



Diversity Goals – Reaching out to Diversity Suppliers



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Business Challenge

A global leader in medical technologies wanted to develop a program to enhance the diversity of its supplier base. As part of an overall strategy for supply chain diversification, this company, with a presence in over 120 countries, sought to enact a diversity spending initiative that would resonate throughout their organization and achieve widespread adoption.

There was concern that it would be difficult to achieve the overall goals of this important diversity initiative without the contribution of a Vendor Management Services provider experienced in driving diversity goals. This program manages the contractor requisition process for all locations within the United States. For the last fiscal year, the company had a total program spend of \$80 million.

The Solution

While the diversity spend initiative was to be applied across every element of its supply chain, the company realized that contingent labor was an area harboring great

potential for driving diversity goals. As such, the company engaged the assistance of its MSP solution provider, ProcureStaff, to expand and enhance its contingent labor supplier diversity program.

As a first step, ProcureStaff partnered with the company's supplier diversity sponsors to understand their goals and discuss strategy and implementation plans. Promoting "buy-in" on the part of executives and other internal stakeholders was key to the success of this initiative. Alignment between the company's procurement offices and ProcureStaff managers would be crucial to optimizing supplier management and other contingent labor strategies. Serious about capturing the benefits of a well-diversified supply chain and clearly cognizant of the hurdles presented by the scope of the project, the company appointed a senior procurement executive to the position of diversity leader for supply management.

With the key internal proponent in place, ProcureStaff embarked on an aggressive campaign to diversify the contingent workforce supplier base. ProcureStaff employed several tactics to drive increased diversity supplier adoption. First, processes were put in place to

accurately track the diversity spending on a monthly basis. As part of ProcureStaff's managed service program (MSP) benchmarking and analysis processes, this element is critical in improving visibility into spend and whether or not goals are being adequately achieved.

Next, ProcureStaff and the client sponsor launched a regular schedule of active investigation and exploration of diversity suppliers available in the markets where the client had existing business units. Through regular attendance at regional Minority Supplier Development Council (MSDC) meetings, ProcureStaff program managers and the client sponsor identified many highly qualified diversity suppliers who were not yet a part of the ProcureStaff supplier base. The most attractive suppliers identified through these council meetings were on-boarded and added to the base.

Through this ongoing outreach, ProcureStaff compiled a large volume of diversity suppliers that, with a little coaching, had the potential to become viable candidates for inclusion in the base. It was determined that some of the smaller diversity suppliers lacked experience working with managed services programs. To remedy their inexperience, ProcureStaff took additional steps to tap the unrealized potential of these suppliers, resulting in several new diversity suppliers being added to the base serving the medical technologies organization.

The additional steps ProcureStaff took included devising a program of mentoring and coaching that was offered initially to current diversity suppliers within the program. Later this coaching was expanded to include potential diversity suppliers interested in doing business with the client company. The one-on-one mentoring sessions focused on helping them understand how to better qualify candidates and interface with ProcureStaff relationship managers (RMs). Other focal points for the mentoring efforts included

methodologies to improve efficiency in recruiting request processes and means to develop open communication with RMs when presenting candidates.

Results

As a partner in attaining diversity spending goals since the inception of the company's diversity initiative, ProcureStaff has consistently yielded results far exceeding expectations and stated goals, and the diversity spend initiative has helped raise the overall diversity numbers across the entire enterprise.

- Fiscal year 2006 closed with 29.52 percent diversity spend. The company's Supply management had set a goal of 25 percent, and contract labor was the only commodity that exceeded this goal in FY06, which in this particular case was 18 percent above goal.
- Contingent labor spend on diversity suppliers through the ProcureStaff program in FY07 is greater than \$28 million. This represents a remarkable 38.05 percent of total spend — a 29 percent increase over 2006 fiscal year and 52 percent above the goal.

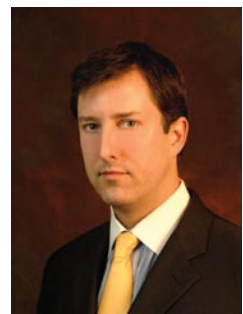
Since being engaged in 2001, ProcureStaff has become an increasingly central element of the medical technology company's supply chain management. Initially engaged to manage contingent labor spend and the contractor requisition process for four labor categories across a limited number of business units, ProcureStaff now manages that process for eight labor categories at all of the company's U.S. facilities. This includes IT, engineering, clinical, legal, finance, supply management, clerical and light industrial skill sets. There is currently discussion underway to engage ProcureStaff to manage contingent labor procurement for units globally, including Puerto Rico and the United Kingdom.

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Pros to Know: Indirect Spend Guru

Janet A. Whitcomb, Executive Vice President at contingent workforce procurement leader, ProcureStaff, has worked to change the way that companies perceive and approach their contract labor spend, helping to bring high-level attention to this important component of total spend.



Pros to Know: Public Sector Supply Management Evangelist

Ben Walker, Vice President of Strategy & Client Solutions at ProcureStaff, led a project at the U.S. Department of Veteran Affairs that centralized the procurement of over \$200 million of telecommunications equipment and services, saving taxpayers tens of millions of dollars annually. Ben led a road show with Agency leaders to promote the benefits of the solution and to increase the visibility of the department's new centralized sourcing strategy.