participation and overall economic development (see *Regents Rules & Regulations, Rule 20701 Use of Historically Underutilized Businesses*, and amended March 18, 2008).

## **Historically Underutilized Businesses (HUB)**

### **A. GOAL**

We will administer the operations, structures and procedures necessary for effective and efficient management control and exposure of the HUB and Federal Small Business Program (HFSB) within MD Anderson and the State.

#### **A.1. OBJECTIVE**

Maintain program compliance and increase awareness of HFSB Program within MD Anderson.

#### **OUTCOME MEASURE**

Program achieves objectives and increased HUB participation.

##### **A.1.1. STRATEGY**

Administer HFSB structures, operating systems and procedures for maximum results.

#### ***OUTPUT MEASURES***

- A.1.1.1 Operating Division Structure defines responsibility and accountability for achieving HFSB Program goals
- A.1.1.2 Supply Chain Management Compliance Subcommittee (Staff Coordinating Group) supports the HFSB Program through active participation each quarter
- A.1.1.3 Participation on Institutional Diversity Committee increases awareness of HFSB Program within MD Anderson

##### **A.1.2. STRATEGY**

Maintain a HUB utilization reporting system that serves both internal and external reporting requirements.

#### ***OUTPUT MEASURES***

- A.1.2.1 Periodic internal HFSB Program performance reports reflect increased HUB participation and good faith efforts
- A.1.2.2 Reports required by the Texas Procurement & Support Services (TPASS) division of the Comptroller of Public Accounts (CPA) and MD Anderson executives are produced and submitted accurately and on time

### **B. GOAL**

We will make a good faith effort to utilize HUB and SBC firms to supply the following percentages of the total purchased value of commodities, construction, professional and other services:

**Fiscal Year 2015**

	<b><u>Total Expenditures</u></b>	<b><u>HUB Expenditures</u></b>	<b><u>HUB Percentage</u></b>
<b><u>Building Construction</u></b>	\$ 56.2M	\$ 5.6M	9.9%
<b><u>Special Trade Construction</u></b>	\$ 63.0M	\$ 8.8M	14.0%
<b><u>Professional Services</u></b>	\$ 5.4M	\$ 2.5M	47.2%
<b><u>Other Services</u></b>	\$239.1M	\$23.6M	9.9%
<b><u>Commodities</u></b>	\$959.7M	\$18.7M	2.0%

**Fiscal Year 2016**

	<b><u>Total Expenditures</u></b>	<b><u>Expected HUB Expenditures</u></b>	<b><u>Expected HUB Percentage</u></b>
<b><u>Building Construction</u></b>	\$ 62.0M	\$ 6.2M	10.0%
<b><u>Special Trade Construction</u></b>	\$ 65.0M	\$ 7.8M	12.0%
<b><u>Professional Services</u></b>	\$ 4.5M	\$ 1.5M	33.0%
<b><u>Other Services</u></b>	\$260.0M	\$26.0M	10.0%
<b><u>Commodities</u></b>	\$992.0M	\$24.8M	2.5%

**B.1 OBJECTIVE**

To include HUBs and SBCs in all phases of procurement opportunities, thus achieving procurement program goals through the total value of contracts and subcontracting opportunities awarded annually.

### **OUTCOME MEASURE**

Percentage of Total Dollar Value of purchasing contracts and subcontracts awarded directly or indirectly to HUBs.

### **B.1.1 STRATEGY**

Instruct HUB and SBC suppliers regarding agency business opportunities, practices and procedures.

### ***OUTPUT MEASURES***

- B.1.1.2 Liaison to and from local advocacy groups and organizations in the Division's market area
- B.1.1.3 Attendance and participation in economic opportunity forums
- B.1.1.4 Sponsorship of supplier forums
- B.1.1.5 Administration of Mentor-Protégé Program
- B.1.1.6 Training presentation to HUB and SBC supplier community on how to do business with MD Anderson
- B.1.1.7 Use of advertising, e-mails, and brochures to promote the HFSB Program

### **B.1.2 STRATEGY**

Solicit bids and proposals from HUB and SBC suppliers on a continuous and consistent basis.

### ***OUTPUT MEASURES***

- B.1.2.1 Current bid opportunities are distributed at HFSB networking events outside of MD Anderson
- B.1.2.2 HFSB source lists provided on regular basis to internal and external construction/facilities teams as sourcing tool for institutional projects
- B.1.2.3 HUBs contacted for each solicitation posted on the MD Anderson Webpage
- B.1.2.4 Business procedures include providing inquiring HUBs and SBCs template e-mail on how to do business. Specific details are included re on-line registration, whom

to address within Sourcing and Purchasing, where to find bids and upcoming events.

### **B.1.3 STRATEGY**

Maintain a system to monitor individual buyer/sourcing specialist performance as relates to institutional HUB and Federal Small Business Program goals and objectives.

#### ***OUTPUT MEASURES***

- B.1.3.1 Inclusion of Purchasing and Sourcing teams in outreach events
- B.1.3.2 Buyers/Sourcing teams track HUB bids and proposals for each purchase category and report regularly to the HFSB team
- B.1.3.3 Collaborate with Supply Customer Service on production of a report to track HFSB participation by Sourcing Team.
- B.1.3.4 Inclusion by Sourcing and Contracts team of HFSB team in formation of sourcing events and inclusion of HUB and SBC suppliers
- B.1.3.5 Tracking of pro-activity of Sourcing Teams to include HFSB team on front end of sourcing events

### **B.1.4 STRATEGY**

Invite Historically Underutilized Businesses to deliver technical and business presentations that demonstrate their capability to do business with MD Anderson.

#### ***OUTPUT MEASURES***

- B.1.4.1 Presentations by HUB and SBC suppliers scheduled in areas of building construction, special trade, professional services, other services or commodities.
- B.1.4.2 Contract Managers, Sourcing and Purchasing personnel are invited and participate in HUB and SBC presentations
- B.1.4.3 HUB and SBC suppliers are invited and participate in the annual internal forum (Supplier EXPO)

### **B.1.5 STRATEGY**

Provide on-campus training for certified HUB companies detailing the RFP process and presentation skills.



### ***OUTPUT MEASURES***

- B.1.5.1 Number of technical and business presentations received
- B.1.5.2 Number of forums held.
- B.1.5.3 Present progressive training classes annually
- B.1.5.4 Number of HUB firms successful in doing business with MD Anderson as a result of taking the class

### **B.1.6 STRATEGY**

Maintain current Mentor-Protégé Program to foster long-term relationships between prime contractors and HUBs.

### ***OUTPUT MEASURES***

- B.1.6.1 Increased capacity of HUBs to do business with the state
- B.1.6.2 Number of HUBs receiving state contracts or subcontracts
- B.1.6.3 Number of Mentor-Protégé teams facilitated by MD Anderson; tracked by ethnic/gender group and protégé trade
- B.1.6.4 Success of Protégé to meet all goals identified in the contract
- B.1.6.5 Monthly meetings are held to facilitate progress and measure progress toward goals
- B.1.6.6 Meeting minutes reflect progress per goal and success of the team

**The University of Texas MD Anderson Cancer Center  
Supply Chain Management  
HUB and Federal Small Business Program  
Strategic Plan Supplement FY 2016**

	Building		Special Trade		Professional Services		Other Services		Commodity	
<b>2015</b>	HUB Participation \$5,569,898 9.90%	Total Expenditures \$56,155,463	HUB Participation \$8,842,597 14.00%	Total Expenditures \$63,070,168	HUB Participation \$2,524,067 47.20%	Total Expenditures \$5,352,816	HUB Participation \$23,634,424 9.90%	Total Expenditures \$239,078,279	HUB Participation \$18,720,357 2.00%	Total Expenditures \$959,737,227
<b>2014</b>	HUB Participation \$13,197,754 18.10%	Total Expenditures \$72,923,850	HUB Participation \$8,705,935 9.90%	Total Expenditures \$88,224,603	HUB Participation \$1,788,900 26.60%	Total Expenditures \$6,731,387	HUB Participation \$21,799,857 9.60%	Total Expenditures \$229,571,696	HUB Participation \$27,294,488 2.70%	Total Expenditures \$812,840,208
<b>2013</b>	HUB Participation \$25,144,857 16.11%	Total Expenditures \$156,154,971	HUB Participation \$11,172,145 13.38%	Total Expenditures \$83,549,295	HUB Participation \$4,365,149 37.30%	Total Expenditures \$11,702,566	HUB Participation \$27,897,098 12.07%	Total Expenditures \$231,221,207	HUB Participation \$31,355,727 3.86%	Total Expenditures \$726,315,818
<b>2012</b>	HUB Participation \$13,250,511 27.75%	Total Expenditures \$47,763,393	HUB Participation \$8,688,694 15.07%	Total Expenditures \$57,665,960	HUB Participation \$8,747,240 55.75%	Total Expenditures \$15,690,790	HUB Participation \$30,500,335 12.97%	Total Expenditures \$205,592	HUB Participation \$29,575,638 3.90%	Total Expenditures \$687,757,716
	<b>HUB Participation</b>	<b>Total Expenditures</b>	<b>HUB Participation</b>	<b>Total Expenditures</b>	<b>HUB Participation</b>	<b>Total Expenditures</b>	<b>HUB Participation</b>	<b>Total Expenditures</b>	<b>HUB Participation</b>	<b>Total Expenditure</b>
* Median	\$19,171,306 17.11%	\$114,539,411	\$10,007,371 13.69%	\$73,309,732	\$3,444,608 42.25%	\$8,527,691	\$25,765,761 10.99%	\$235,149,743	\$29,325,108 3.28%	\$855,160,172
State Goals	21.10%		32.70%		23.60%		24.60%		21.00%	
**Adjusted Goals	19.11%	\$21,888,481.44	23.20%	\$17,007,857.71	32.93%	\$2,808,168.65	17.80%	\$41,856,654.25	10.50%	\$89,791,818.06
FY16 Goals	10.00%		12.00%		33.00%		10.00%		2.50%	

\* Median - Eliminate high and low percentages; average the two remaining HUB and total amounts for the Median %

\*\*Adjusted Goals - "Closing the Gap" between current agency Median HUB participation and assumptive state goals  
(Agency Goal historically averaged the Median and the State Goal) FY15 is rounded down from FY14 in keeping with spend trends and attainable goals for healthcare.

Note: Heavy Construction Totals = \$0.00 for all years.

**Forecasts for FY2016**

CC: Pharmaceutical spend accounts for 36% of all CC spend. FY15 total expenditures were \$32M more than FY14 and up \$269M over FY10 (80% increase in 6 years).

BC: Construction is at an all-time low. No new buildings projected through 2017. Spend down \$42M in FY15 from FY14 or 74% decrease.

PS: Spend decrease correlates to drop in construction of buildings. PS down in FY15 \$1.4M from FY14.

OS: FY16 IT budget down 10% over FY15. EPIC expenditures adversely affect HUB opportunities.

10-28-2015