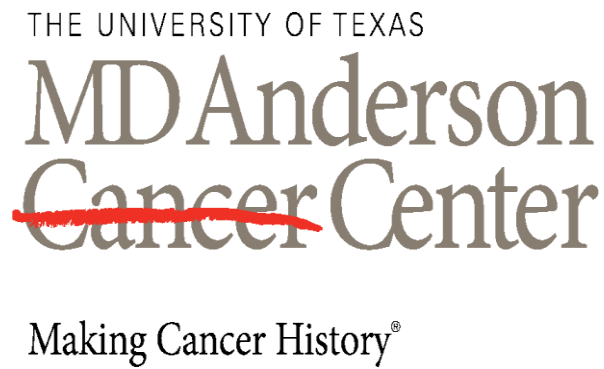


The University of Texas MD Anderson Cancer Center



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

Fiscal Years 2016 – 2017

Prepared October 2016

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 and 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 71st 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. The Institution also has significant business with non-certified small diverse firms which should be taken into consideration to more fully represent program performance. Operation of the program over the reporting period has increased opportunities for HUB firms to participate in business operations. MD Anderson's expenditures with HUB firms were \$60.5 million in FY2016, as compared to \$44.0 million in FY2006.

Efforts to identify and utilize HUB vendors continue as priorities of the Program. However, effective financial management encourages more leverage of spend to obtain high quality goods at best value. A larger portion of MD Anderson's purchases are placed with Institutional contracts or with Premier, the cancer center's hospital group purchasing alliance. Required volume, price competitiveness, as well as stringent delivery criteria create challenges to utilizing many smaller vendors.

The Institution's business focus on cancer research and treatment is highly specialized, and as such, limited in opportunity. Important considerations in evaluating program performance include measurements of variables in the marketplace including demand for goods/services for which limited HUB suppliers are available.

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

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 and awareness 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 2016

| | <u>Total Expenditures</u> | <u>HUB Expenditures</u> | <u>HUB Percentage</u> |
|--|----------------------------------|--------------------------------|------------------------------|
| <u>Building Construction</u> | \$ 15.7M | \$ 7.0M | 44.6% |
| <u>Special Trade Construction</u> | \$ 72.1M | \$ 5.8M | 8.0% |
| <u>Professional Services</u> | \$ 4.3M | \$ 2.9M | 67.9% |
| <u>Other Services</u> | \$414.6M | \$28.3M | 6.8% |
| <u>Commodities</u> | \$ 1003M | \$16.6M | 1.6% |

Fiscal Year 2017

| | <u>Total Expenditures</u> | <u>Expected HUB Expenditures</u> | <u>Expected HUB Percentage</u> |
|--|----------------------------------|---|---------------------------------------|
| <u>Building Construction</u> | \$ 30.0M | \$ 14.0M | 47.0% |
| <u>Special Trade Construction</u> | \$ 70.0M | \$ 6.0M | 9.0% |
| <u>Professional Services</u> | \$ 4.0M | \$ 2.0M | 50.0% |
| <u>Other Services</u> | \$225.0M | \$20.0M | 8.9% |
| <u>Commodities</u> | \$825.0M | \$20.0M | 2.4% |

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 development of HUBs with potential for establishing 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 2017**

| | Building | | Special Trade | | Professional Services | | Other Services | | Commodity | |
|---------------------------|--|---|---|---|---|--|--|--|---|--|
| 2016 | HUB Participation \$7,017,905 44.60% | Total Expenditures \$15,746,642 | HUB Participation \$5,768,113 8.00% | Total Expenditures \$72,158,138 | HUB Participation \$2,920,937 67.90% | Total Expenditures \$4,300,261 | HUB Participation \$28,287,681 6.80% | Total Expenditures \$414,618,588 | HUB Participation \$16,550,633 1.60% | Total Expenditures \$1,003,460,084 |
| 2015 | 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 |
| 2014 | 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 \$897,280,136 |
| 2013 | HUB Participation \$25,144,847 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 |
| * Median | HUB Participation \$10,107,830 16.74% | Total Expenditures \$64,539,657 | HUB Participation \$8,774,266 11.58% | Total Expenditures \$77,853,717 | HUB Participation \$2,722,502 43.01% | Total Expenditures \$6,042,102 | HUB Participation \$25,765,761 11.53% | Total Expenditures \$235,149,743 | HUB Participation \$23,007,423 3.51% | Total Expenditures \$928,508,682 |
| State Goals | 21.10% | | 32.70% | | 23.60% | | 24.60% | | 21.00% | |
| **Adjusted Goals | 18.93% | \$12,217,356.98 | 22.14% | \$17,236,812.83 | 33.31% | \$2,012,624.01 | 18.07% | \$42,491,558.56 | 12.26% | \$113,835,164.35 |
| ***Projected Goals | 18.00% | | 10.00% | | 25.00% | | 10.00% | | 2.50% | |

* Median - Eliminate high and low percentages; average the two remaining for the Median %

**Adjusted Goals - "Closing the Gap" between current agency Median HUB participation and assumptive state goals
(Establishes an Agency Goal by averaging the Median and the State Goal)

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

Projected Forecasts for FY2017

CC: Pharmaceutical spend accounts for 32% of all CC spend. FY16 was >\$12M over FY15 and up \$150M over FY11 or 69% increase in 6 years.

BC: Construction is at an all-time low. No new buildings projected for 3-4 years. Spend down \$40M from FY15 or 72% decrease.

PS: Spend decrease correlates to drop in construction of buildings. PS down \$1.1M from FY15.

OS: IT spend down 30% over FY15. EPIC expenditures adversely affect HUB opportunities. Budget FY17 for IT heavily curtailed due to completion of EPIC roll-out.