



Purchasing Forum & Trade Show

How to Increase MWBE Participation in Your Procurement Process ...**Bake it in!**

May 18 & 19, 2016



Overview

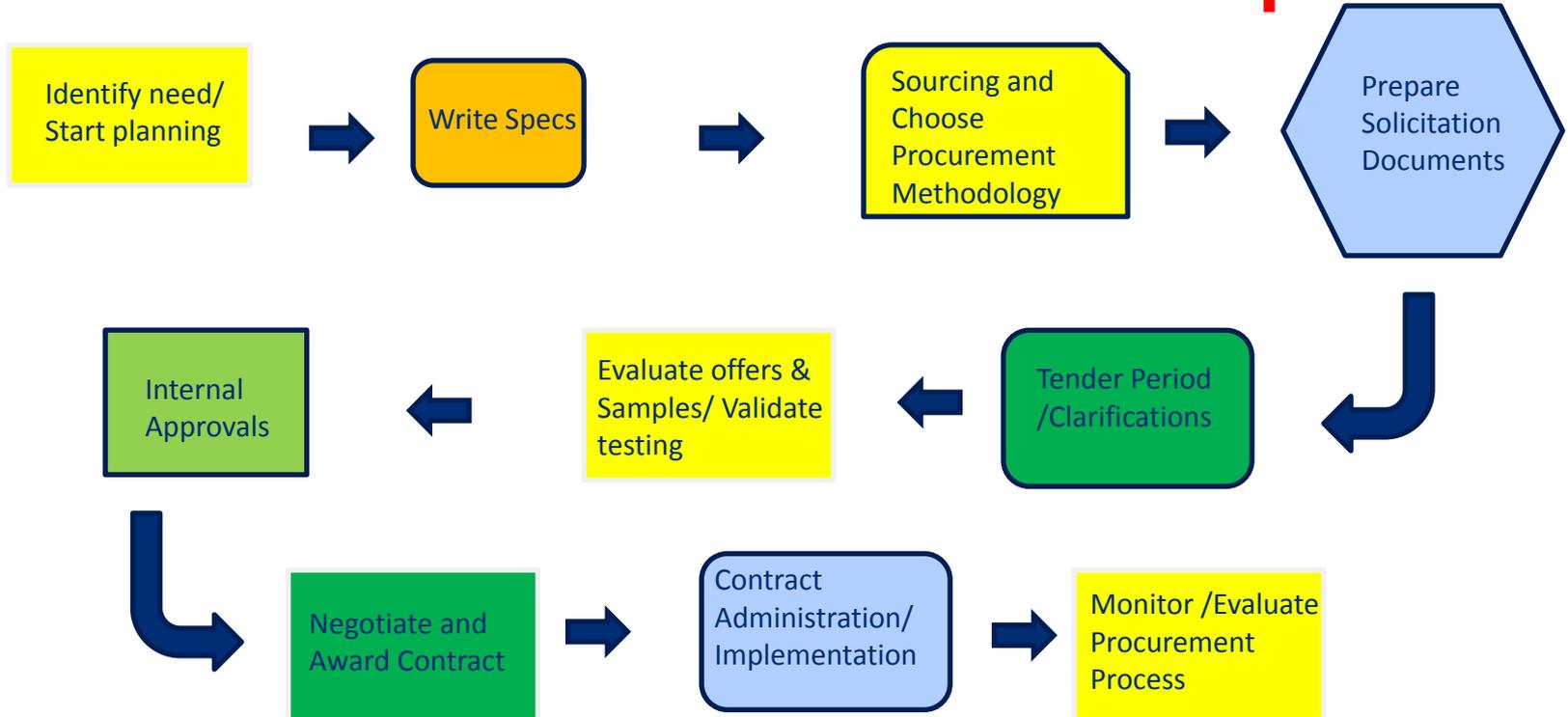
- Procurement Process Standard Model
 - What it Looks like
 - Typical results
- Evolution of the Procurement Process
 - Baking in MWBE to insure participation
 - Strategies for increasing MWBE participation
- Raising Your Agency's Overall MWBE IQ
 - Waivers
 - New Coding System
 - Broker/Supplier
 - Supply/demand utilization initiative
 - Understanding diversity practices



Office of General Services

Procurement Process- Standard Model

Typical Procurement Process or **Recipe!**



Procurement Process Standard Model Results

Results Standard Model

- **Meets State finance requirements**
 - Competitive
 - Lowest price
- **Contracting Agency needs are met**



MWBE Requirements- **Missing Ingredient!**

- No Consideration of Minority and Women-owned Business Participation upfront.
- Governor's 30% goals considered after requirements are established and before advertising!

That's Too Late!



Bake-in Opportunities

MWBE Office... part of the Team!

- MWBE liaison involvement early in the process
- Use language that eliminates barriers to participation
- Check appropriateness of insurance and bonding requirements



Procurement Process ... A three legged Stool

Program ... Develop “Scope-of-work with subject-matter-experts

Procurement ... Insures the contract comports to State finance and other Legal requirements

MWBE... Conscience to insure a level playing field

OGS Office of Minority and Women-owned Business Enterprises
Available to assist!

Illustration

New Approach Results

Contract without Impediments... Baked In!

- **H-Bits- Hourly Based**
 - 25 Contractors; 20 active with 5 in reserve
 - 16 of the 25 are MWBE
 - 20% subcontractor utilization goals



Contract without Impediments... Baked In!

- **P-Bits- Project Based**
 - Lot 1- \$200,000; limited to MWBEs and SBEs
 - Lot 2- \$200,001 to \$7,500,00
 - Lot 3- \$7,500,001 to \$25,000,000
 - Results:
 - 63 MWBE awardees
 - 35 in Lot 1
 - 25 in Lot 2
 - 3 in Lot 3



Raising Your Agency's Overall MWBE IQ



Empire State Development

Waiver Authority

Waiver Authority

- Pre RFP (Agency's Good Faith)
- Rationale for Submitting Request
- Are MWBE contacted for follow-up
- **QC...** What is it and Why institute?



New Coding System

MIGRATION OF THE OLD ESD CODE SET

The Division has migrated from ESD Codes to industry standard codes. These standardized codes include:

- I. **NAICS-** Industry Codes
- II. **NIGP-** Commodity & Service Codes
- III. **CSI-** Heavy Construction Codes

ESD codes still used



How to Find MWBEs Using the Directory

The screenshot shows the homepage of the New York State Contract System. The main header features the state seal and the text "NEW YORK STATE Contract System" with a "The New NY WORKS for Business" logo. Below the header is a row of six small images representing various business and construction activities.

The main content area is divided into three columns:

- Left Column:**
 - Governor's M/WBE Program**
 - Press Release
 - Executive Order
 - 2011 State of the State MWBE Clip
 - 2012 State of the State MWBE Clip
 - Empire State Development**
 - Who We Are
 - MWBE Division
 - Businesses**
 - Want to Certify?
 - Learn About Certification
 - Apply for Certification
 - Recertify
 - Update Profile
 - Find NYS Contracting Opportunities**
 - Bid & Grant Opportunities
- Middle Column:**
 - Welcome to the New York State Contract System!**
New York State Works for MWBEs
 - Text: "New York is working harder than ever to make this state the place to do business. This website is the gateway to attract and grow minority-owned and women-owned businesses. The system makes the state certification process more user friendly and enables businesses to easily interact with the state agencies and authorities who are responsible for implementing the Minority- and Women-Owned Business Enterprises (MWBE) program."
 - System Access Login** form with fields for Username, Password, and a Login button.
- Right Column:**
 - Search for Certified Firms**
 - MWBE Directory
 - NYSCS Links**
 - Home/Login
 - Contact Us & Support
 - Password Reminder
 - Account Lookup
 - Outreach & Program Notices
 - FAQs

A yellow callout box on the right side of the page contains the following text: "Anyone can access NYS DMWBDs MWBE Directory by logging onto www.NY.newNYcontracts.com and clicking 'MWBE Directory'". A red arrow points from this text to the "MWBE Directory" link in the "Search for Certified Firms" section of the website screenshot.

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The New York State Contract System is powered by B2Gnow Software.

Anyone can access NYS DMWBDs MWBE Directory by logging onto www.NY.newNYcontracts.com and clicking 'MWBE Directory'

How to Find MWBEs Using the Directory

All
searching
can be
done
here

Governor's M/WBE Program

- Press Release
- Executive Order
- 2011 State of the State MWBE Clip
- 2012 State of the State MWBE Clip

Empire State Development

- Who We Are
- MWBE Division

Businesses

Want to Certify?

- Learn About Certification
- Apply for Certification
- Recertify
- Update Profile

Find NYS Contracting Opportunities

- Bid & Grant Opportunities

NYS M/WBE Directory

Search the NYS M/WBE Directory of Certified Firms by entering search terms and clicking Search. You must select at least one certification type.

New York State has now adopted industry standard product and service codes for construction, professional services and commodities to better facilitate the sourcing of firms. Empire State Development's Division of Minority and Women's Owned Business Development (DMW/BD) has started gradually replacing its internal product and service codes with four code sets that have become the standard in each of their industries. Additional information is available.

Search by Business Name or DBA

Business Name/DBA

Tip: Try just a few letters of the firm's name.

Search by Business Description

Business Description

Tip: Try just a few letters of a keyword.

Search by Commodity Code

Commodity Code [Click to Lookup Commodity Code](#)
(popup window will appear to browse and search available Commodity Codes)

Search by Contact Person

Contact Person/Owner

First name <input type="text"/>	Last name <input type="text"/>
---------------------------------	--------------------------------

Tip: Use the first letter. Tip: Try just the first few letters.

Search by Location

City

Search for Certified Firms

- MWBE Directory

NYSCS Links

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Search by Commodity Code

Commodity Code

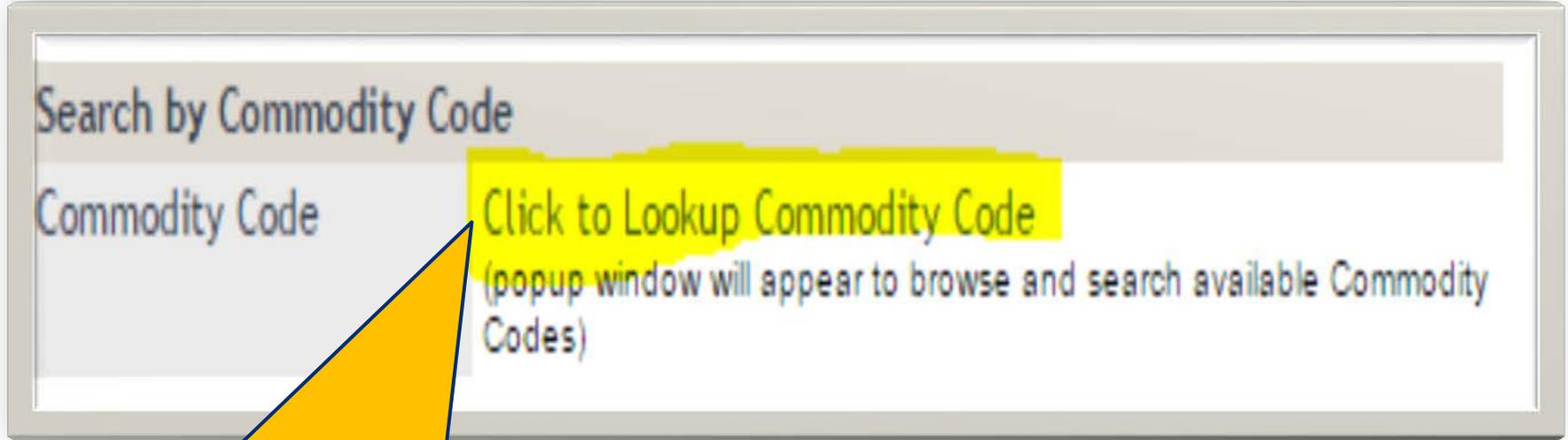
[Click to Lookup Commodity Code](#)
(popup window will appear to browse and search available Commodity Codes)

Using keywords in the Business Description is a powerful way to come up with a list of vendors across all product code sets.

First though – one needs a basic understanding of the code structure.



How to Find MWBEs Using the Directory

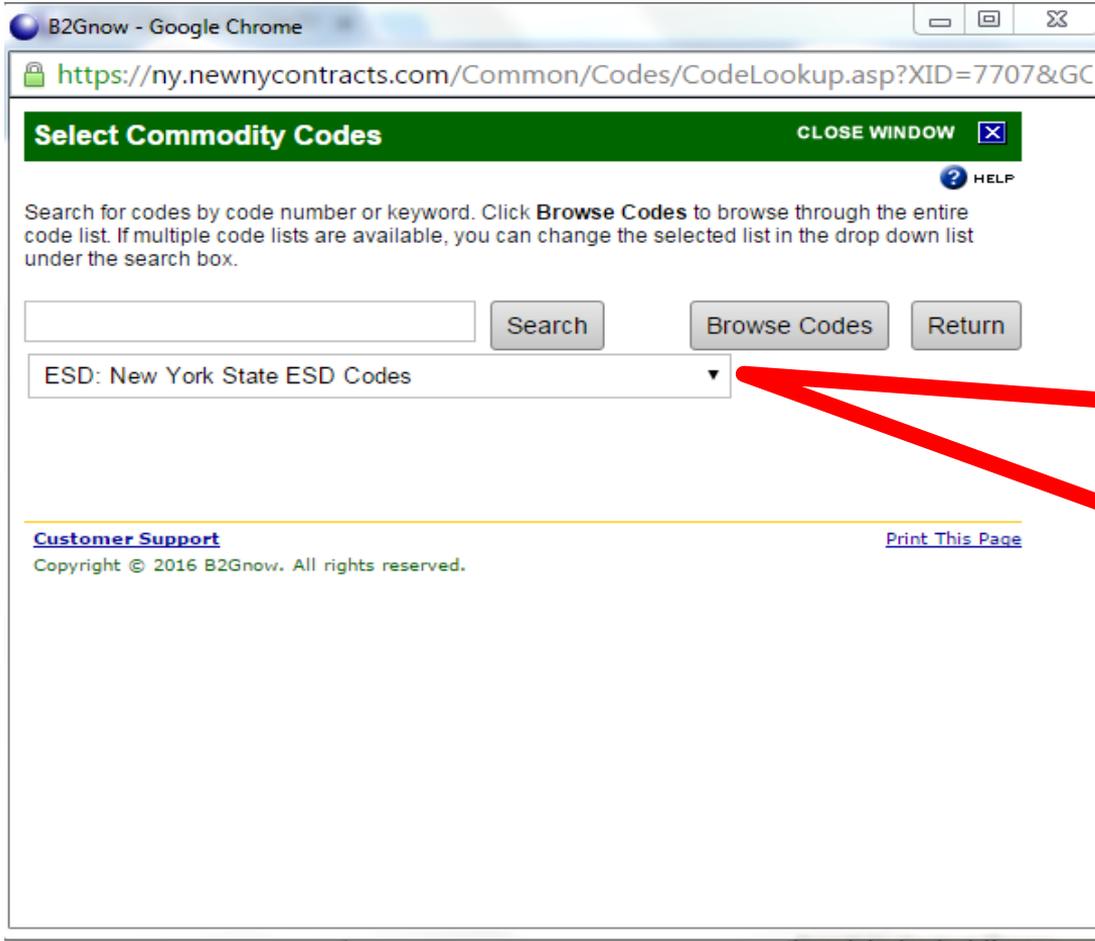


Clicking the 'Lookup Commodity Code' will bring up a dialog box

How to Find MWBEs Using the Directory

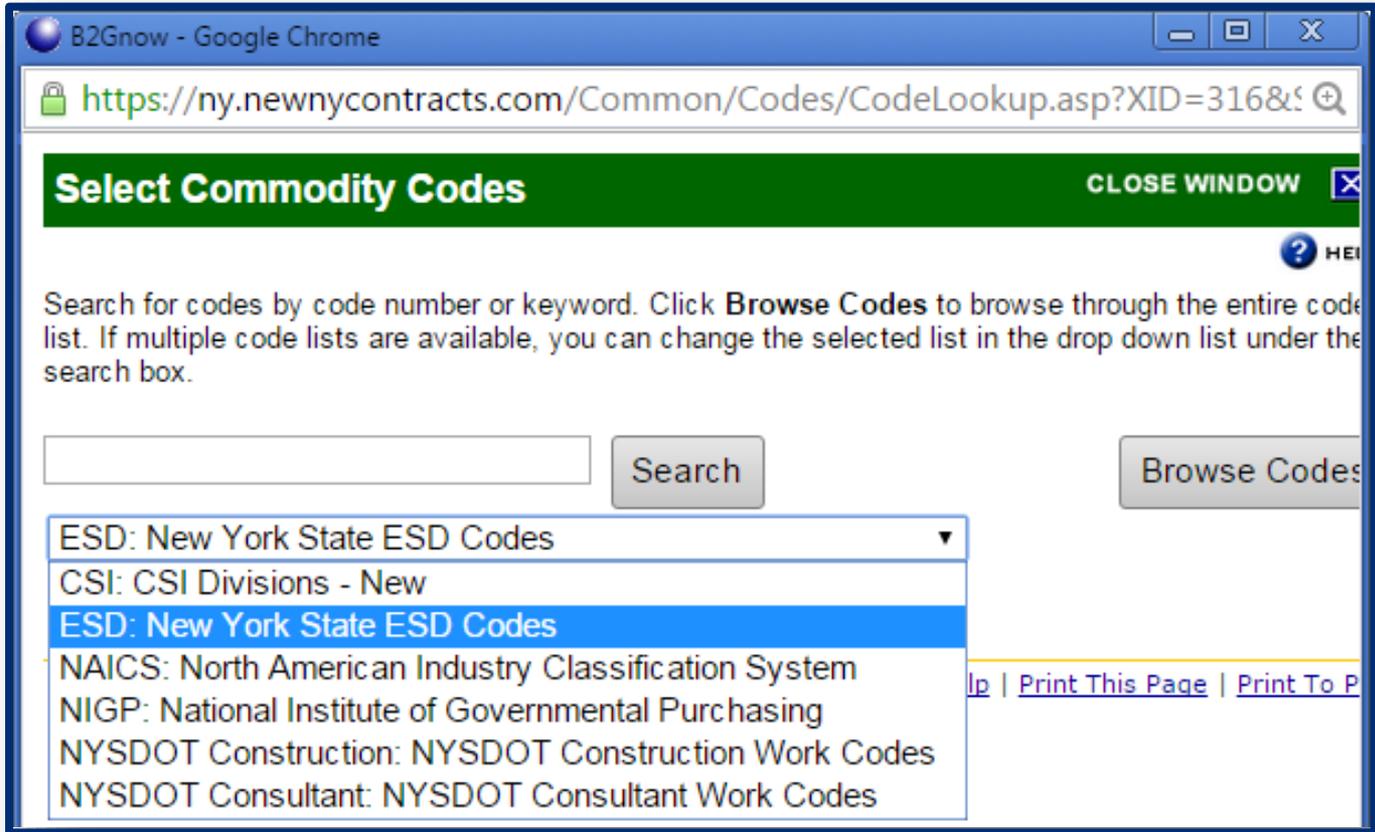
The image shows a web browser window with two pages. The foreground page is a 'Select Commodity Codes' dialog box. It has a title bar with 'CLOSE WINDOW' and 'HELP'. Below the title bar, there is a search instruction: 'Search for codes by code number or keyword. Click **Browse Codes** to browse through the entire code list. If multiple code lists are available, you can change the selected list in the drop down list under the search box.' There is a search input field, a 'Search' button, a 'Browse Codes' button, and a 'Return' button. Below the buttons is a dropdown menu showing 'ESD: New York State ESD Codes'. At the bottom of the dialog box, there is a 'Customer Support' link and a 'Print This Page' link. The background page is a 'Search for Certified Firms' page. It has a search bar with the text 'just a few letters of the firm's name.' and another search bar with the text 'just a few letters of a keyword.'. Below the search bars, there is a 'Lookup Commodity Code' section. The sidebar on the right contains 'Search for Certified Firms' with a link to 'MWBE Directory' and 'NYSCS Links' with links to 'Home/Login', 'Contact Us & Support', 'Password Reminder', 'Account Lookup', 'Outreach & Program Notices', and 'FAQs'.

Dialog Box



Clicking on this Drop Down arrow will show a list of all product code sets

All Code sets drop down for a selection of all the new codes. Note that the old ESD code set is still visible for reference. The ESD code set will eventually be phased out but will stay hidden from view and thus remain available should future reference require.



B2Gnow - Google Chrome

<https://ny.newnycontracts.com/Common/Codes/CodeLookup.asp?XID=316&f>

Select Commodity Codes CLOSE WINDOW

Search for codes by code number or keyword. Click **Browse Codes** to browse through the entire code list. If multiple code lists are available, you can change the selected list in the drop down list under the search box.

ESD: New York State ESD Codes ▼
CSI: CSI Divisions - New
ESD: New York State ESD Codes
NAICS: North American Industry Classification System
NIGP: National Institute of Governmental Purchasing
NYSDOT Construction: NYSDOT Construction Work Codes
NYSDOT Consultant: NYSDOT Consultant Work Codes

New Policy: Supplier- Broker Utilization

What's the Difference?

Supplier

- Firm can demonstrate that it owns, operates, and maintains a significant store or warehouse
- Materials, supplies, articles or equipment are bought, kept in stock, and regularly sold or leased in the usual course of business
- The firm must be an established, regular business that engages, as its principal business and under its own name, in the purchase and sale of lease of the products in question
- Manufacturers can be classified as suppliers

VS

Broker

- Firm fills orders for a third party by ordering, and/or purchasing from third party supplier



Background

Policies related to the certification and crediting of suppliers, brokers, and manufacturers within the vertical and horizontal construction industries have evolved over the years in New York State. With the adoption by NYS of industry standard product and services codes (NAICS/NIGP/CSI/DOT), the Division of Minority and Women's Business Development (DMWBD) has received an increase in requests by Minority and Women-owned Business Enterprises (MWBEs) to add "supplier" codes to their existing certifications.

The Governor's statewide 30% MWBE utilization goal, and enhanced concerns about MWBE fraud and performance of commercially useful functions, make it increasingly critical to formalize and clarify a policy which outlines the State's definitions of each of these industries and establishes consistent crediting.



Actions Prior to Policy Change

In order to establish a foundation for NYS policy, DMWBD reviewed and contrasted Federal Disadvantaged Business Enterprise policies, as well as policies adopted by a variety of states and localities with robust MWBE programs.

In addition, NYS Agencies, Authorities, Primes, and industry associations were informally interviewed to determine their use of suppliers, brokers, and manufacturers' representatives and their concerns and recommendations regarding their utilization credit.



New Policy

Effective April 1, 2016, MWBE utilization crediting standards will be amended **to credit brokers only for their commission, or markup percentage**, for the items they brokered. **Supplier credit reduced to 60%** of total contract value to mirror the federal standards. **Manufacturer** crediting will **remain the same**.



Supply/Demand Utilization Initiative

Overview of Supply/Demand Utilization Initiative (SDU)

- ❑ SDU is based on an analysis completed by the Division using the Directory of Frequently Purchased Commodities and Services by New York State Agencies published by the New York State Office of the State Comptroller (FY 2012-13);
- ❑ DMWBD reviewed state purchases (services and commodities) across multiple industries and their sub-industries;
- ❑ The analysis focused on categories which comprised the largest percentage of state spending (over \$50 million), number of certified firms within various subcategories, and the rates of utilization of MWBE firms and availability of firms;
- ❑ The Division concluded that there were significant state spend in targeted industries across AG/AUs, which there were certified firms in certain industries, but little utilization of those firms.



Professional Services

- Advertising & Marketing
- Architecture/Engineering/Environmental
- Financial Services (Auditing, Accounting, Asset Management, Underwriting)
- Legal
- Administrative/Clerical



Information Technology

- Consulting
- Maintenance & Support
- Software Development
- Communications



Supplies

- Dental
- Medical Supplies
- Laboratory
- Office Equipment
- Food and Beverages



SDU: Business Development Strategies

- ❑ Business development activities will help selected MWBEs meet the capacity needs of the state agencies that could possibly purchase goods or services from them.
- ❑ Working on a partnership with statewide Technical Assistance providers to provide enhanced support MWBEs within the SDU categories.
- ❑ Notifying MWBEs within targeted industries of contracting opportunities in discretionary spend and non-discretionary procurements.
- ❑ Collaborate with trade associations and advocacy groups in efforts of spurring interests of firms within targeted industries.
- ❑ Advocate with the state agencies and authorities that have the largest spending amounts within the target industries to increase their use of MWBE vendors.
- ❑ Identify and target discretionary purchase opportunities.



Understanding Diversity Practices

Overview of Diversity Practices

- ❑ Diversity practices are the efforts of contractors to include New York State-certified Minority and Women-owned Business Enterprises (“MWBEs”) in their business practices.
- ❑ Diversity practices may include past, present, or future actions and policies, and include activities of contractors on contracts with private entities and governmental units other than the State of New York.



Overview of Diversity Practices

- ❑ Assessing the diversity practices of contractors enables contractors to engage in meaningful, capacity-building collaborations with MWBEs.
- ❑ Diversity practices are intended to be applied on procurements in which procurement personnel exercise their subjective judgment in selecting one or more successful contractors on the basis of best value, NOT on procurements that are awarded based upon lowest price.



Contact information

Empire State Development

Division of Minority and Women's Business Development

Office: 212.803.2433

Email: MWBEBusinessDev@esd.ny.gov

Office of General Services

Office of Minority and Women's Business Enterprises

Office: 518.474.5390

Email: OGSMWBE@ogs.ny.gov



Questions and Answers