

University of Chicago – Diversifying Professional Services Case Study

Process Summary

The University of Chicago (UChicago) has chosen to make business diversity a priority. As the city's largest private employer on the south side, these measures directly contribute to the University hiring qualified local and national diverse businesses. Business Diversity refers to the business of operating the university and seeking the talent and innovation that diverse firms bring to the work of the University within its professional services, general goods and services, and construction industries.

In 2006, UChicago hired Nadia Quarles as the Director of Business Diversity. In 2010 her role was elevated to Assistant Vice President of Business Diversity with the intent to give the role more leverage, support, and visibility. Nadia's vision when she began working for the University was to expand its contracting with diverse businesses beyond the traditional low-hanging fruit opportunities like construction and general goods services. In 2009, she instituted a first-of-its-kind Professional Services Symposium ("PSS") designed with the specific goal of hiring minority and women-owned firms within the often-overlooked professional services industries.

Professional services industries constitute some of the fastest growing sectors of our economy and pay the highest wages. However, as a result of long-standing, exclusive relationships, minority and women-owned firms remain substantially underutilized by corporations, educational institutions and foundations. The annual PSS creates a diverse pipeline of qualified local and national minority and women-owned businesses within the investment management, financial services, legal, communications, information technology, human resources, architecture and engineering industries. Minority and women partners from majority-owned law firms are also invited to participate as the university also looks to ensure that these majority-owned firms assign diverse teams to support the University.

At the two-day PSS, approximately 35 firms have a chance to interact one-on-one with vice presidents, associate vice presidents and other key decision makers during 45-minute business presentations. These are not traditional business pitches. The meetings are designed for actual discussions and relationship building to occur. The event culminates with a networking reception hosted by Robert Zimmer, President of the University of Chicago, and John Rogers, Jr., a university trustee and Chairman and co-CEO of Ariel Investments. During the reception, the John Rogers Jr., Business Diversity Impact Award is given to a vice president who has made a significant impact towards hiring minority and women-owned professional services firms. You can learn about the PSS on the Office of Business Diversity website:

<https://businessdiversity.uchicago.edu/#>

Challenges and Adaptations

With an 11-year track record in hosting the PSS, UChicago has demonstrated an important ability to adapt and grow its business diversity mission. Focusing on professional services drives economic growth; the average hourly wage in Chicago is \$27.48 as of May 2019¹ whereas the average hourly wage in professional services was 68% higher in the same time period. This does not take into consideration that diverse employees are statistically more likely to earn below average wages. “Only 16% of African American workers earn \$75,000 or more per year as a result of their full-time employment,”² which can be directly impacted by increasing diverse professional services.

Professional services opportunities are highly relationship driven. It can be challenging for leadership to form new relationships and hire new firms. The PSS has alleviated this obstacle by providing direct access to qualified local and national diverse businesses. This access is the starting point for building relationships that ultimately turn into opportunities. Vocal support from the president of the University has been essential in ensuring all the vice presidents attend the day’s events and back this ongoing effort. Without backing from the top, vice presidents, who have many demands on their time, may not be able to commit an entire day to the process. This support is also essential when new staff members come on board, often bringing existing vendor relationships with them. Expectations are made clear from the top that professional services and all business diversity is a priority for the University.

Impact

“The University of Chicago has benefited greatly from the richness that minority and women-owned businesses bring to the University. Our senior leaders have told me that they’ve derived great benefit from connecting with the diverse firms they might not have necessarily met without participating in the PSS,” states Ms. Quarles.

Through the PSS, there has been a significant increase in contracts with minority and women-owned professional service firms between 2009 and 2020³:

- More than 350 minority and women-owned professional services firms have participated in the PSS through the years;
- Over the past 11 years, the University has paid over \$106 million to more than 90 diverse professional services firms;
- In 2010, the University endowment hired its first two African American money management firms;
- As of June 2020, the endowment has a total of \$1.4 billion allocated to 24 diverse asset managers – approximately 15% of the overall portfolio. (By comparison, the U.S. asset management industry allocates approximately 1.3% of its overall assets to diverse managers);
- Over the past five years, the General Counsel has retained 23 minority and women-owned firms, including minority and women partners from majority firms;

- In 2018, the University and Medical Center entered into a Managed Service Provider Agreement with AgileOne, the largest minority women-owned staffing agency in the country. Over \$3.7 million has been paid to AgileOne to date.

“The question is, what’s the priority you’re assigning to it; what are you prepared to do? I feel that people honestly have not prioritized this enough. I think the conviction also that you are going to get value, that you actually believe when you say that there is an enormous amount of talent that needs to be tapped, that can be tapped, and that it’s to your benefit to tap into it; it’s a question of whether people really do have that conviction or not....There has to be someone who is willing to say, this is actually important and it’s a priority, and it can add a lot of value for you. We do, and we have the leadership to implement it. And I think the pay-off is real.”⁴ *(Excerpts from President Robert J. Zimmer’s remarks during his fireside chat with Marion Brooks, Anchor and Reporter NBC5 Chicago at the 8th PSS)*

Sources

¹ Occupational Employment and Wages in Chicago-Naperville-Elgin – May 2019. Table A. Midwest Information Office, US Bureau of Labor Statistics
https://www.bls.gov/regions/midwest/news-release/occupationalemploymentandwages_chicago.htm

² Getting to Equal – The State of Black Chicago, by Chicago Urban League Research and Policy Center. June 2019. Page 17, Employment Earnings for Full-Time Workers <https://chiul.org/wp-content/uploads/2019/05/SOBC-2019-Report.pdf>

³ Equity in Action: How the University of Chicago Became a Trailblazer on Diversity in Professional Services, by MarySue Barrett, Metropolitan Planning Council
<https://www.metroplanning.org/news/8906/Equity-in-Action-How-the-University-of-Chicago-Became-a-Trailblazer-on-Diversity-in-Professional-Services>

⁴ Office of Business Diversity 8th Annual Professional Services Symposium, Building Relationships and Expanding Opportunities, November 15-16, 2016.
<https://www.youtube.com/watch?v=HdBD-Xct860>