

# ***Connecting Majority Primes to DBEs: Effective Supplier Diversity Policies and Procedures***

Kyron Robinson & Dr. L. Jay Burks

@ProRankLLC

@Ljayburks

## Agenda

- Introductions
- Changing landscape of society
- Perceptions and unconscious bias
- Fun with Google searches
- Government contracting and entrepreneurs
- Actions for Impact - Best practices
- M.A.N.A.G.E.

# Put on Your Sociological Research Hats

A conversation about life's unseen patterns.



3

## Question 1

How many years experience do you have working with Disadvantaged Business Enterprises?

1. Less than 5 years
2. 5 - 15 years
3. 15 - 20 years
4. Greater than 20 years

4

## Question 2

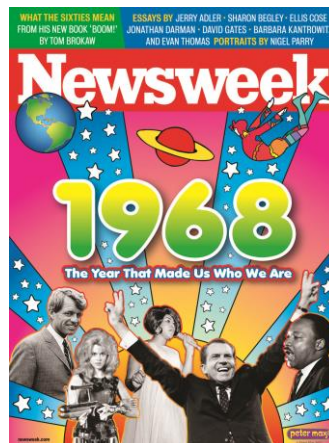
What word do you mostly closely associate with Disadvantaged Business Enterprise?

1. Innovation
2. Bureaucracy
3. Entrepreneurship
4. Job creation
5. Subcontracts

5

## Historical Context of Supplier Diversity

Did you know?



6

# Changing Demographics of Society

## Latest U.S. Census Data

Increased growth of minority-owned and women-owned businesses over the last two decades

Minority owned businesses increased 38 percent

Women-owned businesses increased 27 percent

Diverse businesses hire diverse individuals

<http://www.census.gov/newsroom/press-releases/2015/cb15-209.html>

7

## Unconscious Bias Headlines

**Unconscious bias training: 'Not a silver bullet'**

by Polina Marinova @polina\_marinova OCTOBER 12, 2015, 5:59 PM EST

**FASTCOMPANY**

**You're More Biased Than You Think**

Even the most open-minded person harbors a lot of unconscious biases. Here's how to start recognizing and eliminating them.

**Google's 'bias-busting' workshops target hidden prejudices**

Jessica Guynn, USA TODAY 2:35 p.m. EDT May 12, 2015



NOV 2, 2015 @ 10:00 AM 12,524 VIEWS

**Rise Of The Bias Busters: How Unconscious Bias Became Silicon Valley's Newest Target**

8

## Unconscious Bias or Implicit Bias

1944 study by Gunnar Myrdal, “An American Dilemma”

Test people’s unconscious bias toward words and concepts, and toward races

Then vs. Now - Do you think there’s been change?



9

## Google the Words “Economic Development”



10

# Google the Word “Entrepreneur”



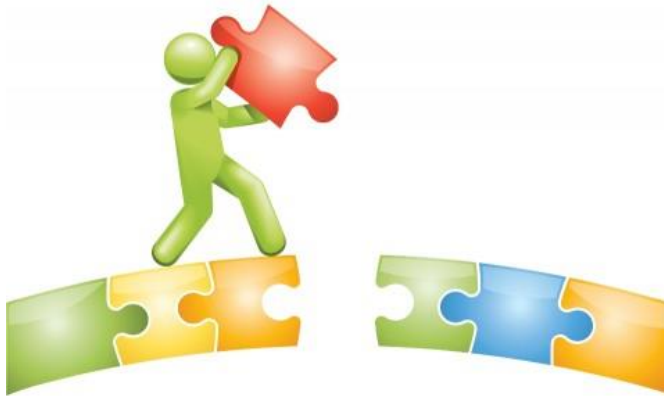
11

# Google the Words “Disadvantaged Business Enterprise”



12

What is coloring your perception?



Where we are

Where we can be

# Doctoral Dissertation

Examining the Relationships Between Entrepreneurial Orientation,  
Procedural Justice and Entrepreneurial Leadership with the  
Reward and Performance Expectancies of Minority and  
Women-Owned Businesses in Government Contracting

15

## Social Cognitive Theory

Social behavior is best understood by examining beliefs about behavior in a social context, and social perceptions and representations

Personal dispositions

- Character, attitude, outlook

Behavioral and environmental factors

- Skills to perform

- Factors physically external to the person



16



## Research Takeaways

Increased perceived fairness increases participation

Entrepreneurial leaders have high expectancies



17

## Majority Prime Contractor Perception & DBE Bias

- “When you use a first-time DBE, you are putting yourself at risk of completing their work. The benefits do not outweigh the problems.”
- “We are rated for our work ethics. The Prime rating is going to suffer because of the work of a subcontractor.”
- “DBEs often underestimate the amount of work that would be required to comply with all of DOT’s requirements.”

18

## DBE SubContractor Perception & DBE Bias...

- “Normally, they contact me, those who need a minority firm.”
- “We don’t have any specific marketing efforts. The owner of our company is known in the industry”
- “We approached a few companies. We sent about 50 letters total with our qualifications, but we got no response. We also had a web page which was not providing a response”
- “Once I’m DBE certified, the Majority Primes will have to use my firm”

19

## Partnering DBE's with Majority Primes Overview

Best practices are separated as follows:

1. Best practices for DBE Program Administrators
  - Supportive Services & Training
  - Administrative Support
  - Marketing & Outreach
  - Financial Assistance
2. Best practices for DBEs and Majority Primes
  - Best Practices for DBEs
  - Best Practices for Majority Primes



20

## The Purpose of This Section

The goal of this section of the presentation is to provide ideas and strategies that will help partner more DBEs with Majority Prime contractors.



21

## Connecting Primes to DBEs Background

A primary factor that prevents Majority Primes and DBEs from working together is a lack of trust.

Many Majority Primes feel they risk their reputation and profitability by working with new, often unproven subcontractors.

Many DBE Subcontractors feel they risk receiving slow or no payment by working with unfamiliar Primes.

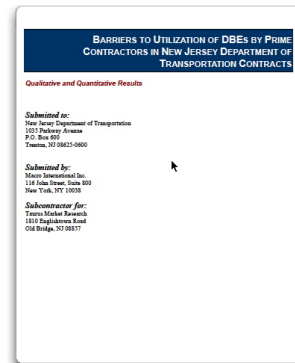


22

## Connecting Primes to DBEs Background Continued..

In 2008 NJ DOT conducted a study to identify the barriers to utilization of DBEs by Majority Prime Contractors in NJ DOT contracts.

- The biggest reason for DBE under-utilization was a lack of relationships.
- The two most important factors in Primes selecting a subcontractor were:
  1. Experience and
  2. Reputation



23

## Connecting Primes to DBEs Background Continued..

- From the perspective of DBEs, the most important factor to getting a subcontract was having a track record with the Prime Contractors.
  - ¾ of Prime Contractors who had been satisfied with the work of a first-time DBE maintained a business relationship with the firm.



24

## Connecting Primes to DBEs Background Continued..

In 2008, the Transportation Research Board conducted a National DBE Program Manager Survey. The TRB-DBE Committee gathered data regarding the most important problems facing the DBE Program.

They found that:

1. Majority Prime Contractors were not eager to work with DBE's
2. Prime Contractors are reluctant to use new Sub-Contractors



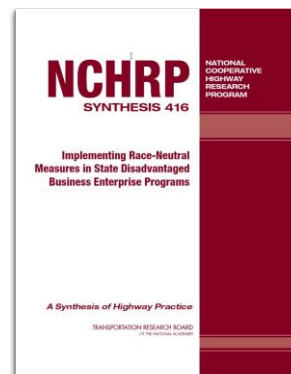
25

## Connecting Primes to DBEs Background - Continued

In 2011, the Transportation Research Board National Cooperative Highway Research Program published Synthesis 416, "Implementing Race-Neutral Measures in State DBE Programs."

This study rated the effectiveness of 22 race-neutral measures used to overcome DBE program challenges. 47 States participated.

<http://www.trb.org/main/blurbs/165240.aspx>



26

## Connecting Primes to DBEs Background Continued..

Facilitating meetings and networking between DBEs and Majority Prime Contractors and technical assistance partners was a strategy used by 96% of the states.

- Respondents wrote more comments about this strategy than about any other strategy in the 2011 TRB report



27

## What Can DBE Program Administrators Do???

Ideas for DBE Program Administrators

- Supportive Services & Training - (Helping DBEs prepare for Majority Prime Contractor encounters and contract utilization)
  - Providing bidders list to DBEs so they can seek subcontracting opportunities.
  - Technical training classes and technical education
  - Assisting firms in using technology, electronic bidding, website development, and conducting business over the internet.

28

## What Can DBE Program Administrators Do???

- Supportive Services & Training
  - Provide firms with bidding assistance, hold bidding and estimating workshops, and write/designate statements of qualifications
  - Provide training classes and technical education
  - Reimburse DBEs for targeted technical trainings



29

## What Can DBE Program Administrators Do???

- Administrative Support (Improving the environment for DBE utilization)
  - Target Prime Contractors with assistance in fulfilling DBE participation commitments.
  - Hold pre-bid or pre-letting meetings.
  - Send letters to all Contractors explaining their obligations toward meeting DBE program goals.
  - Track DBE participation by project to identify Contractors and projects with below-average DBE usage

30

## What Can DBE Program Administrators Do???

- Administrative Support
  - Contract unbundling and small business set asides
  - Facilitate mentor/protégé programs
  - Give consideration to Prime Contractors who utilize DBE firms on projects without DBE contract goals to encourage consistent use of DBE firms and not just when there is a DBE goal on the project.

31

## What Can DBE Program Administrators Do???

- Marketing & Outreach (Connecting DBEs with Majority Primes, fostering and maintaining relationships)
  - Facilitate one-on-one interactions between Prime Contractors and DBE firms.
    - Contractor speed dating: Prime contractors are given booths and DBE firms rotate through them every 10 minutes.
    - An annual “Meet the Primes” event held in conjunction with a monthly meeting of the state road builders association
    - Project-specific matchmaker events that are geared to DBEs, but are open to other small businesses as well.
    - An annual workshop focused on expansion and partnering opportunities.

32



## What Can DBE Program Administrators Do???

- Marketing & Outreach
  - Publicize new DBE firms to Prime Contractors via newsletter or e-mail.
    - Include a “request for sub-bids” section in the monthly DBE newsletter where contractors can advertise for quotes
  - Sponsor DBEs participation in local trade organizations
  - Facilitate marketing meetings between DBEs and key DOT personnel (Consultants)
- Financial Assistance (Helping DBEs build capacity)
  - Conduct a loan mobilization program
  - Bonding Assistance Programs\*

33

## What Can DBEs & Majority Primes Do???

- Best Practices for DBEs
  - Be a hunter not a gatherer - (solicit the entire LOP)
  - Develop a specialty niche
  - Don't overbid – stay in your scope
  - Attend pre-bid meetings
  - Always provide quotes when asked
  - Request face-to-face marketing meetings
  - Cold call to potential Primes
  - Try to meet and build relationships with Prime Project Managers & Estimators



34

## What Can DBEs & Majority Primes Do???

### - Best Practices for DBEs

- Seek out mentors
- Join local trade/business organizations
- Utilize DOT supportive services – have others invested in your success
- Persistence is paramount – Market, Market, Market
  - \* A factor in utilization is the level of marketing
- Prompt payment is a federal requirement
  - \* Know the regulations
  - \* Know when your job tasks will be invoiced to the project owner



35

## What Can DBEs & Majority Primes Do???

### - Best Practices for DBEs

- Look for work with various agencies
- Learn the DOT bidding system / process
- Actively search for funding opportunities
- Request meetings with Key DOT personnel
- Provide your quotes to Prime Contractors prior to the project let date
- Embrace technology - Achieve more with less and reduced overhead

36

## What Can DBEs & Majority Primes Do???

- Best Practices for Majority Prime Contractors
  - Use the DOT's DBE program to help solicit your projects to DBEs
  - Develop and maintain a database of Subcontractors
  - Seek out new DBEs to complement your skill sets
  - Participate / Request that your local DBE Program facilitate DBE meetings
  - Make sure your Subcontractors are paid promptly, usually around 7 days after you receive payment
  - Seek out Mentor-Protégé relationships
  - Partner with DBE trade groups

37

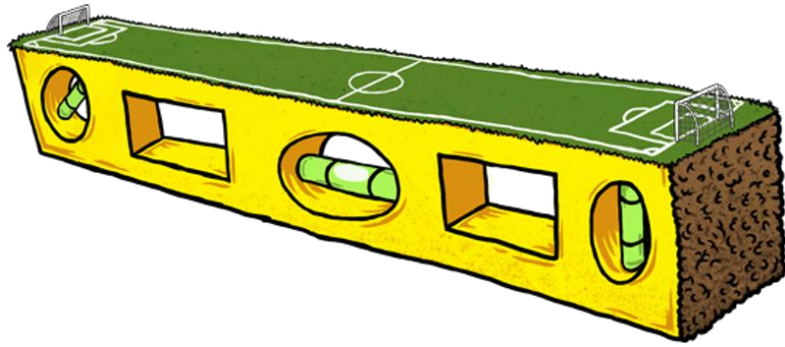
## What Can DBEs & Majority Primes Do???

- Best Practices for Majority Prime Contractors
  - Participate in DBE Workshops
  - If a DBE must be removed from your project, always seek another DBE to replace them
  - Failing to utilize your DBEs for their committed portion can lead to fines or loss of future work
  - DBEs can be assisted as long as the assistance falls within normal industry practices and does not erode the DBE's ability to control its work and remain independent

38

## M.A.N.A.G.E. Your Supply Chain Increase Opportunities for Diverse Vendors

- **M**otivate
- **A**dvocate
- **N**avigate
- **A**llocate
- **G**enerate
- **E**valuate



39



