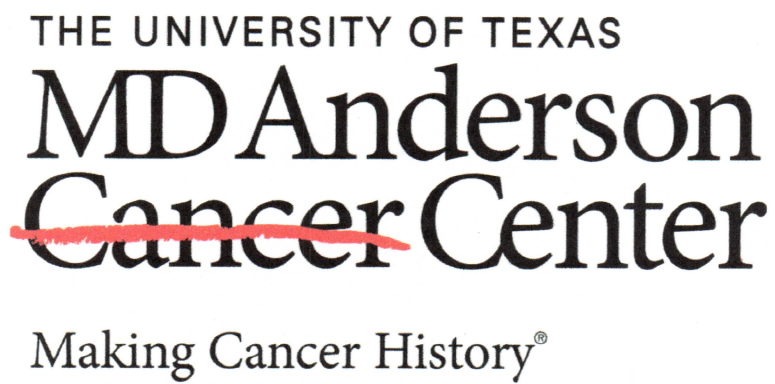


The University of Texas MD Anderson Cancer Center



*Historically Underutilized Business
(HUB)
Strategic Plan*

Fiscal Years 2020 – 2021

Prepared November 2020

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.

Efforts to identify and utilize HUB vendors continue as priorities of the Program while effective financial management encourages more leverage of spend to obtain high quality goods at best value. A greater portion of MD Anderson's purchases are placed with Institutional contracts or with Premier, the cancer center's hospital group purchasing alliance. Furthermore, MD Anderson leverages UT System Supply Chain Alliance contracts which directly support HUB initiatives. Required volume, price competitiveness, as well as stringent delivery criteria create challenges to 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. In addition, there are fewer than 14,500 certified HUBs in the state of Texas, many of which not in categories applicable to this business. Therefore,

we have taken an aggressive approach to improve capacity with intent to grow qualified HUBs for their success and that of our program.

Extensive efforts were made in fiscal year 2020 to further enhance MD Anderson's HUB Program to grow the capacity of HUBs. Two key elements were put in place to increase HUB spend: 1.) A three-year contract with a HUB construction services team to identify and increase capacity of HUBs initially in construction and eventually in information technology services, and 2.) A Memorandum of Understanding (MOU) with The University of Texas System's HUB Program Office. The MOU will assist with training, customer interface and HUB identification. Both serve as extensions of and will operate under the management of MD Anderson's HUB Associate Director.

Challenges faced mid fiscal year 2020, due to the worldwide pandemic, placed unprecedented hardship on financial resources as well as social distancing altering traditional business practices. Strict containment of spend was implemented including a halt to contracts with contingent workers during the second half of the fiscal year. Planned major efforts on construction were severely streamlined. Going forward into fiscal year 2021, is anticipated the Institution will continue a highly conservative approach to spend.

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 and Federal government.

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 Participation on Institutional Diversity Committee increases awareness of HFSB Program within MD Anderson
- A.1.1.2 HFSB Program reports through Sourcing and Contracts Management

A.1.2. STRATEGY

Supports 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
- A.1.2.3 Other reports as requested that reflect HFSB Program results
- A.1.2.4 HFSB Program reports are collaboratively prepared with Finance team of Supply Chain Management

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 2020 Annual

	<u>Total Expenditures</u>	<u>HUB Expenditures</u>	<u>HUB Percentage</u>
<u>Building Construction</u>	\$ 42.6M	\$ 1.4M	3.5%
<u>Special Trade Construction</u>	\$ 30.8M	\$ 3.9M	10.0%
<u>Professional Services</u>	\$ 15.7M	\$ 1.6M	10.7%
<u>Other Services</u>	\$ 325.0M	\$ 40.4M	12.4%
<u>Commodities</u>	\$ 1.2B	\$ 16.3M	1.3%

Fiscal Year 2021 – Forecasted for full year

	<u>Anticipated Total Expenditures</u>	<u>Anticipated HUB Expenditures</u>	<u>Anticipated HUB Percentage</u>
<u>Building Construction</u>	\$ 45M	\$ 1.5M	12%
<u>Special Trade Construction</u>	\$ 30M	\$ 3M	12%
<u>Professional Services</u>	\$ 16M	\$ 1.7M	18%
<u>Other Services</u>	\$ 325M	\$ 40M	19%
<u>Commodities</u>	\$ 1.3B	\$ 17M	1.75%

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 Contracted with HUB construction services firm to enhance HFSB Program efforts and develop capacity of HUBs including modelling of Program outreach efforts. (Contract placed on temporary hold through second half of FY2020)
- B.1.1.3 MD Anderson engaged in a Memorandum of Understanding with UT System's HUB Program Office to enhance training and development of HUBs in the field of construction.
- B.1.1.4 Liaison to and from local advocacy groups and organizations in the Division's market area
- B.1.1.5 Attendance and participation in economic opportunity forums
- B.1.1.6 Sponsorship of supplier forums
- B.1.1.7 Administration of Mentor-Protégé Program
- B.1.1.8 Presentations to HUB and SBC supplier community on how to do business with MD Anderson
- B.1.1.9 Use of advertising and e-mails to promote the HFSB Program
- B.1.1.10 Inclusion of various local advocacy representatives at annual internal Supplier EXPO to liaise with HUBs and SBCs
- B.1.1.11 Chair Capacity Building Subcommittee for the Houston Minority Supplier Development Council
- B.1.1.12 Co-Chair Professional Services Subcommittee for the Houston Minority Supplier Development Council

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 Contracted with HUB construction services firm to enhance HFSB Program efforts and develop capacity of HUBs including modelling of Program outreach efforts.
- B.1.2.2 MD Anderson engaged in a Memorandum of Understanding with UT System's HUB Program Office to enhance training and development of HUBs.
- B.1.2.3 Current bid opportunities are distributed at HFSB networking events outside of MD Anderson
- B.1.2.4 Current bids distributed electronically on a monthly basis to local advocacy groups for distribution to their membership.
- B.1.2.5 Forecasts assembled and distributed quarterly year to local advocacy group for distribution to their membership as well as provided at external networking events.
- B.1.2.6 HUBs contacted for each solicitation posted on the MD Anderson webpage
- B.1.2.7 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 Track pro-activity of Sourcing teams to include HFSB Program team on front end of sourcing events
- B.1.3.3 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 Contracted with HUB construction services firm to enhance HFSB Program efforts and develop capacity of HUBs including modelling of Program outreach efforts (on hold second half of FY2020).
- B.1.4.2 MD Anderson engaged in a Memorandum of Understanding with UT System’s HUB Program Office to enhance training and development of HUBs.
- B.1.4.3 Presentations by HUB and SBC suppliers scheduled in areas of building construction, special trade, professional services, other services or commodities
- B.1.4.4 Contract Managers, Sourcing and Purchasing personnel are invited to participate in HUB and SBC presentations
- B.1.4.5 Forums feature demonstrations highlighting HUBs to Sourcing and internal customer personnel
- B.1.4.6 HUB and SBC suppliers invited to participate in annual internal forum (HFSB Supplier EXPO)

B.1.5 STRATEGY

Provide training for small diverse businesses on best business practices.

OUTPUT MEASURES

- B.1.5.1 MD Anderson engaged in a Memorandum of Understanding with UT System’s HUB Program Office to enhance training and development of HUBs.
- B.1.5.2 Contracted with HUB construction services firm to enhance HFSB Program efforts and develop capacity of HUBs including modelling of Program outreach efforts. (on hold as of second half of FY2020)
- B.1.5.3 Number of technical and business presentations received
- B.1.5.4 Number of forums held
- B.1.5.5 Number of HUB and SBC firms successful in doing business with MD Anderson indicative 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 Regular meetings held to facilitate progress and measure progress toward goals, usually on alternate months
- B.1.6.6 Meeting minutes reflect progress per goal and success of the team
- B.1.6.7 Mentoring teams recognized with award recognitions at annual internal HFSSB Program Supplier EXPO

The University of Texas MD Anderson Cancer Center
Supply Chain Management
HUB and Federal Small Business Program
Strategic Plan Supplement FY 2021

	BUILDING		SPECIAL TRADE		PROFESSIONAL SERVICES		OTHER SERVICES		COMMODITY	
2020	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures
	\$1,482,340	\$42,626,784	3,095,832	\$30,941,714	\$1,696,715	\$15,784,545	\$40,420,633	\$325,052,537	\$16,380,737	\$1,285,723,058
	3.50%		10.00%		10.70%		12.40%		1.30%	
2019	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures
	\$3,472,730	\$66,844,828	\$2,464,207	\$23,385,651	\$1,117,104	\$11,076,680	\$55,680,804	\$339,713,228	\$21,973,356	\$1,388,372,225
	5.20%		10.50%		10.10%		16.40%		1.60%	
2018	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures
	\$3,428,315	\$111,944,622	\$2,867,961	\$22,355,335	\$2,459,879	\$6,474,087	\$34,627,365	\$287,593,830	\$12,744,025	\$1,131,577,669
	3.10%		12.80%		38.00%		12.00%		1.10%	
2017	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures
	\$5,654,311	\$99,728,564	\$1,977,486	\$20,925,409	\$4,146,678	\$9,597,965	\$23,185,162	\$291,030,331	\$9,890,129	\$977,267,887
	5.70%		9.50%		43.20%		8.00%		1.00%	
* Median	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures	HUB Participation	Total Expenditures
	\$3,450,522	\$321,144,798	\$2,666,084	\$97,608,109	\$4,156,594	\$42,933,277.00	\$37,523,999	\$1,243,389,926	\$14,562,381	\$4,782,940,839
	21.30%		11.65%		18.67%		12.24%		1.12%	
State Goals	21.10%		32.90%		23.70%		26.00%		21.10%	
**Adjusted Goals	21.20%	\$68,082,697.18	22.27%	\$21,737,325.87	21.18%	\$9,093,268.07	19.12%	\$237,736,153.85	11.11%	\$531,384,727.21
***Projected Goals	12.00%		12.00%		18.00%		19.00%		1.75%	

* 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 FY2021

CC: Pharmaceutical spend accounts for 43% of all CC spend. FY20 was >\$260M over FY15 or 64.5% increase in 6 years.

BC: Early FY20, Const. projected \$1.3B. 3-year contract with HUB Constr. Serv. firm paused mid-FY20 due to COVID-19. Conservative use of serv. early FY21. MOU with UTS HUB Prog. Office to max. HUB capacity and spend.

ST: Special trade and building construction expenses are closely related.

PS: Spend increased only slightly in Professional Services in FY20 over FY19.

OS: IT spend down for past 5 years. Budget FY21 for IT remains curtailed.