

**PRESIDENT'S COUNCIL ON UVA-COMMUNITY PARTNERSHIPS**



**Local Economy Working Group**

**Report and Recommendations**

**June 2022**

## **Members of the Working Group**

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## **I. Introduction**

In the fall of 2019, the University of Virginia created the President's Council on UVA-Community Partnerships. The goal of the Council is to work with President Jim Ryan to identify opportunities for the University to foster strong relationships with surrounding communities. This is part of the University's broader efforts to be a good neighbor in the Charlottesville/Albemarle community. Aligned with this charge, working groups were created that focused on five priorities: the local economy, jobs and wages, affordable housing, public health, and early childhood education.

The Local Economy Working Group was asked to identify how the University can work with local businesses to fulfill procurement needs. We met monthly from February 2021 to March 2022, evaluating the University's existing and potential opportunities to foster relationships and purchasing with local and small businesses, as well as businesses owned by historically marginalized racial, ethnic and gender groups (SWaM businesses). We surveyed UVA Procurement to understand purchasing decisions, and, following this survey, identified barriers to securing such business partnerships.

Subsequently, we identified ways to expand purchasing with local businesses certified as SWaM in the Commonwealth of Virginia, as well as with new businesses. We also reviewed other anchor institutions, such as Drexel, for best practices in these purchasing endeavors. The following report details the results of our inventory, assessment of opportunities for increasing UVA's spend with local vendors, review of existing processes, findings from consultation, and final recommendations.

## **II. Charge to the Group**

**Goal:** Increase number of University procurement relationships with and proportion of procurement funds going to local\* businesses by xx% by xx date\*\*, with recommendations for percentage and date to be determined by the working group. As part of this work, review and refine guidelines that will ensure equitable access for local businesses.

*\*Local: Tier 1 - Planning District 10/ Blue Ridge Health District; Tier 2 - Virginia*

### **Scope of Work**

- Inventory existing relationships with local businesses by type of service, demographics of owners, amount of contracts, duration of relationship, location and duration of business
- Identify opportunities across the University for increased local vendor relationships and purchasing with businesses owned by historically marginalized racial, ethnic and gender groups
- Identify opportunities to increase local hiring, especially among historically marginalized racial, ethnic and gender groups, for vendors who secure UVA contracts
- Review existing vendor selection process, including advertisement, requirements and guidelines, and identify barriers to access for different types of vendors
- Survey UVA purchasing managers to understand how purchasing decisions are made
- Consult with existing and potential vendors to understand barriers
- Evaluate successful partnerships between UVA and local businesses, particularly those which have progressed from being considered “small” due to the UVA relationship, to determine best practices/lessons learned for local businesses

- Evaluate successful partnerships between other anchor institutions and their local businesses to determine best practices/lessons learned for local businesses
- Identify ways to expand the number of local businesses certified as a SWaM business with the Commonwealth of Virginia
- Make recommendations to address barriers
- Develop implementation plan and timeline to implement recommendations

### **Deliverables**

1. Final Report to include: results of inventory, assessment of opportunities for increased local vendors, review of existing process, findings from consultation, and final recommendations.
2. Detailed plan and timeline to implement recommendations.

### **Required Considerations**

The final recommendations should address how the University will increase relationships with local businesses led by women, historically marginalized racial and ethnic groups (disaggregated by group and gender), and new businesses. Recommendations should also include strategies for developing new businesses and expanding existing ones where there are more opportunities for University contracts than potential local vendors.

### **III. Research and Engagement**

- There are 410 state-certified small, woman-owned, and minority-owned businesses that are local to UVA. UVA engages with 25% of those businesses today.

- There are more local, minority-owned, and woman-owned businesses that UVA could engage with. But without these businesses being state-certified, it is difficult to find and track them, and the state would not formally recognize UVA's work with them.
- Becoming state-certified has historically been a difficult process for small businesses. However, the Virginia Department of Small Business and Supplier Diversity (SBSD) leadership has assured the University that the timeframe for state certification has been reduced to 45 days on average. Learning how to navigate the University's competitive sourcing requirements, along with the additional bonding and proposal requirements related to construction projects, presents immediate barriers to entry.
- In addition, if UVA schools and units don't have the mindset to engage with local businesses and the tools to buy local, moving the needle will be difficult.
- UVA spends \$1B+ in expenditures each year. Transitioning some of its current spend into the local economy may not impact the University's interaction with local and SWaM businesses as measured by percentages, when looked at solely from the perspective of, "What percentage of spend did UVA do with local and SWaM businesses?" Other performance metrics such as number of dollars going into the local economy, number of new businesses formed, and growth with existing businesses will be essential to measuring progress.
- Accessing and integrating Health System and Academic Division spend data is complex and time-consuming, making it difficult to understand all of the potential opportunities.

#### **IV. Recommendations**

- Double the percentage of local and minority-owned businesses selling to the University from FY 2022 to FY 2025. This would represent \$500,000/year in new dollars being spent with local and minority-owned businesses. Work towards increasing in a significant way the number of businesses selling to the University. (*\*\*Please note that these actual numbers will be updated at the conclusion of FY 2022 in July*)

- Increase the percentage of UVA's spend with local businesses by 10% from FY 2022 to FY 2025. This would represent 68 new local businesses and \$9.8 million of new local businesses spending to the University. (*\*\*Please note that the actual numbers will be updated at the conclusion of FY 2022 in July*)
- The working group endorses the Procurement Strategic Plan developed by UVA Procurement in 2021, which includes a commitment to growing relationships with SWaM businesses throughout the region. The plan's recommendations align with this committee's charge and should be implemented fully. The plan has been attached as an appendix to this document.
- UVA should set aggressive and achievable goals related to local SWaM business spending, including a focus on increasing spend to minority and black-owned businesses. The working group would support that University engaging a third-party consultant to confirm feasibility of goals.
- In the next 18 months, UVA should pre-screen by commodity codes the 308 local and state-certified businesses with which we currently lack a business relationship, seek out capabilities statements, and evaluate ways to work with these suppliers that supply goods and services that the University purchases. Engagement, contracting opportunities, and spend should be tracked.
- In the next 18 months, UVA should also review the spend with the existing 102 local and state-certified businesses and identify specific opportunities to increase spend with them. Growth should be tracked.
- UVA should make it easy for schools and units to search and find local, woman-owned, and minority-owned businesses. A local supplier/business search tool should be developed and should feature these businesses in economic impact plans that UVA is developing as part of its Supplier Diversity strategic plan.

- The UVA supplier diversity program should be intentional in its efforts to simplify and shorten the certification process for vendors. Restructuring legislation allows for schools that are members of the Virginia Association of State College and University Purchasing Professionals, such as UVA, to certify businesses according to the state's definitions without having to go through the state's central office. The working group initially set out to recommend the hiring of a consultant for a three-year contract term to launch a local initiative to certify all applicable local businesses. Beyond helping to increase the pool of SWaM businesses that UVA could purchase from, doing this would increase the capacity of local businesses to engage with other state agencies.
  - Team members recently met with new state leadership and were pleased to learn that the recertification frequency had been decreased to every three years from every five years and that the average certification period had been reduced to 45 days. Additionally, UVA has been assigned an SBSB representative who will visit onsite and walk a local small business owner through the certification process. UVA is now using Salesforce to track individual certifications from beginning to end.
  - Should UVA find that the certification process remains slow and unreliable despite recent changes at the state level designed to improve the process, UVA should consider hiring contract resources and launching a targeted campaign to get more local businesses state-certified.
  - The hiring of this resource to have potential benefits beyond UVA supplier diversity efforts and SWaM certification should be considered.
  
- The working group recognizes that, in the past, the SWaM certification process was slow and difficult for many businesses and likely reinforced inequities that existed for the very businesses it aimed to serve. UVA should look for opportunities to increase spending with local and Black-owned businesses regardless of their SWaM certification. Growth should be tracked.



- UVA needs to continue to invest in getting better data to identify opportunities on both the Health System and Academic Division side. UVA should invest in specific resources to create and maintain a holistic dashboard of key metrics.
- UVA should make doing business with local and historically disadvantaged businesses a priority at the school and unit level. Tailored impact plans should be developed with the President's Office or COO's Office, making a point to track progress among each of the school/unit leaders. UVA should create a supplier diversity champions council across Grounds to advocate for supplier inclusion at the school/unit level and provide quarterly reporting to school/unit leadership.
- UVA should provide more transparency or clarify fees charged on payments that UVA makes, so bidders can better understand how to incorporate those fees into bid structure.