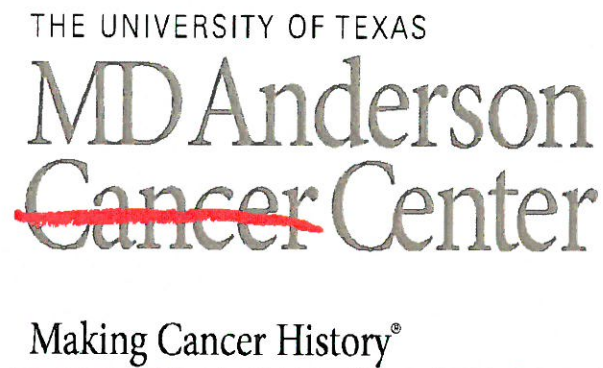


*The University of Texas MD Anderson Cancer Center*



*Historically Underutilized Business  
(HUB)  
Strategic Plan*

*Fiscal Years 2018 – 2019*

*Prepared October 2018*

## **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 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. 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 \$56.1 million in FY2018, as compared to \$40 million in FY2008.

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. In addition, MD Anderson utilizes UT System Supply Chain Alliance contract leverage which directly supports HUB initiatives. 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 April 12, 2018).

## **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.

### **OUTPUT 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 supports the HFSB Program in annual meetings.
- 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 Monthly; internal HFSB Program performance reports reflect 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 2018

	<b><u>Total Expenditures</u></b>	<b><u>HUB Expenditures</u></b>	<b><u>HUB Percentage</u></b>
<b><u>Building Construction</u></b>	\$ 111.9M	\$ 3.40M	3.1%
<b><u>Special Trade Construction</u></b>	\$ 22.3M	\$ 2.9M	12.8%
<b><u>Professional Services</u></b>	\$ 6.4M	\$ 2.5M	38.0%
<b><u>Other Services</u></b>	\$ 287.6M	\$ 34.6M	12.0%
<b><u>Commodities</u></b>	\$1,131.6M	\$ 2.7M	1.1%

## Fiscal Year 2019

	<b><u>Expected Total Expenditures</u></b>	<b><u>Expected HUB Expenditures</u></b>	<b><u>Expected HUB Percentage</u></b>
<b><u>Building Construction</u></b>	\$ 130.0M	\$13.0M	12.0%
<b><u>Special Trade Construction</u></b>	\$ 25.0M	\$ 2.5M	10.0%
<b><u>Professional Services</u></b>	\$ 8.2M	\$ 3.2M	40.0%
<b><u>Other Services</u></b>	\$ 310.0M	\$29.0M	9.0%
<b><u>Commodities</u></b>	\$1,300.0M	\$15.0M	1.2%

## **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.

## **OUTPUT 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 Presentations to HUB and SBC supplier community on how to do business with MD Anderson
- B.1.1.7 Use of advertising and e-mails to promote the HFSB Program
- B.1.1.8 Inclusion of various local advocacy representatives at annual internal Supplier EXPO to liaise with HUBs and SBCs

### **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 Current bids are distributed electronically on a monthly basis to local advocacy groups for distribution to their membership.
- B.1.2.3 Forecasts are assembled and distributed several times a year to local advocacy group for distribution to their membership as well as provided at external networking events.

- B.1.2.4 HUBs contacted for each solicitation posted on the MD Anderson webpage
- B.1.2.5 Business procedures include providing inquiring HUBs and SBCs template e-mail on how to do business. Specific details are included re on-line registration, where to find bids and upcoming events, and personalized with whom to address within Sourcing and Purchasing,

### **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 per purchase category and report routinely to the HFSB team
- B.1.3.3 Track pro-activity of Sourcing teams to include HFSB Program team on front end of sourcing events
- B.1.3.4 Inclusion by Sourcing and Contracts team of HFSB Program team in formation of sourcing events and inclusion of HUB and SBC suppliers

### **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 to participate in HUB and SBC presentations
- B.1.4.3 Forums feature demonstrations highlighting HUBs to Sourcing and internal customer personnel
- B.1.4.4 HUB and SBC suppliers are invited and participate in the annual internal forum (Supplier EXPO)

### **B.1.5 STRATEGY**

Provide training for small diverse businesses on best business practices.

## **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 Number of HUB and SBC firms successful in doing business with MD Anderson as a result of the forums or presentations received

## **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
- B.1.6.7 Mentoring teams are recognized with award recognitions at internal annual Supplier EXPO



**The University of Texas MD Anderson Cancer Center**  
**Supply Chain Management**  
**HUB and Federal Small Business Program**  
**Strategic Plan Supplement FY 2019**

	BUILDING		SPECIAL TRADE		PROFESSIONAL SERVICES		OTHER SERVICES		COMMODITY	
2018	HUB Participation \$3,428,315 3.10%	Total Expenditures \$111,944,622	HUB Participation \$2,867,961 12.80%	Total Expenditures \$22,355,335	HUB Participation \$2,459,879 38.00%	Total Expenditures \$6,474,087	HUB Participation \$34,627,365 12.00%	Total Expenditures \$287,593,830	HUB Participation \$12,744,025 1.10%	Total Expenditures \$1,131,577,669
2017	HUB Participation \$5,654,311 5.70%	Total Expenditures \$99,728,564	HUB Participation 1,977,486 9.50%	Total Expenditures \$20,925,409	HUB Participation \$4,146,678 43.20%	Total Expenditures \$9,597,965	HUB Participation \$23,185,162 8.00%	Total Expenditures \$291,030,331	HUB Participation \$9,890,129 1.00%	Total Expenditures \$977,267,887
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
* Median	HUB Participation \$5,612,105 7.80%	Total Expenditures \$283,575,291	HUB Participation \$2,422,723 11.00%	Total Expenditures \$178,509,050	HUB Participation \$3,335,372 45.00%	Total Expenditures \$25,725,129,00	HUB Participation \$23,409,793 8.80%	Total Expenditures \$1,232,321,028	HUB Participation \$14,647,329 1.30%	Total Expenditures \$4,072,042,867
State Goals	21.10%		32.70%		23.60%		24.60%		21.00%	
**Adjusted Goals	13.30%	\$37,715,513.70	21.70%	\$38,736,463.85	21.40%	\$5,505,177.61	15.80%	\$194,706,722.42	19.70%	\$802,192,444.80
***Projected Goals	8.00%		9.50%		38.00%		8.00%		1.50%	

\* 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 FY2019

CC: Pharmaceutical spend accounts for 41% of all CC spend. FY18 was >\$65.2M over FY17 and up \$239M over FY13 or 62% increase in 6 years.

BC: Construction remains down. Major renovations replaced new buildings. Mentored 1 engineering HUB.

ST: Special trade was up slightly by \$1.4M.

PS: Spend decreased in Professional Services.

OS: IT spend remains down for the past 3 years. Budget FY19 for IT remains heavily curtailed.