



System Procedure 5.14.6 Supplier Diversity

Part 1. Purpose

To establish consistent and emerging practices for ensuring supplier diversity in procurement and sourcing, and to provide a framework for contracting within Minnesota State Colleges and Universities. This procedure outlines steps for creating a culture of diversity, equity, and inclusion. Furthermore, colleges, universities, and the system office shall identify opportunities for supplier diversity, and measure progress to reduce the disparity of procurement and contract spend with targeted group businesses (TGBs).

This procedure covers:

- Set Supplier Diversity Goals
- Adjust Internal Process to Drive Diversity Goals
- Be Intentional to Include Diverse Suppliers in Sourcing and Direct Purchases
- Focus on Diverse Supplier Spend
- Report Diverse Spend

Part 2. Definitions

For consistency, the terms are defined as follows.

Contractor, vendor, or supplier

- a. Contractor and vendor: Individuals or companies that are hired to perform specific tasks or services under a contract, often for a specified period and rate.
- b. Supplier: An individual or business that provides products and services.

Construction

Building construction, alteration improvements, or repair.

Cooperative Contracts

A contract between two parties who want to enter into a working relationship together.

Procurement

The combined functions of purchasing, inventory control, traffic and transportation, receiving, inspection, store keeping, and salvage and disposal operations.

Preference

An advantage in consideration for award for a contract granted to a vendor by reason of the vendor's residence, business location, or business classifications (e.g., minority, small business, veteran).

Professional / Technical Services Contract

An agreement entered into for consultant, professional, or technical services usually on a short-term basis for a finite period of time and for one or more specific purposes. They are predominantly intellectual in character, which could include consultation analysis, evaluation, prediction, planning, or recommendation; do not involve the provisions of supplies or materials; and result in the production of a report or the completion of a task.

Request for proposal (RFP)

A formal document used to solicit proposals from contractors, vendors, or suppliers. An RFP outlines the specific requirements, objectives, and evaluation criteria for a particular project or procurement. An RFP typically includes details such as project scope, deliverables, timeline, budget or costs, and any specific instructions, requirements, or guidelines for submitting a proposal. The purpose of an RFP is to gather competitive proposals, allowing the organization to compare and select the most suitable contractor, vendor, or supplier.

Request for X (RFx)

A collective term that encompasses various procurement methods used to solicit responses from contractors, vendors, or suppliers. X can refer to different types of procurement documents such as Request for Proposal (RFP), Request for Qualification (RFQ), Request for Bid (RFB), or Request for Information (RFI). These documents are used to set forth the requested requirements, specifications, and evaluation criteria when seeking proposals, qualifications, bids, or information from potential contractors, vendors, or suppliers.

Services Contract

An agreement for services not professional or technical in nature and not for building construction {just like the template; example: landscaper; snow removal, window washing, etc.}

Sourcing

The process of locating contractors, vendors, or suppliers who can provide the products or services that Minnesota State needs for day-to-day operations.

Statewide Integrated Financial Tools System (SWIFT)

A centralized financial management system used by the State of Minnesota. SWIFT is designed to streamline and automate various financial processes, including procurement, budgeting, accounts payable, accounts receivable, and reporting. Key features of the SWIFT system include electronic procurement, vendor management, contract administration, invoice processing, payment management, and financial reporting.

Subcontract

A contract that assigns some of the obligations of a prior contract to another party

Subcontractor

A supplier, vendor, or contractor that seeks to enter into a subcontract or enters into a subcontract for work on a project.

Targeted Group Businesses (TGBs) ¹

- **Disability Owned Enterprise** - A business that is majority owned and operated by persons with a substantial physical disability, as designated by the Minnesota Commissioner of Administration.
- **Minority Business Enterprise (MBE)** - A business that is majority owned and operated by specific minorities, as designated by the Minnesota Commissioner of Administration.
- **Women Business Enterprise (WBE)** - A business that is majority owned and operated by women, as designated by the Minnesota Commissioner of Administration.

A small business wishing to participate in the programs under section 16C.16, subdivisions 4 to 7, must be certified by the commissioner or, if authorized by the commissioner, by a nationally recognized certifying organization. The commissioner may choose to authorize a nationally recognized certifying organization if the certification requirements are substantially the same as those adopted under the rules authorized in this section and the business meets the requirements in section 16C.16, subdivision 2.

General Contractors (also known as Tier 1, Prime or Direct Contractors)

For construction – Suppliers that do business directly with Minnesota State.

Subcontractors (also known as Tier 2 or Indirect Contractors)

For construction, contractors that do business directly with General Contractors as subcontractors or subconsultants.

Vendor

An individual or business that sells products directly to Minnesota State.

Part 3. Set supplier diversity goals.

The colleges, universities and the system office should set shared SMART (specific, measurable, achievable, relevant, and timebound) goals for supplier diversity.

¹ Minn. Stat. 16C.16 Subdivision 5: <https://www.revisor.mn.gov/statutes/cite/16C.16>

Part 4. Continual improvement of internal process to address disparity

To achieve the BOT goals and expectations of supplier diversity, the following should be considered, but not limited to:

1. Identify and directly engage TGBs for procurement and contracting opportunities.
2. Identify opportunities that may improve access to contracting and sourcing with Minnesota State.
3. Make available resources to TGB suppliers, vendors, and contractors for completing RFX responses as well as future sourcing opportunities.

Part 5. Include diverse contractors, suppliers, and vendors in contract sourcing and direct purchases.

When soliciting for contracts, whether through a sourcing event or direct purchase, all staff purchasing or contracting should familiarize themselves with resources to find diverse suppliers and include diverse suppliers in procurement opportunities as appropriate. Diverse suppliers, vendors, and contractors can be found through:

1. The State of Minnesota Department of Administration.
2. The Central Certification (CERT) Program
3. National Minority Supplier Development Council (NMSDC)
4. Women's Business Enterprise National Council (WBENC)
5. Cooperative agreements

Subpart A. Increase spend and contracting opportunities with diverse suppliers, vendors, and contractors.

The increase spend with diverse suppliers at Minnesota State can be challenging, however there are several strategies that Minnesota State can implement to promote long-term success and to achieve the BOT goals and expectations of supplier diversity:

Build relationships: Identify and build relationships is critical to increasing spend with diverse suppliers, vendors and contractors who want to do business with Minnesota State. This requires regular communication, providing feedback as appropriate, community or professional workshops and training, and addressing any concerns or issues that diverse suppliers may have.

Provide education and awareness: Minnesota State can provide education and professional development support to diverse suppliers in a variety of ways, such as offering training to assist businesses in navigating procurement processes and providing access to networking opportunities.

Evaluate and monitor progress: Regularly evaluating and monitoring progress is essential to ensure that college, university, and the system office supplier diversity goal is being met. This includes, but not limited to, tracking spend, and assessing the effectiveness of supplier diversity program.

Make supplier diversity a priority: Minnesota State institutions should prioritize supplier diversity and make it a key part of their procurement and contracting processes.

Part 6. Focus on spending with diverse contractors, vendors, and suppliers.

System Office Procurement and Contracting Department will work with each college and university to analyze the current state of supplier diversity in procurement, sourcing, and contracting and will identify areas for improvement and set an achievable goal. To ensure use of diverse contractors, vendors, and suppliers in contracting and procurement, Minnesota State will consider:

Subpart A. Use approved supplier diversity programs and incentives.

State-approved supplier diversity programs and incentives typically aim to encourage the inclusion of minority-owned, women-owned, veteran-owned, and to remedy the effects of past discrimination against members of targeted groups and to reflect a fair and equitable representation of Minnesota State's purchasing (refer to operating instruction 5.14.6.1).

Subpart B. Collaborate with external organizations.

Minnesota State can collaborate with external cooperative organizations for consumable products or commodities to leverage their expertise and resources to increase spending and reporting of diverse contractors, vendors, and suppliers and create a more inclusive and equitable procurement process (refer to operation instruction 5.14.6.2).

Subpart C. Apply best practices for contracts.

Minnesota State can improve diverse contractor, vendor, and supplier relationships by applying the best practices for setting a system-wide diversity and inclusion goal, utilizing cooperative agreements, developing TGB outreach and engagement programs, and conducting regular reviews of spending with diverse contractors, vendors, and suppliers (refer to operation instruction 5.14.6.3).

Part 7. Reporting.

Collect procurement data: Minnesota State must collect data on all procurement spending, including information on the suppliers and contractors being used, the products and services being purchased, and the dollar value of each procurement. Data will be recorded in a centralized e-procurement system related to:

- **Identify diverse contractors, vendors, and suppliers:** Using the diverse supplier classification provided by the SWIFT system, Minnesota State will identify the diverse suppliers, vendors, and contractors that are being used for procurement for colleges, universities, and the system office. This information will be recorded in the procurement data.

Generate reports: Minnesota State will generate reports using the procurement data for diverse contractors, vendors, and suppliers that provide insights into the system's procurement spending on diverse contractors, vendors, and suppliers. The reports will include metrics such as

- The number of contractors, vendors, and suppliers invited to apply to sourcing events;

- the number of diverse contractors, vendors and suppliers that submitted sourcing event responses;
- the number of diverse contractors, vendors and suppliers awarded contracts; and
- the total contract value and spend with diverse contractors, vendors, and suppliers.

Review and verify data: Minnesota State should regularly review and verify the data collected regarding spending with diverse contractors, vendors, and suppliers to ensure its accuracy and completeness. This may involve, but not limited to, conducting audits of spend with diverse contractors, vendors, and suppliers, or using other methods to validate the information.

Share the reports: The procurement and contract management department will regularly share reports, including posting reports on the Minnesota State website.

Evaluate and improve: Minnesota State must regularly evaluate the supplier diversity program and reporting process to identify areas for improvement and make changes as needed.

Procedure History:

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