

# **It's Never Too Late to Learn How To SWAM: A Comprehensive Approach to Improving Diversity Procurement**

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## **Abstract**

*The University of Virginia is committed to the goal of non-discrimination and to giving fair consideration for all vendors in its procurement programs. The University of Virginia has set a voluntary goal of doing 5% more business with SWAM firms each year. This goal does not allow for "set aside" purchases. SWAM firms must compete equally with majority firms and be able to provide the University with quality goods and services at competitive prices.*

*Supplier Diversity was established to ensure that small, women-owned, and minority-owned (SWAM) firms have full opportunity to compete for the University's business. Supplier Diversity serves as a liaison between the SWAM vendor community and all University staff with procurement responsibilities. To reach this goal, the Supplier Diversity division of Procurement Services has developed a comprehensive training and outreach program for departments and vendors.*

*One key component of this program is a Business Intelligence application called SWAM Scout. The successful implementation of this application was a joint effort between Supplier Diversity and the Office of the University Comptroller. SWAM Scout integrates the University's financial (expenditure) data with data from a portfolio of certified SWAM firms. A data map ties together types of expenditures with their corresponding NIGP (National Institute of Governmental Purchasing) codes, which facilitates spending analysis and identification of potential suppliers.*

*This program has been extremely well received by both the University and the business communities, and has made a significant contribution to the University's goal of increasing minority procurement.*

## **Introduction of the Organization**

The University of Virginia is distinctive among institutions of higher education. Founded by Thomas Jefferson in 1819, the University sustains the ideal of developing, through education, leaders who are well prepared to help shape the future of the nation. The University remains public, supported by the Commonwealth of Virginia while also nourished by the strong support of its alumni. It is also selective; the students who come to UVA have been chosen because they show exceptional promise. With nearly 13,000 undergraduate and 6,000 graduate students, the University provides a personalized and well rounded education for all students.

The University offers forty-eight bachelor's degrees in forty-six fields, ninety-four master's degrees in sixty-four fields, six educational specialist degrees, two first-professional degrees (law and medicine), and fifty-five doctoral degrees in fifty-four fields.

The operating budgets for July 1, 2006 through June 30, 2007, for all divisions of the University of Virginia total \$2.0 billion. Of the total budget, \$1.1 billion relates to the Academic Division, \$866 million to the Medical Center, and \$30.4 million to the University of Virginia's College at Wise.

## **Statement of the Initiative**

The University of Virginia uses a decentralized purchasing process. The University has approximately 2,000 independent entities making daily purchasing decisions.

Departments have delegated purchasing authority for unrestricted purchases up to \$5,000. Our vendor file contains nearly 20,000 individual vendors, and in 2006 purchasers were given access to more than 150 on line catalogues from vendors with negotiated contracts through the UVA Marketplace. In the academic division, our total Base Spend for goods and services for Fiscal Year 2007 approached \$301 million. Of the total spend for goods and services in Fiscal Year 2007, \$107.5 million was spent with SWAM (Small, Women owned and Minority) businesses.

In 2005, the Commonwealth of Virginia established new procurement guidelines and objectives that placed an increased emphasis on promoting purchasing from Small, Women Owned, and Minority Owned businesses. The University of Virginia enthusiastically embraced this new program and created the Office of Supplier Diversity within our Procurement Services Division. The stated mission of this unit is to “maintain strategic and sustainable relationships with diverse firms through straight talk, business development, insuring access to information and effective networking”. As a result of implementing the Supplier Diversity at UVA, we have achieved a 68% growth in SWAM spend between FY 2005 and FY 2007, and this program is showing similar positive results in the current Fiscal Year.

## Design

The overall design of this innovative program consists of three components.

- To develop programs to ensure that SWAM vendors are trained in University procurement procedures and are kept informed of opportunities to supply goods and services to University departments. Our initial research showed clearly that many of our smaller potential vendors were not being successful in their efforts to supply the University with goods and services. From a vendor's perspective, the program needed to address the following issues:
  - Provide improved mechanisms for informing vendors about procurement opportunities
  - Provide information and training to vendors about the University's procurement process
  - Provide information to vendors about the characteristics, and peculiarities, of the goods and services purchased by the University
  - Provide feedback to vendors from University purchasers about the quality, timeliness and cost of goods and services offered
- To develop programs to ensure that University purchasers are trained in methods for seeking out SWAM vendors and are encouraged to increase their percentage of spending with SWAM vendors. Our initial research also showed a lack of knowledge among our purchasers about the breadth of offerings and potential suppliers available to them. From a purchaser's perspective, the program needed to address the following issues:

- Provide improved information to purchasers about goods and services available through diverse suppliers
- Provide purchaser friendly systems and procedures for identifying diverse suppliers, evaluating their products and negotiating the purchase
- To develop an analysis and feedback mechanism for purchasers and senior management to show spending patterns and monitor progress toward the stated goal of increasing spending with diversity suppliers. Procurement Services did not have a tool that could provide this type of information, so the design also included the development of a Business Intelligence application to analyze historical spending patterns, identify potential SWAM purchasing opportunities and assist the University in tracking progress toward its goal of increasing the percentage of diversity procurement.

## **Implementation**

In order to achieve its goal of increasing the percentage of spending with SWAM vendors, Procurement Services has implemented the following practices:

### Outreach to SWAM Vendors

- The Director of Supplier Diversity is engaged in full-time networking among small, women and minority business owners, speaking with them daily and meeting with them frequently both on- and of-site, respectfully encouraging them and advising them on ways to capitalize on business opportunities at the University
- The Supplier Diversity division works closely with organizations within the

Commonwealth of Virginia such as the Department of Minority Business Enterprise, the Virginia Department of Business Assistance, the Central Virginia Minority Business Association, the Virginia Minority Supplier Development Council, the Virginia Hispanic Chamber of Commerce, the Virginia Asian Chamber of Commerce, and the National Association of Minority Contractors and the National Minority Supplier Development Council to encourage opportunities for SWAM firms.

- Procurement Services notifies the Virginia Department of Minority Business Enterprise (VDMBE) of all new *Invitations for Bid* and *Requests for Proposal* to help ensure that SWAM firms are aware of opportunities for doing business with the University.
- SWAM firms are invited and encouraged to attend the quarterly Vendor Training sessions conducted by the Director of Procurement Services and co-sponsored by Supplier Diversity where vendors receive comprehensive information about how to conduct business with the University of Virginia, including:
  - How to register and update registration information
  - How to identify business opportunities at the University
  - How to do business with the University
- SWAM vendors are also encouraged to attend our annual Vendor Fair where they can showcase their business and interact personally with buyers from departments and Procurement Services.

- UVA departmental purchasers are required to solicit at least one quote from a DMBE-Certified Minority- or Woman-owned firm for purchases of less than \$5,000.
- Procurement Services buyers must obtain at least two quotations from DMBE-Certified Minority- or Woman-owned firms for purchases in the \$5,000 to \$49,999.99 range. For purchases of \$50,000 or more, at least four of the solicitations must be to DMBE-Certified Minority- or Woman-owned firms.
- Supplier Diversity works with the University's majority-owned prime contractors to encourage subcontracting opportunities, joint ventures, and partnerships for SWAM firms.

#### Resources for Departments

- Procurement Services and Supplier Diversity work directly with University departments to provide information about SWAM firms.
- The Procurement Services website includes a search of VDMBE-certified vendors that allows users to find SWAM vendors by the type of commodity they provide, and which gives Supplier Numbers (as recorded in the University's ERP system) for those vendors that are already registered in our system.
- University departments can contact Supplier Diversity directly, or any of the Procurement Services buyers, for help in finding SWAM vendors.
- SWAM Teams have been formed in strategic areas throughout the University for the purpose of:
  - Developing and implementing the University's SWAM business

development program

- Determining SWAM business development goals
- Developing internal processes to identify and communicate purchasing and contracting opportunities
- Monitoring and informing senior management on the status of the program
- Monitoring and communicating legislation and policy affecting SWAM Participation.

**Procurement Services** University of Virginia

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## Supplier Diversity News

### The Supplier Diversity Initiative Newsletter

As part of our ongoing mission, The Supplier Diversity Initiative strives to enable strategic and sustainable relationships with diverse firms by insuring access to information.

We hope that our new monthly newsletter will help keep you up-to-date on what's happening at the University relevant to your business. We plan to include regular features such as **What's Next** to highlight upcoming procurement opportunities, **Focus** to bring you technical information to help you run your business, **Spotlight On**, practical examples of businesses succeeding at the University, **Straight Talk**, no-nonsense tips on improving business relationships, and **Branching Out**, focusing on recipes, restaurants, and other "diversions" we love.

#### Issues

**End of Fiscal Year 2007**

- [Current Procurement Opportunities](#)
- [Spotlight On: Five Star Industrial & Business Supply](#)
- [Upcoming Events](#)
- [VASCUPP: Connecting Virginia's Colleges and Universities](#)

**January/February 2007**

- [Supplier Diversity Wins MIC Awards](#)
- [Spotlight On: CAS Foods, LLC](#)
- [What's Next: Upcoming Procurement Opportunities](#)
- [Straight Talk](#)
- [Branching Out](#)

**On this page:**

- [The Supplier Diversity Initiative Newsletter](#)
- [Current SWAM Report](#)
- [SWAMming Successes](#)
- [Future Procurements – Are You Ready?](#)
- [Training Opportunity](#)



## Business Intelligence for Diversity Procurement

In collaboration with technical staff from the Office of the Assistant Vice President for Finance and University Comptroller, Procurement Services developed a data mining application, called SWAM Scout, that allows integration of the University's financial data with the data from the Commonwealth's DMBE (Department of Minority Business Enterprise) portfolio of certified SWAM firms. In addition, a data map that ties together expenditure types for dollars spent by University departments and NIGP codes enables an analysis of the relationship between dollars spent and the NIGP(National Institute of Governmental Purchasing) codes of SWAM firms. For example, if a department was showing a significant spend during the year for Testing Equipment, but no SWAM spend for that item, the SWAM Scout would match that expenditure type to an NIGP code and then pull a list of certified SWAM vendors from the DMBE data that matched that NIGP code. Voila! Any excuses regarding the difficulty in finding SWAM firms that might be qualified and interested are eliminated. The underlying technology used to create this application is a product called QlikView, which is a very versatile Business Intelligence and Analysis tool. Design and implementation of the prototype version of SWAM Scout consumed approximately 80 hours of staff time. The cost of the software licenses for developing and using the application by two people in the Supplier Diversity office was less than \$6,000. Future plans call for deploying a version of SWAM Scout for departmental purchasing use via the web.

[MAIN](#) | [CHARTS](#) | [SPENDING REPORTS](#) | [SWAM MATCH](#) | [MORE REPORTS](#)

Fiscal Yr:   




 Cal Yr:


UVA SPEND BY VENDOR		
VENDOR NAME	SWAM V	TOTAL
3TEX	Non-SWAM	\$21,012.00

**UVA VENDOR FILTERS**

VENDOR NAME	3TEX
VENDOR TYPE	Corporation Non-Taxable
CONTRACT	N
SWAM VENDOR	Non-SWAM


|

**TOTAL SPENDING BY EXPENDITURE CATEGORY**



CATEGORY	Amount
Contractual Services	\$18,000.00
Supplies & Materials	\$3,012.00

**TOTAL SPENDING BY ORGANIZATION**



AWARD	Amount
GG10497	\$6,000.00
GO10524	\$6,000.00
SS00060	\$6,000.00
GG10890	\$3,012.00

**EXPENDITURE FILTERS**

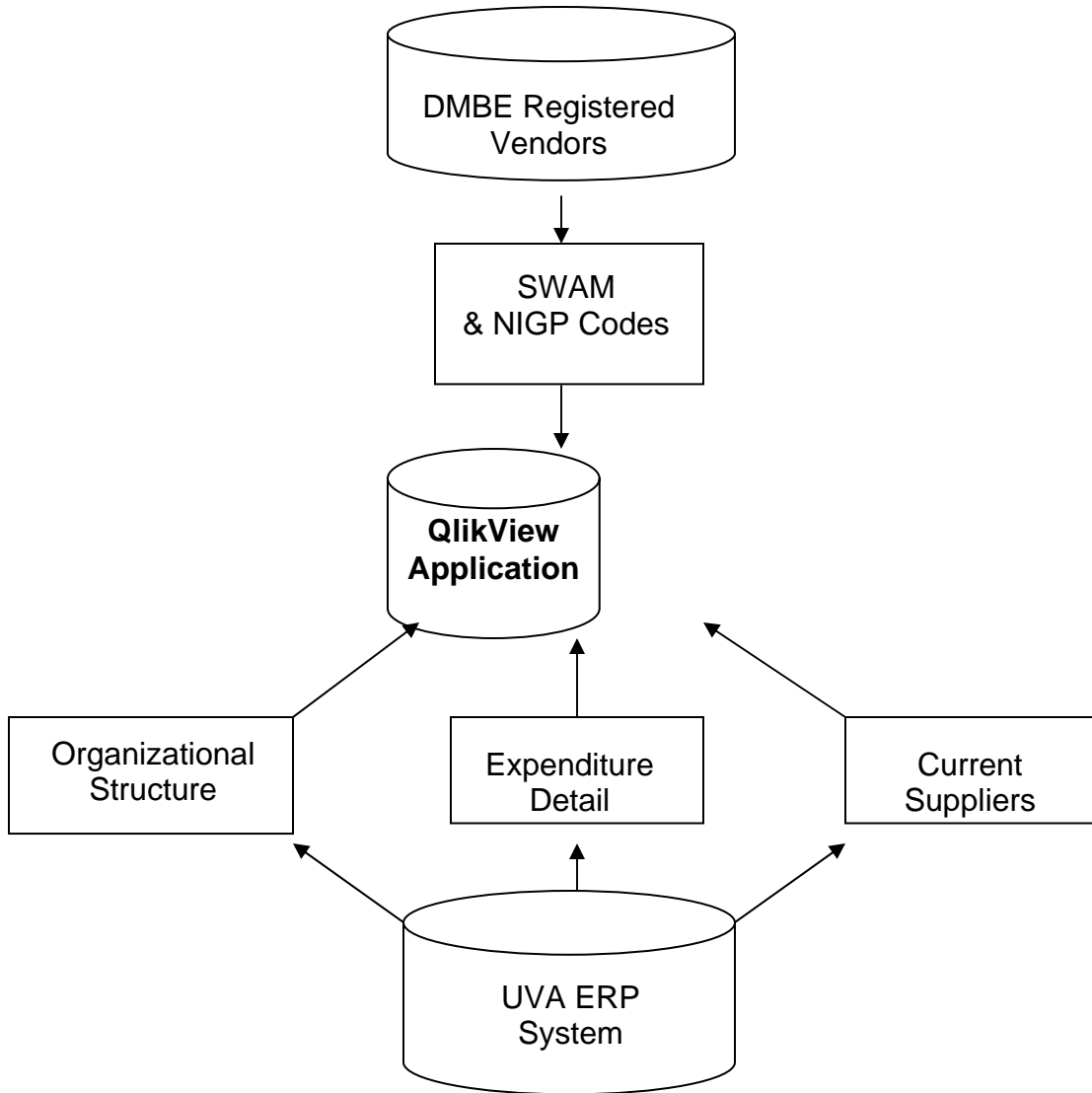
CATEGORY		<input type="radio"/>
OBJECT_CODE_DESCRIPTION		<input type="radio"/>
STATE_CODE_DESCRIPTION		<input type="radio"/>
NIOP Code		<input type="radio"/>
NIOP DESCRIPTION		<input type="radio"/>
EXPENDITURE_TYPE		<input type="radio"/>
EXPENDITURE_COMMENT		<input type="radio"/>
SWAM COMMODITY DESCRIPTION		<input type="radio"/>

**ORGANIZATION FILTERS**

EXEC_LVL	PV-VPrvost	<input type="radio"/>
MBU	EN-Engr School	<input type="radio"/>
DEPT	EN-Mat SciEngr Dept	<input type="radio"/>
EXPEND_ORG	31340 EN-Mat SciEngr Dept	<input type="radio"/>
PI		<input type="radio"/>

Run Date: 9-Feb-07

# SWAM Scout



The key success factors in this project were:

- A commitment from senior management to make this initiative a priority.
- A high level of cooperation among the offices involved.
- Allowing the development team to experiment with non-traditional approaches.
- Using tools that allowed for rapid development and deployment kept enthusiasm high.

Using simple outreach techniques and a desktop BI product allowed for a low cost, rapid and effective implementation.

## **Benefits**

### **1. Improved Service**

Bigger is not always better. By having our diversity procurement program in place, we are much better able to find and promote a wider variety of potential vendors for any particular need. This has had a beneficial impact on the University through better pricing due to increased competition, and it has had a beneficial impact on the local economy by providing increased opportunity for local businesses to learn about and compete for University business.

### **2. Improved Procurement Performance**

Since the introduction of SWAM Scout in 2006, not only has Diversity Procurement been better equipped to quickly respond to inquiries from vendors and departments, but other buyers within Procurement Services have increased their productivity by consulting SWAM Scout for purchasing analysis and spending patterns. The chart

below shows actual performance versus target percentage of SWAM spend to Base spend for the past three years that the program has been in place. Actual SWAM total performance, as a percent of Base spend, has exceeded the target over the reporting period. Also, the percentage growth in SWAM spend has exceeded our stated goal of 5% growth per year when averaged over the three year reporting period.

	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	Growth FY05 to FY07
<b>MBE Spend</b>	<b>\$2,799,733</b>	<b>\$5,444,918</b>	<b>\$7,110,395</b>	<b>154%</b>
<b>WBE Spend</b>	<b>\$8,152,101</b>	<b>\$9,274,241</b>	<b>\$13,440,571</b>	<b>65%</b>
<b>SBE Spend</b>	<b>\$52,929,020</b>	<b>\$47,842,373</b>	<b>\$87,019,313</b>	<b>64%</b>
<b>SWAM Spend</b>	<b>\$63,880,854</b>	<b>\$62,561,532</b>	<b>\$107,570,278</b>	<b>68%</b>

### **3. Regulatory Compliance**

All agencies in Virginia are charged with the responsibility to increase their spend with SWAM vendors. This new process contains the tools and the reports that allow the Supplier Diversity Office to assist vendors and buyers to find one another, and to monitor progress toward greater minority procurement on a routine basis. This new process also provides the mechanism for reporting performance data to the Virginia Department of Minority Business Enterprise, as required.

#### **4. Portability**

The design characteristics make this system easily transferable to other institutions.

The University of Virginia would be happy to share what we have done and to provide information that will facilitate the adaptation of our solution to other environments.

#### **Retrospect**

The process developed by UVA to increase the diversity of suppliers of goods and services has been viewed by all parties as a very successful project. In 2007, the SWAM Scout BI tool was submitted as a best practice for a SWAM Innovator Award.