



Minority Business Development Oversight Committee

Executive Summary



Purpose

- The Minority Business Development Oversight Commission (MBDOC) was created by Ordinance # 5357 of the Memphis City Council in January 2011 after receiving results from a March 2010 Disparity Study. As stated in the ordinance, ***“the findings of the study show that minority and women-owned businesses confirmed that these enterprises are still consistently passively and actively discriminated against within the private sector and government.”*** The Equal Business Opportunity Ordinance #5384 and the Small Business Enterprise Program Ordinance are also applicable

Vision/Mission

- ***Vision:*** The vision of the Minority Business Development Oversight Commission (MBDOC) is to create within both the local public and private sectors a procurement **environment** in which the inclusion of Minority and Women-Owned Businesses is a priority.
- ***Mission:*** The mission of the Minority Business Development Oversight Commission (MBDOC) is to be a **catalyst** for increasing the procurement of local Minority and Women-Owned Businesses across both public and private sectors.



MBDOC Areas of Focus

1. More comprehensive reporting mechanism

1. Separated Women Spend from Minority Spend
2. Separated Certified Vendors from Non-Certified Vendors
3. Added Non-available column to the report
4. Removed MBDOC goals from summary report
5. Developed Equal Business Opportunity Analysis

2. Strengthen MBDOC's collaborations with City officials

1. Increase participation and meeting attendance
2. MBDOC provide more comprehensive reports including observations and recommendations
3. Better understand Mayor and City Council's vision for MBDOC

3. Increase awareness among MWBEs about the City's procurement process

1. Need a marketing plan for promoting the need to become certified and the desire to have more MWBE vendors
2. Offer education about procedures for doing business with the City
3. Consistent feedback to MWBEs



- The following summarizes the City's current performance against the goals set forth in the Ordinance.

Equal Business Opportunity (EBO) Report

Prime Construction	Goal	Actual Result
MBE Goal	15%	4.25%
WBE Goal	3%	7.46%
Total MWBE Goal	18%	11.71%

Architecture & Engineering	Goal	Actual Result
MBE Goal	22%	9.37%
WBE Goal	7%	1.74%
Total MWBE Goal	29%	11.11%

Other Professional Services	Goal	Actual Result
MBE Goal	13%	7.57%
WBE	2%	2.55%
Total MWBE Goal	15%	10.12%



Non-professional Services	Goal	Actual
MBE Goal	23%	5.09%
WBE Goal	2%	1.82%
Total MWBE Goal	25%	6.91%
Goods & Services	Goal	Actual
MBE Goal	12%	5.75%
WBE Goal	1%	1.05%
Total MWBE Goal	13%	6.79%

***Public Works report not provided this month.**



What are the challenges to meeting Equal Business Opportunity goals?

- **The City's lengthy delays in payment**
- **Limited collaboration between OCC, Division Directors and Outside Recourses**
- **Lack of oversight in monitoring 3rd party contractors to ensure compliance with the City Ordinance**
- **MWBEs unable to compete with majority firms for large (bundled) contracts**
- **Not enough resources devoted to solely focusing on supplier diversity challenges and issues**
- **The benefits of certification are unclear to many potential MWBE vendors**
- **Lack of accountability by Division Directors for meeting goals**
- **No consistent method of feedback/follow-up with MBDOC vendors (positive or constructive)**



Recommendations

1. Expedite Payments

- Unlike many larger and longer established businesses, MWBEs need assurance that payment will be swift. Lengthy delays in payment result in financial hardships for many MWBEs and discourage these businesses from participating in the City's procurement process. To expedite the remittance process, MBDOC recommends establishing an online payment system and streamlining invoice procedures to accelerate the payment process so MWBE vendors and contractors are paid in less than 30 days. To encourage expediency in processing payments, The City should be required to automatically pay the accrual of interest on payments not made within 30 days for all MWBE contractors participating on City contracts and projects.

2. Increase Collaboration between OCC, Division Directors and Outside Resources

- To assure that processes are followed and efforts to fairly include and utilize MWBEs is occurring, it is recommended that OCC and the City's Division Directors establish a regular meeting to assess the results of the supplier diversity objectives and activities and to determine whether additional efforts would be helpful in assisting minority- and women-owned businesses to compete successfully in the City's acquisition process. This includes giving OCC the ability to work directly with outside organizations to find vendors when there are no certified vendors for a project

3. Confirm Commitment to Inclusion by Contractors

- As part of the effort to create an environment of inclusion in the procurement process, it is recommended that the City of Memphis general contract provisions include standard language that requires contractors to confirm their commitment to ensuring the fair inclusion of women and minorities in employment and contracting. During the contract solicitation phase, the City of Memphis should require prospective vendors to submit a subcontracting plan with their proposal that includes MWBE's. In doing so, the City sets the stage for women and minority inclusion becoming standard mode of operation in procurement. OCC should develop the template for the language and review and approve any modifications. In addition, OCC needs the ability to monitor and work directly with the EDGE board to ensure that private companies receiving PILOTS are in compliance with The City's business diversity policies and the results regularly reported to the Mayor.



4. *Unbundle Contracts*

- It is understood that most women and minority-owned businesses are unable to compete with majority-owned companies for large contracts. In an effort to increase the number of opportunities for women and minority owned businesses, each department should be required to consider ways of unbundling contracts. To aid in the process, it is recommended that an internal group be created with the responsibility of developing strategies and criteria for unbundling contracts in the City's procurement code. As a part of the contract review process, departments should be required to justify why contracts cannot be efficiently broken down into smaller components.

5. *Supplier Diversity Position*

- As indication of the city's commitment to supplier diversity, it is recommended that a supplier diversity specialist be appointed to develop a comprehensive program strategy which should include holding meetings with prospective suppliers to pre-qualify them and offer technical assistance as needed. By dedicating a full-time staff person solely to this effort, the City of Memphis can increase MWBE participation with a more focused effort to identify diverse suppliers in the City's acquisition process. Procurement staff and the supplier diversity specialist can plan and host workshops and other technical assistance activities to assist vendors with the fundamentals of doing business with the City of Memphis.



6. *Website Enhancements*

- Access to information has been cited as a major reason that women and minority-owned businesses don't bid for vendor opportunities with the City. Recently, The City recently rolled-out an online information portal providing access to details about contract opportunities categorized by types of services and/or products. However, "if we build it, they will come", does not always hold true, especially when it comes to Web sites. MBDOC recommends that the City of Memphis step-up efforts to promote this site in order to drive women and minority business owners to the site. The city should continue expanding and developing this website making it a "one-stop shop" portal, funded, developed and managed by the City of Memphis exclusively for MWBEs. This portal should provide a single point of entry and seamless access to city services, and information for small, minority and women-owned businesses.

7. *Simplify Certification Process*

- Increasing the number of certified women and minority business owners will help to increase the number of women and minority businesses OCC can report. Although non-certified vendors are also encouraged to participate in the procurement process, unfortunately, OCC is unable to count non-certified vendors in MWBE reports. Inability to select and report non-certified MWBEs is also an issue for other business development and resource agencies. To encourage more businesses to become certified, MBDOC recommends re-examining the MWBE certification process making it reflective of the City's objectives and easier for MWBEs to complete. The ideal process would be electronically accessible and set-up to include a searchable list of M/WBEs. It is recommended that The City review best practices for implementing an electronic certification process by studying other cities.



8. *Further Encourage Participation and Accountability by Departments*

- There have been incremental increases in the amount of Spend with MWBE businesses since the beginning of MBDOC; however, there has been little success in being able to sustain an upward trend. Although goals for divisions have been established, there is no requirement to outline a plan for reaching these goals. MBDOC recommends that departments are required to annually develop an MWBE Inclusion Plan with goals as part of the budget planning process. As an incentive, The City should develop a recognition program to acknowledge departments that meet or exceed their goals.

9. *Feedback from MWBE Vendors*

- Aside from the quantitative outcomes, qualitative findings could be helpful in efforts to enhance the supplier diversity program overall and in building relationships within the MWBE community. MBDOC recommends conducting an annual customer satisfaction survey of City vendors and MWBEs. The survey would ask vendors, among other things, to identify procedural impediments and service breakdowns in the bureaucracy that make it difficult to do business with the City. They should also identify exceptional performances by City department staff worthy of special recognition for the manner in which business constituent complaints and issues have been resolved. Staff should be acknowledged whenever recognized.



10. Greater Input for OCC

- There seems to be a need for strengthening the communication channels between OCC, MORE (Memphis Office of Resources & Enterprise), the Mayor and City Council. MBDOC recommends that the Office of Contract Compliance have greater input in the budget process where they can then establish goals and outline plans with each division for meeting their goals. OCC should be able to report directly to the Mayor and or City council regarding progress or the lack of progress. This relationship will indicate the seriousness of this initiative to Divisions. Also, it is being recommended that OCC and MORE work more closely with outside organizations to identify vendors with the appropriate qualifications when none meeting the needed requirements are indicated on minority supplier list.

Executive Summary



MBDOC Commissioners

- Judith Black Moore, Chair
- Christopher Hearn, Vice-Chair
- Nita Black, Secretary
- Clarence Scott, Treasurer
- Shante Avant
- Patrick (Trey) Carter
- Marcel Hill
- David Schuermann
- David Williams
- Melvin Jones, Ex-officio