

Paradigm Group Consultants

Your Catalyst for Change



Supplier Diversity Assessment Final Report

Purpose of Supplier Diversity Assessment

The purpose of the WCPSS supplier diversity assessment was to define the current state of the engagement of diverse businesses in the overall acquisition of goods, services, products, and programs that support the Wake County Public Schools System.

The Supplier Diversity Assessment is composed of three parts that work in tandem in order to achieve this goal: the needs assessment, operation program review, and challenges and recommendations. Each portion was foundational to not only understanding the current processes within supplier diversity but also to provide observations and steps for further analysis and recommendations. A brief description of the methodology for each portion is listed below.

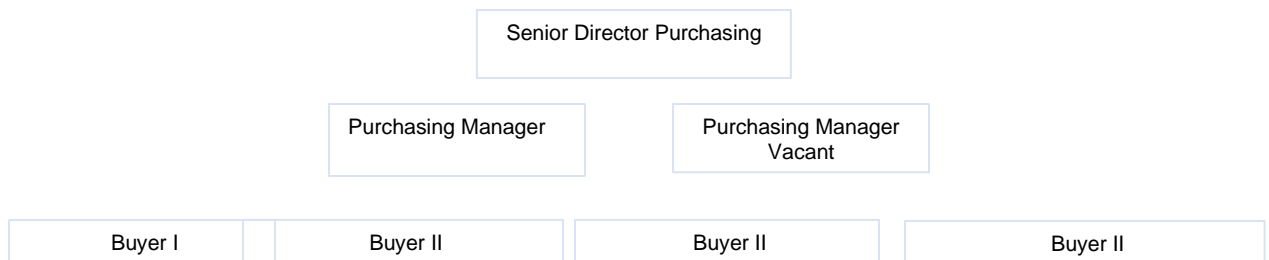
1. Needs Assessment
 - a. Define assessment participants
 - b. Identify important data & information critical to the assessment
 - c. Learning of assessment team regarding WCPSS practices and processes
2. Operation Program Review
 - a. In-depth exploration of WCPSS purchasing strategies
 - b. Initial data collection
 - c. Identify current “best practices”
 - d. Review key performance metrics in the supply chain process
3. Analysis and Recommendations
 - a. Detailed study of the current state of WCPSS supplier diversity operations, including:
 - i. Supplier diversity program management, staffing, and structure for each area of the supplier diversity chain
 - ii. Infrastructure, including web-based services
 - iii. Management practices and processes to ensure program utilization and compliance
 - iv. Program structure and policy
 - v. Analysis of spend by vendor type to identify best practices and spend gaps in deployment of contracts for Historically Underrepresented Business (HUB) vendors
 - vi. Vendor management practices, including registration processes and contract outreach processes
 - vii. RFP/RFQ/IFB bid process training
 - viii. On-going analysis of diverse participation in all contracting programs
 - ix. On-going inclusion and inspection of tier II diverse subcontracting, with extra focus on participation and supplier growth

After the Needs Assessment (1) and the Operation Program Review (2) were conducted for both the purchasing department and the facilities, design and construction department. A deep analysis of the current state of supplier diversity operations (3) was performed. This resulted in the following data which seeks to provide context, observations, and challenges aligned with their respective recommendations. Finally, the assessment resulted in six specific actions for both departments to consider in order to increase efficiency and alignment with WCPSS supplier diversity goals. These recommendations can be found on page six.

Purchasing Department

I. Context

The purchasing department provides critical services to all departments in WCPSS. The staff utilizes contract purchasing processes, purchase orders and procurement methodologies to end users. The internal procurement team are the subject-matter experts that provide process, guidance, and direction to department leaders on thousands of purchases each month. The purchasing team is also expected to provide process guidance for end-users that are unaware of spend thresholds and procurement options. Recently, the purchasing team has conducted awareness sessions to increase end-user knowledge of the purchasing process and programs that can be accessed for certain purchasing needs. The purchasing team of three buyers and two managers is led by Senior Director of Purchasing, Debra Wallace. The team issues over 10,000 purchase orders per year. An organizational chart of the team is provided below.



II. Observations

- The purchasing team manages all purchases of goods and services for WCPSS
- Issues over 10,000 purchase orders per year for products and services over \$2,500 and \$5,000 - \$90,000 as open bids
- Team follows requirements for purchases expected to exceed \$90,000 as directed by the state of North Carolina
- Team utilizes the regulations set forth by the North Carolina Division of Purchase & Contracts for any state-related organizations who provide products such as scientific equipment, office supplies, or paper products
- For inter-departmental purchases totaling \$2,500 - \$5,000, the purchasing team utilizes a competitive bid process that allows departments to identify three different vendors and suppliers

- The purchasing team also manages the use of a Procurement/Purchasing Credit Card or “P-Card” utilized by departments for purchases that total \$2,499 or less

WCPSS utilizes the State of North Carolina Interactive Purchasing System (IPS) to post key purchase orders. The system is designed to provide broad distribution and access to registered suppliers and contractors across North Carolina. The WCPSS Purchasing Department is the largest user of the State of North Carolina Interactive Purchasing System.

III. Challenges & Opportunities

Challenge	Recommendation
Historically Underrepresented Business (HUB) participation is primarily generated through bids posted on the North Carolina IPS website	Development of WCPSS diverse vendor portal for registration and access to information on opportunities, bids and posted procurements.
Current supplier diversity certification process is not incorporated within the vendor registration and accounts invoice processing	Implement a Supplier Diversity Database within Oracle or a standalone system.
The costs per purchase order issued, combined with the staff time to produce said orders, potentially inhibits production and the overall operations of the department	One staff employee to support and manage the broad range of activities required to support the supplier diversity program as modeled in peer school districts like Charlotte Mecklenburg Schools District, and The School District of Philadelphia.
Process does not require HUB Certification, Invoice, and W9 to initiate payment process Diversity codes need to be identified within the Accounts Payable IT Module	Supplier diversity data base that supports internal department management, including purchasing staff and end-user experience
The Supplier/Vendor process exhibits non-alignment between HUB management process and spend data reporting related to supplier diversity performance.	Flow-through from the vendor registration process to contracting process to accounts payable processing of invoice and/or payment.
Contractors and suppliers are not required to provide MBE/WBE documentation when	WCPSS Leadership and Purchasing Staff develops expectations that

contracting services through Wake County Public Schools personnel and end-users	prime contracting firms will increase the Utilization of MBE/WBE firms and provide information for Tier II reporting.
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Facilities, Design & Construction

I. Context

The Facilities, Design and Construction (FD&C) department is the overseer of new construction, renovations, and facilities-related support within Wake County Public School System. In 2017, the Board of Education approved a seven-year building plan that includes schools planned for project completion between the FY 2018 and 2024. Funding during this specific period is projected to be \$2.19B and includes 18 new schools as well as 16 major building renovations. New building construction is supported through bonds (80%) and cash disbursements (20%). The funding also includes maintenance of key systems, furniture, land acquisition, technology, life cycle equipment replacement, security, environmental issues, ADA compliance and mobile relocations.

The FD&C process provides access to new build and redesign advertisements that detail the key components of every construction related project. For example, a new build project will typically include 42 or more trade bid packages that provide specifications for prime bidders and their subcontractors. The FD&C process allows for pre-construction identification of prime subcontractors in order to identify potential firms that may partner on large design build projects.

II. Observations

- Evident outreach and commitment to supplier diversity by project managers
- FD&C team demonstrates a commitment to diverse contractors in the bidding and work process
- M/WBE procedures are involved in every formal and informal project planned for FY 2018 through 2024
- FD&C team has implemented Prime/Subcontractor Mentor-Protégé and Joint Venture agreements on key projects; demonstrates commitment to diverse supplier participation and growing the capacity of the future diverse prime contractors
- FD&C has one dedicated HUB program manager to lead the process and provide program administration
- MWBE 10% aspirational goal is required by GS 143-128.2 on all construction and repair projects. The NC Statewide Uniform Certification (SWUC) program provides oversight for the processes required for

certifying minority and women businesses that are required to be used on construction and repair projects to reach the 10% aspirational goal. WCPPSS must follow the aspirational NC State Hub Office goal because a disparity study has not been completed for WCPSS.

- HUB participation on all completed construction and repair projects are reported to the NC DOA HUB office every quarter
- Monitoring and tracking of HUB participation data is a lengthy and tedious process on all formal and informal construction and repair projects because of the manual process.

III. Challenges and Opportunities

Challenge	Recommendation
One staffing position that includes responsibility for: program management, program administration, program outreach, and contractor liaison	Staffing support to manage the broad range of activities required to support the supplier diversity program as modeled in peer school districts and institutions
Significant subcontractor and HUB participation	Develop WCPSS diverse vendor portal for registration and access to Information on opportunities, construction & repair bids
No supplier diversity vendor database to support internal departments	<p>Develop supplier diversity data base that supports internal and external stakeholders, including FD&C project managers, construction managers, single prime contractors, M/WBE subcontractors</p> <p>Supplier diversity data base will also take vendor registration, selection, and spend management into consideration</p>
FD&C manages all prime and M/WBE contractors spend by project	<p>Create a supplier diversity policy that communicates the goals, objectives, and expectations of the program and how it serves the overall values and success of WCPSS</p> <p>Employee training in Wake Learns and procedures that support the current MWBE Policy.</p>

The process for tracking and managing spend and participation data is laborious and time-consuming for the project manager and for subcontractors who need access to input on reports	Implement a Supplier Diversity Management Software that will work with WCPSS current financial system
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Key Action Recommendations for Purchasing and FD&C Departments:

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| <ol style="list-style-type: none"> 1. Build departmental mission statements that state strategic intent of supplier diversity 2. Build capacity of, and ensure partnership with, WCPSS leadership and Board of Education 3. Develop supplier diversity training for all key stakeholders 4. Develop supplier education, registration, and certification required to meet North Carolina IPS and WCPSS Standard 5. Develop a Mentor Protégé, and Subcontractor program to recognize supplier diversity engagement 6. Select prime suppliers or HUB suppliers who will be highlighted each quarter in order to elevate business recognition and increase potential for partnership |
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Summative Overview of Findings

As the above data states in detail, the Supplier Diversity Assessment was successful in identifying observations, challenges, and specific recommendations for each department. While this assessment sought to both understand and make recommendations for the Supplier Diversity Program, it is important to note that the core recommendations in this report will require rigorous planning and structured implementation to achieve the initial functional goals required to have a baseline program. These recommendations will require management commitment, process interventions and clear communication of the core roles and responsibilities in the Supplier Diversity Program. Additionally, WCPSS may want to consider identifying a team of subject matter experts who can assist with the process development and improvement needs of this project.

In summary, the Supplier Diversity Assessment provides multiple areas for improvement and action steps for change. However, this assessment recognizes three main recommendations needed to address the findings of this report:

1. **The implementation of a Supplier Diversity-Vendor Management System.** This will provide significant benefits to the large group of stakeholders who manage the process of diverse supplier spend and HUB vendor purchases. This system will ensure that the process more efficient and accessible for all users while increasing the overall effectiveness of diverse vendor spend process.
2. **A benchmark-level Supplier Diversity Program.** The program will ensure a process that is grounded in alignment and management, diverse supplier access and growth in key metrics such as vendor outreach, internal department communication. Additionally, a healthy and productive Supplier Diversity Program will increase visibility of this strategic imperative mandated by both the State of North Carolina and Wake County Public Schools policy.

This recommendation could include, but would not be limited to:

- Website for potential suppliers and vendors
- Develop a vendor database accessible to key staff
- Communicate the strategic value of supplier diversity
- Build partnerships with strategic diverse vendors and suppliers
- Communicate supplier diversity goals, processes and expectations to strategic prime contractors that can support Tier 2 spend
- Implement supplier diversity staffing roles within the Office of Equity Affairs, FD&C, and Purchasing Department

3. **A dedicated team of supplier diversity professionals.** Process changes and systems upgrades will also require an increase in the capacity of WCPSS staff to meet the needs of end-users and vendors/suppliers for HUB and Non-Hub transactions. Two different teams are recommended in order to meet this demand: a cross-departmental management team and a supplier diversity program team. For both, the inclusion of senior-level management is necessary to aid in the development and implementation of the supplier diversity process, in addition to providing the resources required to build a cohesive program.

This assessment is supported by previous benchmark studies conducted with ten K-12 public school districts throughout the United States. The overall spend, supplier diversity requirements and management requirements of these districts were consistent with the current WCPSS program. In each case study, staffing support was similar to the structure proposed below:

Recommendations for a supplier diversity management team include:

- Pamela Gales, Office of Equity Affairs
- Mark Winters, WCPSS Director of Finance
- Debra Wallace, Senior Director of Purchasing

- Marlo Gaddis, Chief Technology Officer
- Two additional S/D staff members.

Conclusion

The Report provides specific feedback on key supplier diversity program activities and their relative effectiveness related to baseline expectations for K-12 institutions. Recommendations for program improvements are focused on building an effective supplier diversity program that supports the goals of the State of North Carolina HUB Program, Wake County Public School System, and its community. Improvements in the process, visibility, and program management (staffing) are required to achieve the benchmark performance levels of peer districts. District leadership commitment is also required to support the recommendations in this report.