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It Takes a Team in Sourcing and Supplier Diversity at United Rentals

At United Rentals strategic sourcing and supplier diversity are integrated processes. This team approach ensures inclusion is a core principle of supply chain management.

- BY INGRID JOHNSON

United Rentals has achieved success by adhering to its values, which include a passion for people, community mindedness, and leading by example. Putting the values into action resulted in a company approach to sourcing and supplier diversity that is different than most. While many corporations have supplier diversity programs that are separate and distinct from the general sourcing process, United

Rentals chose to combine the two so that inclusion became a core principle of all sourcing. By relying on senior sourcing professionals and their staff, United Rentals was able to focus on the seamless integration of sourcing and supplier diversity as a competitive strategy. Three people, who are part of a larger dynamic team, are key contributors for sourcing, strategizing and prioritizing, and for turning strategies into measurable results based on continuous improvement.

MIXING IT UP AT THE LOCAL LEVEL

Jamie Crump, the Director, Strategic Sourcing and Supplier Diversity at United Rentals, cites Kevin O'Toole and Deborah Chenevey as excellent examples of managing a successful strategy. Each holds the title Manager, Strategic Sourcing and Supplier Diversity. Over the last 3-5 years the drive to increase diversity spend has been highly successful as successive steps were taken to ensure con-

tinual program evolution. In 2013 United Rentals' diversity spend was over \$250 million, and that number is expected to significantly grow over the coming years.

United Rentals has over 880 rental locations in the U.S. and Canada, 3,100 classes of equipment, and serves a diverse customer base. The sourcing strategies used during the RFP process are critical to United Rentals' ability to control costs and meet the needs of internal customers.

Adding supplier diversity to the mix strengthened the company's ability to compete. As Kevin describes it, "Our RFP process is a critical sourcing strategy for ensuring United Rentals has the right mix of local presence. We do not expect small diverse companies to handle all 880 locations. We evaluate RFPs based on whether the company can add value to United Rentals and provide the scope of services needed in a particular geographic area."

The sourcing and supplier diversity team discovered there is a sense among diverse companies that they are too small to respond to United Rentals' RFPs. To help the smaller companies





Kevin O'Toole, Manager Strategic Sourcing and Supplier Diversity, United Rentals

overcome this self-imposed barrier, Jamie's team has focused on encouraging diverse suppliers by streamlining access. Supplier diversity initiative improvements include the addition of an online registration database, teaming with the sales organization to provide Tier 2 reporting to national accounts, including supplier diversity in outsourced solutions, improving diverse spend tracking for better decision making, and implementing annual planning with legal and sourcing teams.

STEPPING OUTSIDE THE SOURCING SOLUTION BOX

One of the highly successful strategies employed was the re-evaluation of sourcing categories to identify those that would benefit from supplier diversity. Projects in bulk fuel, temporary staffing, uniforms and facilities services have generated cost savings for the company and additional opportunities for diversity companies. "Deborah and Kevin O'Toole spearheaded these projects and have had great success in stepping outside the typical sourcing solution box," says Jamie. The challenge is ac-

curately articulating United Rentals' needs and making sure the RFP responses provide enough information to ascertain whether the responder can truly handle the contract.

Kevin and Deborah often mentor MWBEs on what can be an intimidating RFP process. "One of the common questions we get from smaller suppliers is: What do I have to do to get that seat at the table?" says Kevin. "I explain the process and procedure for sourcing and why certain questions are included among the questions on the initial request. As a team we must give them a better level of comfort so they have more confidence they can work with United Rentals which may be their first national account."



Deborah Chenevey, Manager Strategic Sourcing and Supplier Diversity, United Rentals

Without the guidance, there is a good chance that many qualifying diverse suppliers would simply disappear from the RFP process.

There are numerous successes that prove mentoring works. For example, a single bulk fuels contract was broken into three contracts. Two of the contracts are with diverse suppliers. One of the suppliers got off to a

slow start. Kevin explains, "The supplier approached me about lack of business. I reviewed their accounts with them and helped them understand how they can be more competitive. The supplier revised its pricing schedule and eventually tripled the number of United Rentals accounts."

WORKING TOGETHER

Collaboration with supporting organizations like the Institute for Supply Management (ISM), the National Association of Women In Construction (NAWIC), and the Professional Golf Association (PGA) is another key strategy. "Last year United Rentals hosted the first ever joint workshop by local chapters of ISM-CT and GNEMSDC to provide an open discussion of how the strategic sourcing function and the supplier diversity program can each help the other succeed," says Jamie. Sourcing goals focused only on cost reduction can be at odds with a strategy of increasing supplier diversity spend. Having conversations about this issue is critical if everyone is to push in the same direction.

The United Rentals team also asked itself, "What else can we do in the community?" The PGA was doing an event in Grand Rapids, Michigan, a city hit hard by the recession. In a testament to the power of networking, PGA knew someone in the local Chamber of Commerce, leading to UR partnering with PGA and Whirlpool in 2013 to provide a three-day training and certification program in fork lift operations for unemployed individuals. United Rentals asked several safety providers to provide the necessary safety equipment, and a host of



Jamie Crump, Director Strategic Sourcing and Supplier Diversity, United Rentals

volunteers provided training on their own time.

The company does use a scorecard process to track the top 25 suppliers, but that number will increase in 2015. Scorecarding allows time for feedback on both sides to ensure dialogue is ongoing and is used to verify ongoing supplier financial viability, certification currency, and whether the supplier is staying on top of the industry changes. United Rentals expects suppliers to bring new ideas to the table and to provide information on trends and issues that will impact its business. If there is something new in handling waste for example, the waste handler suppliers are expected to let United Rentals know.

"The team is critical to our success because that is where the business comes from," says Jamie. Kevin and Deborah must be open to making introductions, staying in touch with potential suppliers as the sales cycle can be lengthy, ensuring that diversity suppliers participate in bid opportunities, and making sure all sourcing opportunities are not lost." At United Rentals, the team approach is one that is clearly working well.