



Report on Executive Directive 2019-8

Required by ED 2019 – 8, Section 7

Prepared for
The Honorable Gretchen Whitmer

Department of Technology, Management and Budget
Procurement
March 1, 2022

This report outlines the historical steps Procurement has taken to Implement the Executive Directive 2019-8 (ED) and the current status.

In-person Meetings

- Per the ED, which requires Procurement meet with organizations representing small businesses, Procurement met with Business groups, SBAM, and Procurement Technical Assistance Centers on 2/28/2019 & 3/5/2019. The purpose of this meeting was to discuss the ED and how to best implement it. Procurement targeted business groups to reach as many eligible enterprises as possible.
- 5/7/2019 The Michigan Supplier Community (MiSC) program was formally announced at the Supplier Summit, pending approval of budget boilerplate language.
 - Procurement created the MiSC program to support the ED. It raises the public posting threshold for bids up to \$500,000 if agencies solicit at least three quotes from MiSC registered vendors. This shortens and simplifies the bidding process to make it easier for MiSC vendors to do business with the state. MiSC vendors include Michigan-based Small Businesses (per MCL 18.1268), Veteran or Service-Disabled Veteran Owned Businesses, Michigan Geographically Disadvantaged Business Enterprises, and Community Rehabilitation Organizations.
- 6/7/2019 Procurement met with Rep. Joe Tate, and the Veteran Business Round Table to discuss the impact and implementation of the ED.
- 12/20/2019 Procurement had a follow-up meeting to the 2/28 and 3/5 meetings to discuss how the ED is working and the MiSC program. This is a semi-annual supplier roundtable meeting.
- 4/30/2020 Procurement led a webinar with SBAM for their members regarding MiSC opportunities.
- 9/22/2020 Bi-annual MiSC Business Roundtable held with representatives of diverse business groups, rescheduled from April.
- 10/2020 Marketing strategy session with SBAM to discuss ways to increase MiSC participation.
- Jan – Dec 2021 – At each Procurement Leadership Team meeting, the Supplier Relationship Management team spoke on the importance of MiSC and offered any assistance that agencies might need in using the program.
- 8/18/2021 Held another supplier roundtable meeting to update them on MiSC progress, rescheduled from April.

Communications Sent

- 3/29/2019 – All vendors in SIGMA – Explained the ED, what businesses are eligible, and how to register within SIGMA.
- 3/29/2019 – Procurement Staff – Explained the ED and how it should be applied to bid awards.
- 7/8/2019 – All Vendors in SIGMA – Encouraged supplier registration, explained the ED and introduced the MiSC program.
- 7/15/2019 – Reminded suppliers to register and explained the ED and MiSC.
- 8/8/2019 – Procurement Staff – Updated procurement professionals on MiSC requirements and how it is to be used.
- 1/31/2020 Procurement sent out a new communication on MiSC to all vendors which resulted in dozens of e-mails and calls to Supplier Relations team who helped clarify and register vendors.
- 3/20/2020 Procurement reached out to attendees from roundtable meeting to ask for their assistance in finding suppliers of items needed for COVID-19 response.
- 12/4/2020 MEDC and Procurement hosted a webinar regarding MiSC, how to sign up, how can we help, etc.
- Jan – Dec 2021 – At each Procurement Leadership Team meeting, the Supplier Relationship Management team spoke on the importance of MiSC and offered any assistance that agencies might need in using the program.
- 5/19/2021 Central Procurement began flagging requisitions for agencies that might fit with MiSC. To date, 17 opportunities have been forwarded to agencies.

Other Accomplishments

- 4/30/2021 Central Procurement posted a new Job Position – Geographically Disadvantaged Business Specialist, to be the recognized resource for all MiSC matters.
- 7/26/2021 – Eric Pratt started with Central Procurement as the new Geographically Disadvantaged Business Specialist.
- To date, Eric has met with 5 MiSC roundtable members, 4 Procurement Technical Assistance Centers, the 6 state agencies, the City of Grand Rapids, the West Michigan Professional Purchasing Association, and multiple other businesses as requested by the Governor’s staff.
- April 2021- Now – Central Procurement has worked with Dun & Bradstreet to determine which vendors currently registered in SIGMA meet the eligibility requirements for MiSC. This data will be used to update vendor registrations,

increase MiSC registered vendors, and improve reporting capabilities.

- 7/23/2021 - Central Procurement added language to its solicitation templates requiring contractors (on contracts over \$5 Million) who plan to use subcontractors for over 20% of the deliverables, award at least 20% of the subcontracted work to Michigan-based Geographically Disadvantaged Business Enterprises.

Next Steps

- March-April Supplier Roundtable Meeting – Exact Date TBD.
- End Q1/Early Q2 – SIGMA will be loading new data from Dun & Bradstreet that will register thousands of vendors for MiSC.
- Continued outreach to vendors about MiSC registration and adding commodity codes to their vendor profiles.
- Internal / External Marketing regarding MiSC.

Reporting

- Currently 453 suppliers are registered for the MiSC program in SIGMA.
- This reporting only captures those businesses who have identified themselves as a GDBE within the State’s SIGMA System.

| | 2021 |
|--|-----------------|
| Spend with GDBEs* | \$832,574 |
| Total Addressable Spend** | \$3,419,859,802 |
| Percent of Spend with GDBEs | 0.0243% |
| | |
| Spend with registered GDBEs + 12 unregistered large GDBEs*** | \$151,673,746 |
| Total Addressable Spend** | \$3,419,859,802 |
| Percent of Spend with GDBEs | 4.435% |
| ED 2019-8 Established Goal | 3% |

*This number reflects vendors *registered* within SIGMA as a Michigan Based business *and* one of the following: HUBZone Certified, Principal Place of Business is located within a Qualified Opportunity Zone (QOZ), or a majority of employees live or work within a Qualified Opportunity Zone. Previously reported numbers showing higher percentages

of GDBE spend assumed all Michigan Based businesses located within a QOZ were registered within SIGMA as such. Spend with those business has not fundamentally changed, but the shift to reflecting the reality of registrations in SIGMA shows a much different number.

**Addressable Spend excludes healthcare/health insurance spend because most of it is pass through dollars, and the inclusion of these funds greatly skews spend data. This is exclusion is typical in all CPS reporting.

***If the spend from 12 large eligible GDBE's that are not registered is added in, the numbers change dramatically. The 12 GDBE's mentioned are:

| COMPANY | 2021 SPEND |
|---|--------------|
| CHRISTMAN COMPANY | \$47,212,190 |
| SUN VALLEY FOODS COMPANY | \$35,541,529 |
| WSP MICHIGAN INC. | \$22,296,948 |
| DEWPOINT INC | \$9,153,250 |
| RIPMAN CONSTRUCTION COMPANY INC | \$8,424,739 |
| GUD MARKETING INC | \$7,316,436 |
| SAMARITAS | \$6,089,204 |
| PECKHAM VOCATIONAL INDUSTRIES INC | \$5,991,050 |
| HAWORTH INC | \$3,964,009 |
| KALAMAZOO PROBATION ENHANCEMENT PROGRAM | \$4,431,462 |
| CHILDRENS CENTER OF WAYNE COUNTY | \$272,378 |
| WSP MICHIGAN INC. | \$147,977 |

Note: We are in the process of updating Demographic and Firmographic data within the SIGMA system. Once this information is updated, we expect the spend numbers to dramatically increase.