

# MINORITY BUSINESS BULLETIN

APRIL 2005

## *The Business and Finance Minority Purchasing Council*

Each major division within Business and Finance is represented on the Minority Purchasing Council. The team's charge is to heighten awareness, increase access, and strengthen business relationships with small, emerging, disadvantaged, and minority businesses. The Council is a resource to help you:

- find minority suppliers,
- navigate the obstacles you may encounter,
- answer any questions you may have.

## *Update on Selected Commodities*

Mr. Larry Price, a consultant for Business and Finance, and the Minority Purchasing Council are meeting with customer groups to better understand their needs and requirements so that qualified minority suppliers can be identified in these selected commodities:

- Food
- Automotive Parts & Supplies
- Architect and Engineering Services
- Building Maintenance and Repair Services & Supplies

If you make purchases in these commodities and would like to be involved in this process, please contact Larry Price at 228-6332.



PHOTO CREDIT: KEVIN FITZSIMONS, UNIVERSITY RELATIONS

### MEMBERS OF THE BUSINESS AND FINANCE MINORITY PURCHASING COUNCIL

FRONT ROW, LEFT TO RIGHT: SCOTT BRAIDIC, TRICIA HOHL, PAM GENTILE, AND MIKE KRABILL; BACK ROW, LEFT TO RIGHT: HELEN DESANTIS, AMY KESSINGER, JUDY VERTIKOFF, STEVE HAMAN, BETH KELLEY, KATHY DILLOW, VERN BAISDEN, SEAN O'BRIANT, AND SENIOR VICE PRESIDENT SHKURTI, EXECUTIVE SPONSOR. NOT PICTURED: ALEX COFIELD, MADELYN MAUPIN, BOB QUINN.

## *State of Ohio Certification*

As mandated by State law, only purchases made with State of Ohio Certified Minority Business Enterprises (MBEs) can be counted toward the 15% participation goal reported to the State. Recognizing that not all minority owned businesses are State Certified, Mr. Price is developing an information packet that can be distributed by Business and Finance staff to minority businesses to guide them through the certification process. The packet will include "insiders tips" about the process as well as contact information if there are questions along the way. We anticipate this packet will be available in the coming weeks.

## *Inside This Issue ...*

- Answers to questions on the evaluation forms during the recent workshops at the Blackwell
- Clarifications on definitions associated with minority business
- Update about the ibuy web site



*Photos from the recent workshops at the Blackwell.*

*Thank you to all who attended for sharing your time, insights, and experiences.*



## SUCCESS STORY

**Commodity:**

Uniforms

**Department:**

Purchasing, Receiving, Stores, and Mail Services

We are pleased to report that Proforma TCL (a State Certified MBE) will be the provider for our new uniforms. The quality of the uniforms, services offered, and competitive pricing made them a good choice for our business.

To make this deal possible, Ameripride (a "majority" supplier) has agreed to provide cost effective cleaning service for the new uniforms. We are looking forward to this new business relationship.

If anyone has questions about the arrangement or would like to learn more about our experiences with Proforma TCL, please call Scott Braidic at 292-9738.



# A Q&A on Minority Business with Members of the B&F Minority Purchasing Council (MPC).

*Participants overwhelmingly indicated that they left the workshops at the Blackwell with an understanding of the importance, priorities, and tools and resources available to them as it relates to minority business. There were, however, a few questions noted on evaluation forms that participants felt were not addressed during the sessions. These questions were given to the Minority Purchasing Council, and responses are provided below.*

**Question: “How are preferred contracts determined? Are cost savings a major consideration? If reducing costs is a big priority, isn’t the competitive open market the logical 1st choice? The priorities of reducing costs and having minority vendors seem to be at odds.”**

MPC: Preferred (or “prime”) contracts are the result of competitive bid processes conducted in the open market. Opportunities for prime and other contracts are identified through regular reviews of the university’s spending patterns.

Cost reduction and contracting with minority vendors would only be at odds if it is assumed that minority vendors are always more expensive. Minority firms are as likely to be cost competitive as comparably sized non-minority vendors.

**Question: “Who’s decision is it if the purchase from MBEs are X% higher?”**

MPC: There isn’t a threshold. For purchases under the bid limit, the business decision is at the department’s discretion. The university’s RFP process should be followed for purchases over the bid limit. Minority participation can be included in RFPs and weighted as one of the criteria for award in bids.

**Question: “How do you get 15% participation and meet the #1 goal to use preferred contracts? These two seem to be in conflict at times.”**

MPC: Minority components are built into most prime supplier agreements. For example, contracts for office, janitorial, and lab supplies all have a minority component so you can take advantage of the pricing, value, and service that a prime contract has to offer and grow your minority participation at the same time.

**Question: “Is there a point when cost savings takes precedence over minority participation?”**

MPC: No, both are high priorities that we have all been given the challenge of managing. The university is committed to reduce the cost of goods and services and meet the 15% participation goal outlined by the State.

**Question: “Are there instances when using a minority supplier is in competition with using an internal source?”**

MPC: There will unquestionably be instances where such competition occurs, and the business decision is at the discretion of the department. However, many internal service units (Stores and Printing, for example) offer minority credit as part of your purchase.

**Question: “Explain how and why working with MBEs is good for our economy.”**

MPC: The university is a major purchaser of goods and services and is committed to the development and advancement of a broad and diverse vendor base. A broad and diverse vendor base leads to social and economic growth for the citizens of Ohio, and expands the tax base.

**Question: “Define the legal limits on what can and can’t be done.”**

MPC: The university is required to purchase 15% of goods and services from State Certified minority suppliers. This can be accomplished through set-aside bids or open market sourcing. The university can not set-aside an entire commodity.

**Question: “Is there any legal challenge or threat to minority set-asides for non-**

**construction purchases?”**

MPC: The purchasing department is not aware of any such challenges.

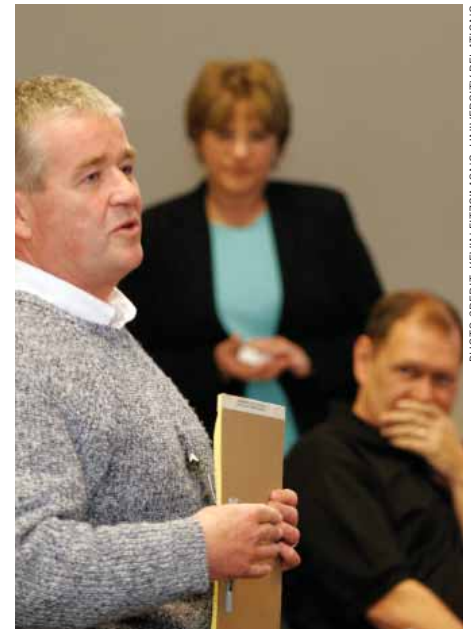


PHOTO CREDIT: KEVIN FITZSIMONS, UNIVERSITY RELATIONS

**Question: “What services do and do not count towards the goal?”**

MPC: Construction and Architect and Engineering services, typically coordinated by Facilities Planning and Development and Physical Facilities, are not counted towards the 15% participation goal unless the purchase order is issued through purchasing.

**Question: “When selection is made based on qualifications (professional services) how can the minority vendor list be used?”**

MPC: The list can be used as a starting point to identify firms you may want to seek proposals from for a particular scope of work.

**Question: “MBE professional consulting services under A/E agreements—how can we track those dollars?”**

MPC: Architect and Engineering purchase orders issued by the purchasing department are tracked centrally and included in the minority reports. Contracts issued by the Architect’s Office are not. These generally fall under the construction rules.

**Question: “Where do I find minority spending on eReports?”**

MPC: Reports are located in the eReports portal under Financial Reports. Follow the link to General Procurement Reports and click Minority Vendor Report.

**Question: “Is there a federal web site to be utilized?”**

MPC: There is a federal web site identifying small businesses; however, the university’s approach to certification of minority suppliers is guided by the State of Ohio.

**Question: “When hiring employees you cannot ask ethnicity, but when buying from them you can—explain?”**

MPC: The Ohio Revised Code allows the university to request a State of Ohio MBE Certification from businesses.

## Clarifications on Definitions of Terminology

*Additional questions surfaced during the seminars at the Blackwell pertaining to definitions of terms surrounding the minority business initiative.*

**“The initial question asked at the beginning of the session was: *What is the definition of minority?* That was not answered. We are told it’s the “state’s” definition. That didn’t say anything!”**

The following definition is taken directly from the State of Ohio web site: “Minority business enterprise” means an individual, partnership, corporation or joint venture of any kind that is owned and controlled by U. S. Citizens and residents of Ohio, who are and have held themselves out as members of the following socially and economically disadvantaged groups: Blacks, American Indians, Hispanics and Orientals.

**“How is a small business different than a minority business? What defines a small business?”**

A small business is a U.S. business that is independently owned and operated, is not dominant in its field of operation and can qualify under criteria concerning number of employees (generally fewer than 500), average annual receipts or other criteria as outlined by the U.S. Small Business Administration (CFR Title 13, Part 121, as amended).

A small business may or may not be a State of Ohio certified minority business.

**“Would like to know where *women-owned businesses and small businesses* fit into the definition of minority.”**

“Women-owned” and “small” businesses can be minority businesses if they also meet the State’s MBE criteria. However, the fact that such companies are small and/or women-owned does not alone define them as State of Ohio certified minority business enterprises.

**OF IMPORTANT NOTE:** our ultimate goal is to work with a diverse pool of suppliers: small, emerging, disadvantaged, and minority businesses. However, the only group of suppliers that will help us meet our 15% participation goal are State Certified MBEs.

## ibuy web site

The ibuy web site is operational! The site is intended to be a resource to departments to locate prime contracts, internal service units, and State Certified MBEs. Additionally, you can “give” and “get” feedback on suppliers with whom we’ve done business. The hope is that, as an organization, we can strengthen our network of shared knowledge.



<http://ibuy.osu.edu>

### Use the **ibuy** site to:

1. Find:
  - prime suppliers
  - internal service units
  - State Certified MBEs
2. *give* and *get* feedback about suppliers