



Supplier Diversity

August 11, 2011



MAYO CLINIC

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Rochester Area Economic Development, Inc.

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CHAMBER OF COMMERCE

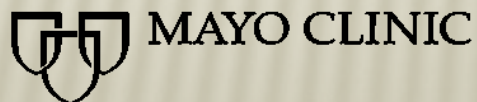
Session Experience

1. **Network with other area businesses** committed to business expansion, diversification and sustainability
2. **Learn more about Mayo Clinic's supplier diversity practices and the opportunities available** for area small, diverse businesses
3. **Learn more about our local business mentorship program** to support your development and competitive edge
4. **Interact with support services** such as Women's Business Development Center and Midwest Minority Supplier Diversity Council that are integral to your business competitiveness



Agenda

- | | |
|-------------------|--|
| 9:00 – 9:15a.m. | Welcome |
| 9:15 – 10:00a.m. | Overview of Mayo Clinic Sourcing & Contracting Process & Supplier Diversity Initiative |
| 10:00 – 10:15a.m. | Business Mentorship Program |
| 10:15 – 10:45a.m. | Certification Panel |
| 10:45 – 11:00a.m. | Closure and Networking |





Welcome

- John Wade, President, Rochester Area Chamber of Commerce
- Sharonne Hayes, M.D., Director of Diversity and Inclusion, Mayo Clinic
- Bradley Schmidt, Chair of Finance Department, Mayo Clinic Rochester



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Mayo Clinic Supply Chain Management

- Mark F. Dozier, Director, Sourcing and Contracting
- Jolene Anderson-Rau, Contract Portfolio Manager / Supplier Diversity Program Manager

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Small Business Series
Thriving & Sustaining in Today's Economy



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Supply Chain Management

Sourcing and Contracting Process

Objective

To leverage Mayo's spend to provide the highest-quality supplies, equipment, and services at the lowest total delivered cost.



Supply Chain Management

Sourcing and Contracting Process

The core of Mayo's contracting philosophy is to utilize a high-integrity, competitive bid process that involves key stakeholders to the greatest extent possible.

Key Oversight Committees, Policies, and Guidelines:

- Supply Expense Management Committee
- Supply Chain Management Operations Committee
- Mayo Clinic Integrity and Compliance Policy
- Conflict of Interest Policy
- Competitive Bid Requirement Policy
- Supplier Diversity Program
- Supplies and Services Authorization Guidelines
- Supply Chain Management Division Operating Principles



Supply Chain Management

Sourcing and Contracting Process

- VHA is a national network of community-owned healthcare systems and their physicians.
- Novation is a group purchasing organization owned by VHA and University HealthSystem Consortium (UHC).
- Organized as a cooperative, Mayo purchases many VHA and Novation contracted products and services.
- For 2010, Mayo accessed VHA/Novation contract purchases in excess of \$840 million.

Note: Novation utilizes a public, competitive bid process for the awarding of all contracts for supplies; equipment and services.



Supply Chain Management

How large is Mayo Clinic's Supply Chain?

- **2010 Supplies & Purchased Services - \$1.8 Billion**
 - Supplies - \$1.2B
 - Purchased Services - \$600M
- **Capital Medical Equipment - \$200 - 450M**
- **400 FTEs ≈ \$44M Total Operating Expenses**
- **Item Master with 100,000 items**
- **Inventories - \$70M**



Supply Chain Management

Purchased Services / Non-Medical Spend

Contracting Categories

- **Purchased Services**
 - Food Svc, Laundry/Linen, Transportation Svc, Marketing/Advertising, Courier Svc, Legal Svc, Nurse / Commercial Staffing, Medical Transcription, Relocation Svc, Subscription Svc, Fleet Management
- **Non-Medical Commodities**
 - Furniture, Medical gases, Office Supplies, Multifunction Devices
- **Capital Equipment Service / Maintenance**
 - Equipment Rental, Radiology Imaging
- **Information Technology Purchased Services**
 - Audio/Visual Media Support, IT Infrastructure, IT Staffing, Telecommunications
- **Facilities Service / Maintenance**
 - Cabling Services, Construction Services, Housekeeping/Environmental Services, Utilities



Supply Chain Management

Mayo Clinic Value Proposition

$$\frac{\textit{Quality}}{\textit{Cost}} = \textit{Value}$$

Quality consists of Outcomes, Safety, & Service



Supply Chain Management

Nonfinancial Criteria Used in Mayo's Process

- **Breadth of Product Line**

- Quality, Effectiveness, Packaging, Safety

- **Clinical Acceptability**

- Quality, Effectiveness, Safety, Waste Management, Operations

- **Ability to Supply**

- Supplier Capacity/ Distribution, Sales Representation

- **Conversion Assistance**

- Storage/Space requirements

- **Value Added Programs/Education**





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May 1, 2011

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Supply Chain Management

Supplier Diversity – How Does This Program Fit In?

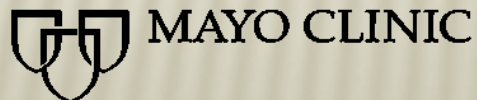
- History of Mayo Clinic's Supplier Diversity Program
 - Launched in 2008
- Tier 1 Opportunities
 - Contract directly with diverse suppliers
- Tier 2 Opportunities
 - Primary Contract with large business, encourage utilization of diverse suppliers as subcontractors
- Supplier Diversity called out in the Contract Terms and Conditions.



Supplier Diversity & Small Business Program

Mission

Enhance and increase business relationships with Minority, Woman, Veteran-Owned, Small and Local Business Enterprises.



Supplier Diversity & Small Business Program

Enterprise-wide Foundation Initiative – Diversity & Inclusion Office

- Senior Executive Leadership Support

Broadened Focus in 2011

- Business Development and Mentorship Program
- Understand local business utilization and impacts on our local economy

Resources Available to Achieve our Goals

- Supplier Diversity Ally Team Launched in May 2011
- RACC, RAEDI, Mayo Clinic Collaboration



Supplier Diversity & Small Business Program

-Understand Mayo Clinic's business needs and business processes.

- Educate yourself on Group Purchasing Organizations.
- Consider both 1st Tier and 2nd Tier Opportunities.

-APPLY for Mayo Clinic's Supplier Diversity Program!!

- Introduce your business via Mayo Clinic's Supplier Diversity Database Application Process.
- <http://www.mayoclinic.org/suppliers/supplier-diversity-app.html>

-Get certified with a 3rd party certifying agency.

- MMSDC, WBDC, SBA(8a), SDVOB, VBE
- Attend events supporting your respective certification.



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Business Mentorship Program

- Gary Smith, President, Rochester Area Economic Development, Inc.



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Purpose

Business Mentorship program provides a process for:

- effective feedback and support to potential area suppliers;
- link to support services provided by SBDC, SCORE, ADC, MMSDC, WBDC, and others;
- enhance entrepreneurial ecosystem.



Process Flow

1- Supplier Diversity Business Application submission via Mayo Clinic's Supplier Diversity <http://www.mayoclinic.org/suppliers/supplier-diversity-app.html>

- Rochester Area Chamber of Commerce membership included in submission
- This indicates **local** certification and flags this supplier as potential participant in the business mentorship program
- Other certifications: small, minority, woman, etc. included in submission



Process Flow

2- Mayo Clinic Supplier Diversity Manager (Jolene) researches the business' capabilities and reviews current product/service potential within Mayo Clinic.

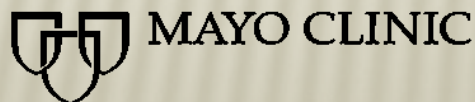
3- Mayo Clinic Supplier Diversity (SD) Manager meets monthly with internal department decision-makers or internal Supplier Diversity Ally Team (SDAT) to review business applications.



Process Flow

4- SD Manager provides a summary of the findings of SDAT and shares the findings with the supplier and RAEDI. Findings may be one or more of the following:

- Business product/service is not currently a need for Mayo Clinic.
- Business product/service is currently under a committed contract with another supplier for X years.
- Business product/service is a need at Mayo Clinic, however Business does not meet supplier standards.

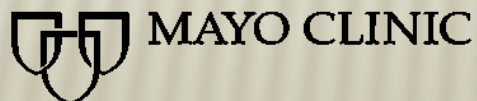


Process Flow

5- Supplier can then choose to take this information and feedback to RAEDI for planning assistance.

RAEDI will keep files to document the date when the business reaches out to them and what actions are taken based on this feedback.

6- RAEDI will work with business and area service providers to identify ways to increase their qualifications and chances of future success.



Process Flow

7- RAEDI, SD Manager and business owner will have a joint meeting to review any actions/results taken place based on feedback provided.

Next Steps will be identified, which could be:

- 1.Re-review by Mayo Clinic's SDAT team.
- 2.Suggest business owner seek business with another corporation.



Process Flow

8- SD Manager provides an update to SDAT who then:

1. Qualify Supplier to be forwarded to applicable Department within Mayo Clinic – to be facilitated by Mayo's SD Manager.
2. Provide additional feedback for further development and send back to RAEDI (This step can occur multiple times depending on the business' level of preparedness to do business with Mayo Clinic.).
3. Disqualify Supplier for doing business with Mayo Clinic entirely with clear reasoning provided.





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Certification Panel

- Deveny Bentling, Certification Specialist, Midwest Minority Supplier Diversity Council
- Dharani Ramamoorthy, Owner, Xylo Technologies, Inc., Certified Minority Business Enterprise
- Candy Wolff, MedCare Lifts, Certified Women's Business Enterprise
- Michelle Pyfferoen, Small Business Development Center



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Questions

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Supplier Diversity Thank you!



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