NMSDC | Advancing Economic Equity Together

NMSDC Transformation Plan Webinar

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CEO and President
NMSDC

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Transformation
Background

Voice of Customers

- Be transformational instead of transactional.
- It would be helpful if there was more of a central database for all diverse suppliers.
- I did not like being forced into a chapter based on my physical location.
- Program offerings and events are limited.
- Have the same process and cost for all locations.
- Create regular touch base opportunities for new MBE's.
- It should not take as long to complete the process.
- Streamlining the process while preserving the integrity of the process.
- Greater outreach by NMSDC and involvement on our behalf.
- I hear a lot about inconsistency among region.
- Put the development of suppliers first.
- Provide more ways for members to receive value from the certification
- Streamline and automate processes
- I wish more state government agencies recognized this certification

World's Leading Consulting Firms

- *"The current strategy has created an environment where NMSDC is vulnerable to disruptors, challenged in building trust in the supplier diversity community, susceptible to challenges from competitor NGOs…"* – EY

- *"The current journey for MBEs is a one-size-fits-all process… this has resulted in mismatched expectations and frustration on all sides…"* – McKinsey & Co.

- *"NMSDC's future success hinges on enhancing the following elements and embracing a* ***spirit of mutuality****: governance, accountability, metrics oversight, expectations for support and value, consistency."* – Heidrick & Struggles

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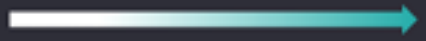
EY Foundational Studies



TRADITIONAL OPERATING MODELS		FUTURE OPERATING MODEL
Siloed and functionally oriented	Design philosophy	Integrated and networked
Singular business models	Alignment	Supports multiple business models
Predominantly rigid functions and capabilities	Capabilities	Fluid & dynamic internal and external relationships
Slow & big	Scalability	Adaptive & expandable
Fixed mindset; fear of failure; short-term focused	Culture	Growth mindset; entrepreneurial (fail-fast & learn); long-term focused
Waterfall; product lifecycle; big program releases; slow to market; costly	Innovation	Agile; MVPs; continuous releases/pilots; faster speed to market
Siloed & matrixed; internal core & JVs (build or buy)	Ways of working	Connected & collaborative; partnership & ecosystems (within & outside industry)

EY Building a better working world

Foundational Studies

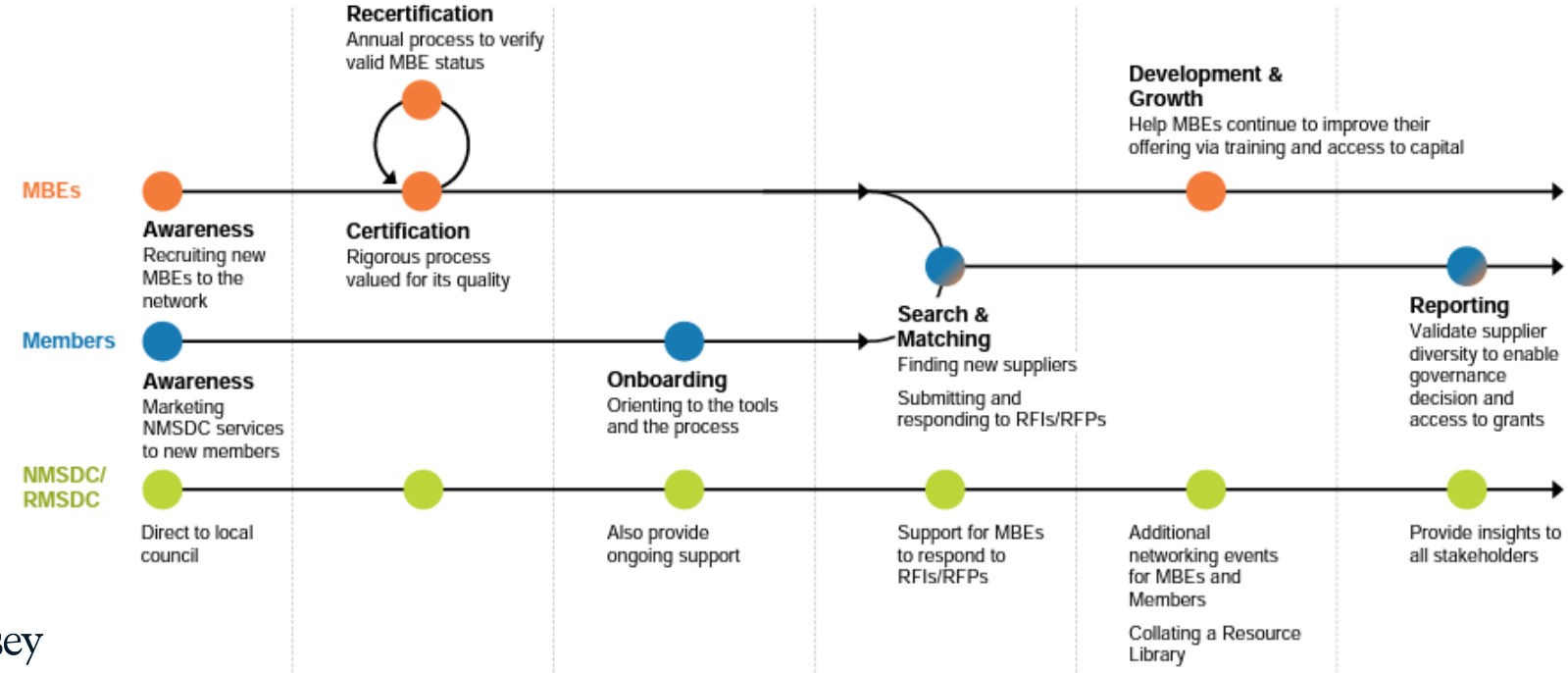
We interviewed ~50 stakeholders across all stakeholder groups

	MBEs	Members	NMSDC/ RMSDC
Example Role	**~15 MBEs**, including: • Experienced MBE who just certified for the first time • MBE who just completed 3rd re-certification • MBE with 20+ years relationship with NMSDC	**~20 Members**, including: • Supplier Diversity lead who manages over 200 suppliers • Former CPO for international beverage company • McKinsey expert on supplier diversity who advises Members	**~15 Staff**, including: • Executive Leadership Team • National Senior IT Associate • Regional Presidents • Regional Certification Committee members
What we've heard	I feel like 1-2% of the MBEs get 99% of the contracts. Most of these corporations don't want to or can't work with a small business, but 70-80% of us are small.	I love NMSDC and care for them and the MBEs I get to work with. I want them to be fabulous and grow, but I am so disappointed with the actual experience.	We [regional councils] have a lot of different systems out of necessity. We operate fairly independently from the National council.

McKinsey & Company

Foundational Studies

The current journey for MBEs is a one-size-fits-all process



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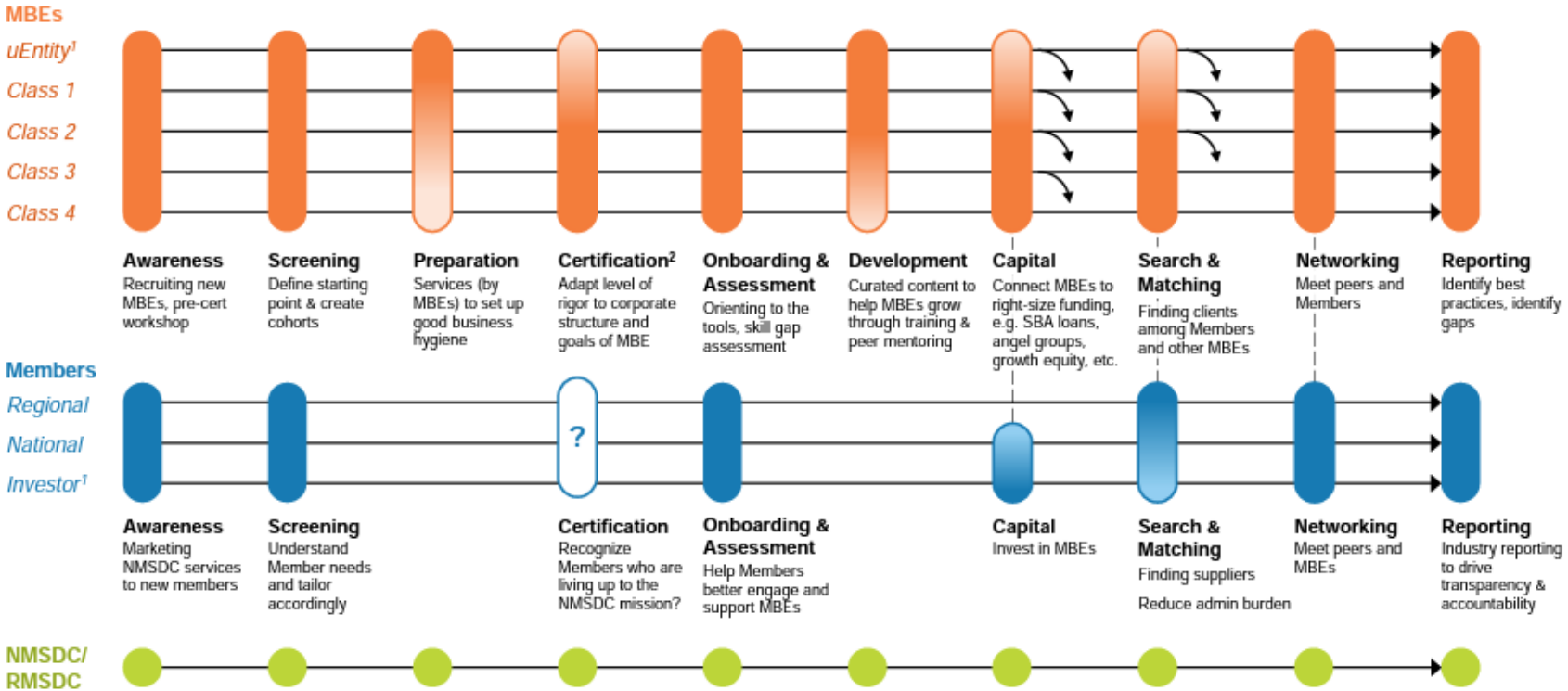
Foundational Studies



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Foundational Studies

Certification

~75% of certification time is spent in the submission and review stages, and the length is driven by four themes

Reducing the certification time could enable growth with little change to operation costs

Deep dive to follow

Average time to submit application: **31 days**	Average time to review & validate application: **44 days**	Average time to final certification: **22 days**
MBE creates Application	RMSDC receives app	RMSDC completes site visit, committee, and board review

Four themes drive the length of the submission & review process:

- Cumbersome document requirements and process
- Limited analytics to proactively identify issues or track performance
- Regional variation in resources or process
- Interface issues that increase workload for MBEs and Staff

Within the review phase there are many periods of wait time and back and forth, which cannot be captured due to reporting limitations. Touch time for each application is closer to 1-4 hours.

Two themes impact time to final certification, and will not be covered in the scope of this document:

- Certification committee availability
- Schedule optimization

Source: AdaptOne data for 2021 applications that were approved and completed (n=1871); declined applications do not have a completion time stamp (n=15)

Reducing the time per application will likely allow regional staff to:

- Increase throughput to process more applications in the same amount of time
- Increase bandwidth to focus on other areas of benefit to the organization, such as outreach, event programming, and community engagement

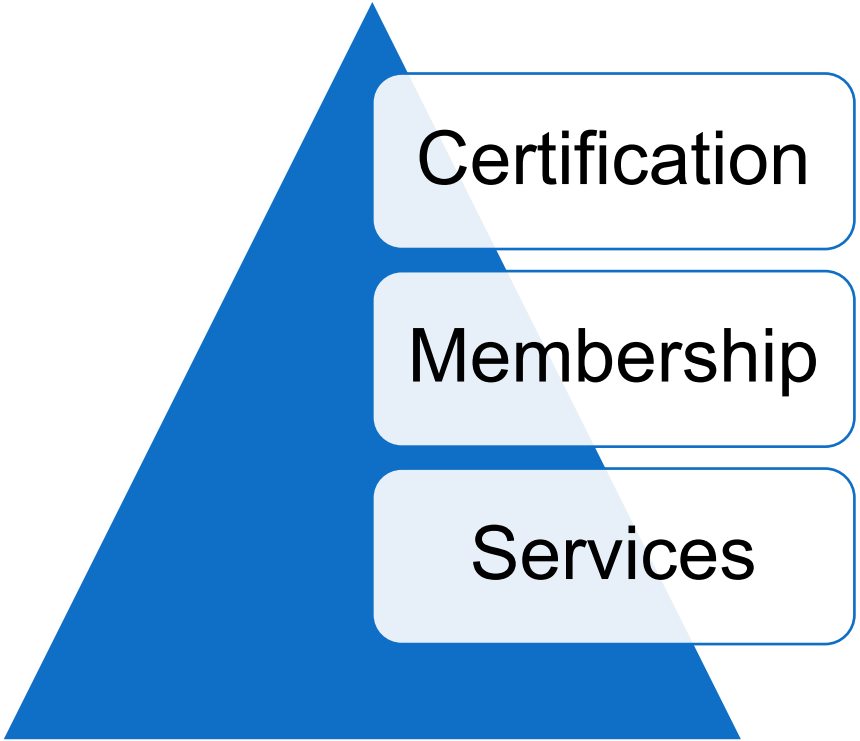
McKinsey & Company

Foundational Studies

Network Leadership & NMSDC Board Strategy Retreat

Jan 24-26

Board Direction



Immediate Actions

1 **Established Transformation Office**

- **Lead:** Leahanne Thomas
- **Project Mgr:** Deji
- **Comms Lead:** Jered
- Extended Team: Ying, Pauline, Fernando

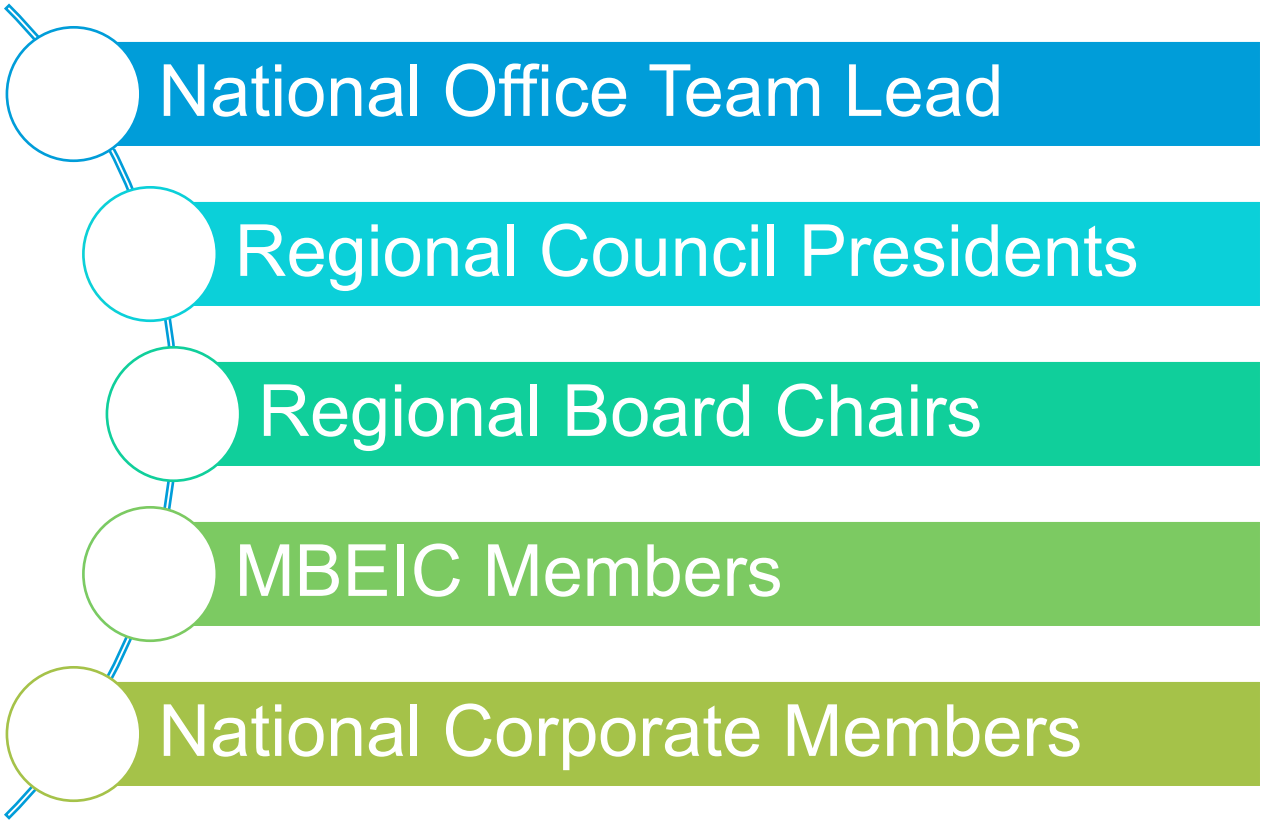
2 **Formed Wave #1 Activation Teams & Extended Teams**

Activation Team Leads:

- **Certification:** Leahanne Thomas
- **Services:** Fernando Martinez
- **Membership:** Pauline Gebon

3 **Activation Team + Extended Team drafting recommendations to the CEO**

Activation Team Members



Wave 1 Transformational Work

Certification

Develop a hybrid model implementation plan

- Roles and responsibilities
- Future state process maps
- Financial & Cash Flow mapping
- Linkage to technology implementation

Membership Model

Define a future state membership model that maximizes value to corporate members and provides network sustainability

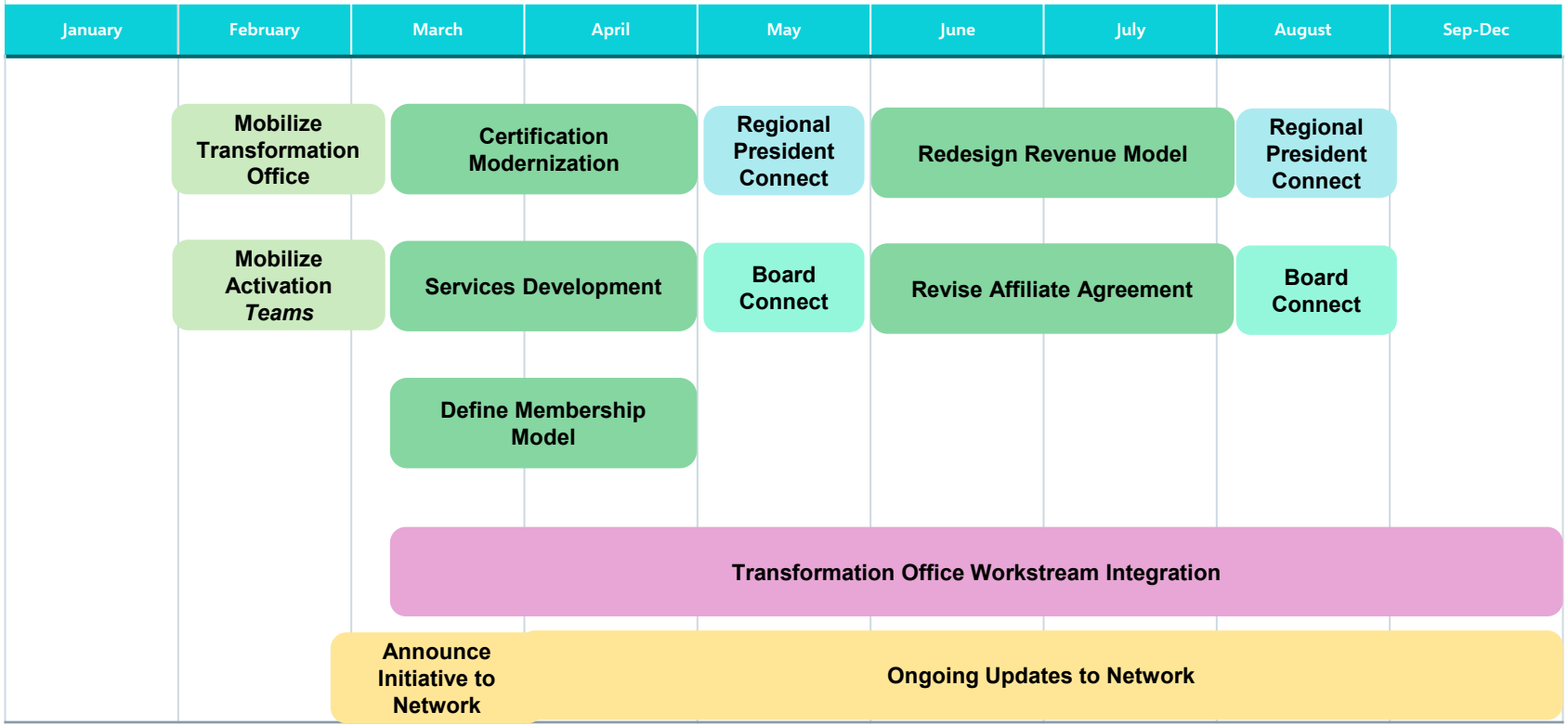
- Define value prop and details (benefits, roles and responsibilities, etc.)
- Detail around structure, process, and financial implications
- Refresh of corporate member expectations (e.g., metrics and KPIs)

Services

Confirm service offerings; roles & responsibilities

- Measuring success
- Create multi-year service enhancement launch plan
- 2023 priority service plan

Six Month Roadmap



Technology Modernization

TECHNOLOGY DRIVERS

Single Source of Truth Data
Centralize critical data to optimize access and leverage across the organization

Consistent Customer Experience
Ensure all Affiliate, Member and MBE interactions are consistent

Process Standardization & Automation
Develop standard, automated and scalable processes to improve effectiveness

Business Intelligence & Reporting
Enable informed, timely business decisions with robust and intuitive reporting

TRANSFORMATION SHIFTS

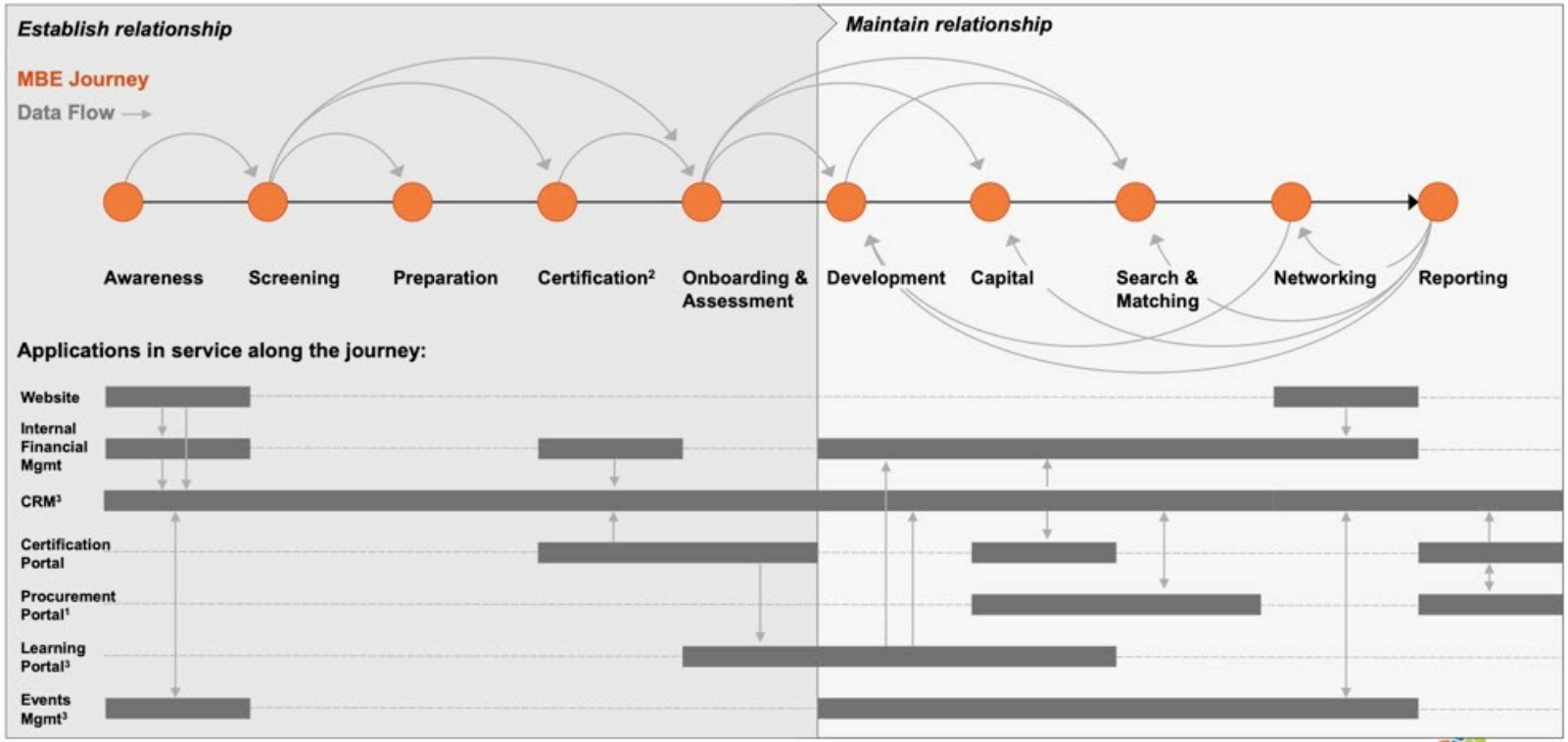
FROM	TO
Conflicting & varied datasets	Single source of truth
Disparate technology & data	Integrated technology solution
Cumbersome processes	Rules-based automated workflows
Ad hoc & manual reporting	Configurable automated reporting
Guesstimates & ballparks	Data-driven budgeting & forecasts

OUTCOMES

- Improved Processes
- Increased Productivity for Staff
- Increased Service Levels for Stakeholders

Technology Roadmap

The proposed technology stack will create the through line of data needed to create this adaptive journey for all MBEs, with the CRM as the backbone



1. New offering proposed for consideration
2. Recertification embedded in this process
3. Some CRMs under consideration can also provide Learning Portal and Events Management functionality

THE FIERCE URGENCY OF NOW

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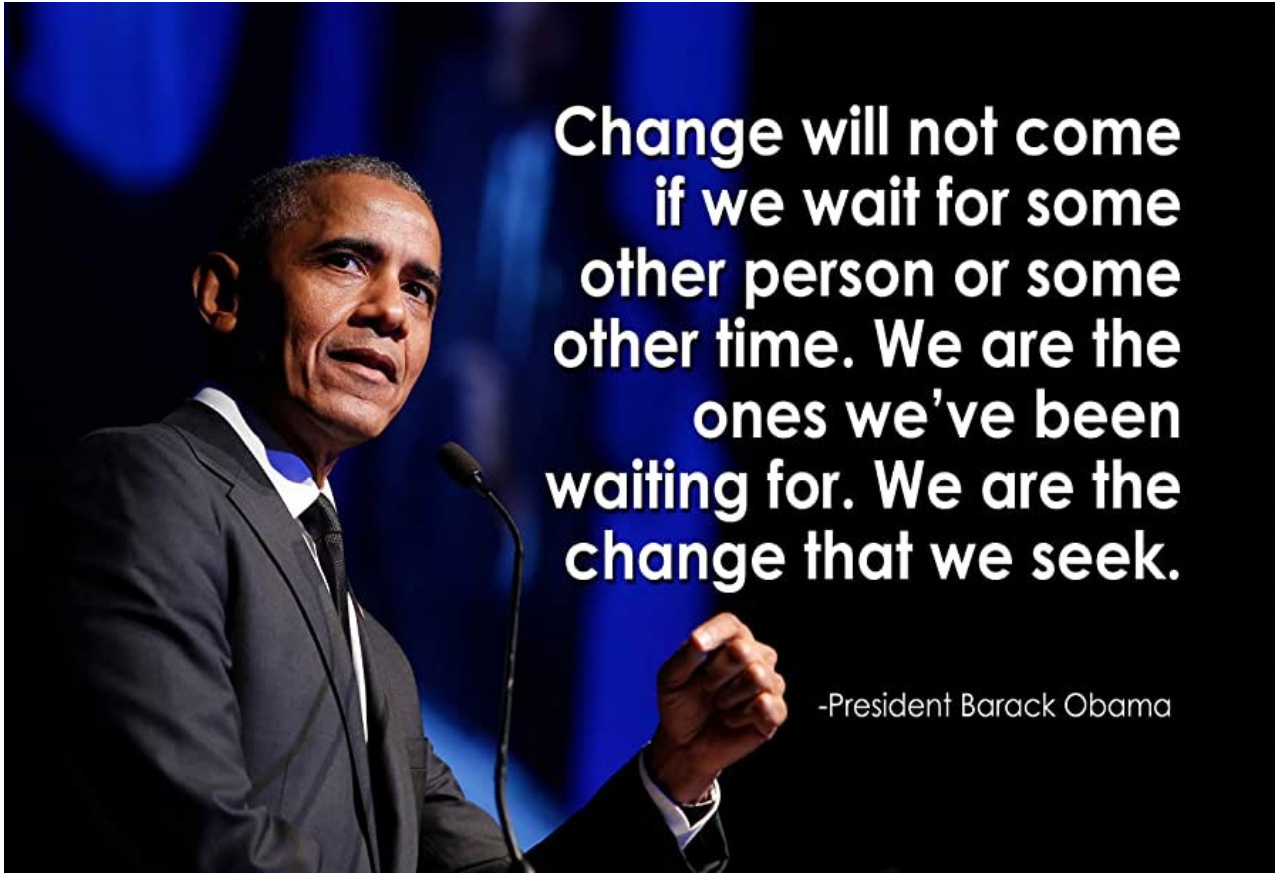
Corporate MBE Spend – 3%

Industry	# of Companies	Annual Purchases	Total diverse spend	Total MBE spend	Total WBE spend	Total Other diverse spend	Avg MBE Spend
		(Dollars in Millions)					
Construction	1	5,323.56	826.18	503.20	542.50	116.53	9.5%
Consumer Products	3	5,390.08	413.89	148.70	212.02	56.74	2.8%
Diversified Industrial Goods and Services	2	2,404.13	398.61	136.95	122.70	138.97	5.7%
Health Care & Health Care Products	2	12,680.00	569.10	259.82	239.16	72.10	2.0%
Non-profit	1	20.00	2.26	1.11	1.65	0.50	5.5%
Pharmaceutical	1	1,308.40	11.51	1.68	9.57	0.27	0.1%
Transportation	3	22,751.09	3,035.98	381.85	447.32	2,558.58	1.7%
Technology	4	5,790.47	2,704.57	668.79	265.52	106.80	11.5%
Professional Services	1	430.31	2.66	0.01	7.80	0.16	0.0%
Financial Services	4	9,441.50	629.49	259.49	243.08	169.08	2.7%
Staffing/Employment	1	441.81	12.36	8.26	5.22	1.04	1.9%
PetroChemical	2	46,339.95	3,174.50	1,360.98	596.54	1,189.24	2.9%
Food & Beverage	3	17,027.63	456.42	251.78	191.79	16.35	1.5%
Hospitality	1	1,660.48	19.37	25.83	111.76	55.63	1.6%
Waste Disposal	1	1,200.00	15.26	10.77	4.07	0.42	0.9%
Grand Total	**30**	**132,209.41**	**12,272.15**	**4,019.20**	**3,000.69**	**4,482.41**	**3.0%**

Government - SBA Data by Race and Ethnicity

- Black Businesses: 1.67%
- Hispanic Businesses: 1.78%
- Asian Pacific American Businesses: 1.23%
- Subcontinent Asian Businesses: 1.55%
- Native American businesses: 2.69%



We Are The Change

Q&A