

# 2010

## Annual Report



Florida Advisory Council  
on Small  
and Minority  
Business Development  
(FACSMBD)

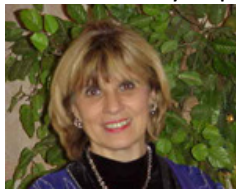
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## MESSAGE FROM THE CHAIRMAN AND VICE CHAIRWOMAN



Malik Ali, M.B.A., Chairman  
President, Central North Florida Minority Supplier Development Council



Alyce V. Zahniser, M.P.A., Vice Chairwoman  
President, Zahniser and Associates, Inc.

We encourage you to study the 2010 Annual Report of the FLORIDA ADVISORY COUNCIL ON SMALL AND MINORITY BUSINESS DEVELOPMENT, also known as Council and FACSMBD, which was formally established by Florida Statute 287.0947.

The Report contains a historical perspective of the Department of Management Services' Office of Supplier Diversity, 2010 accomplishments, 2011 goals and recommendations, information on business development opportunities for small, minority, women and service-disabled veteran entrepreneurs (SMBEs).<sup>1</sup> The 2010 Annual Report covers the time frame of January 1 through December 2010.

The members of this Council, a great group of dedicated individuals, have volunteered countless hours working on improving the condition of small and minority businesses in the State of Florida. Throughout the year telephonic meetings were held that included Council members, Office of Supplier Diversity (OSD) staff, invited guests and members of the public. Minutes of these meetings were recorded and are available through the OSD.

We need your input. Please contact us with your concerns. Also, share this report with anyone who would, or should, be interested. Contact us through the Florida Department of Management Services' Office of Supplier Diversity of (850) 487-0915.

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<sup>1</sup> The acronym, "SMBE," is synonymous in Florida to all businesses represented by the OSD and Council. It is generally understood that minority/women/service-disabled veteran entrepreneurs are a part of the small business sector.

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## OUR CHARGE

The Florida Advisory Council on Small and Minority Business Development advises and assists the Secretary of the Department of Management Services in carrying out the Secretary's duties with respect to minority businesses and economic and business development. It is the intent of the Legislature that the membership of such council includes practitioners, laypersons, financiers, and others with business development experience who can provide invaluable insight and expertise for this state in the diversification of its markets and networking of business opportunities.

The powers and duties of the Council include, but are not limited to: researching and reviewing the role of small and minority businesses in the state's economy; reviewing issues and emerging topics relating to small and minority business economic development; studying the ability of financial markets and institutions to meet small business credit needs and determining the impact of government demands on credit for small businesses; assessing the implementation of *Section 187.201(21), Florida Statutes*, requiring a state economic development comprehensive plan, as it relates to small and minority businesses; assessing the reasonableness and effectiveness of efforts by any state agency or by all state agencies collectively to assist minority business enterprises; and advising the Governor, the Secretary, and the Legislature on matters relating to small and minority business development which are of importance to the international strategic planning and activities of this state.

## HISTORICAL PERSPECTIVE

The One Florida initiative, signed by Gov. Jeb Bush on November 9, 1999, reformed state contracting to prohibit "racial or gender set-asides, preferences or quotas when making state contracting decisions." The stated policy of the Executive Order was to "provide equal state contracting opportunities to all qualified businesses, to prohibit discrimination in contracting because of race, gender, creed, color or national origin, and to promote the full realization of equal contracting opportunities through a positive, continuing program in each Executive Agency and the Office of the Governor."

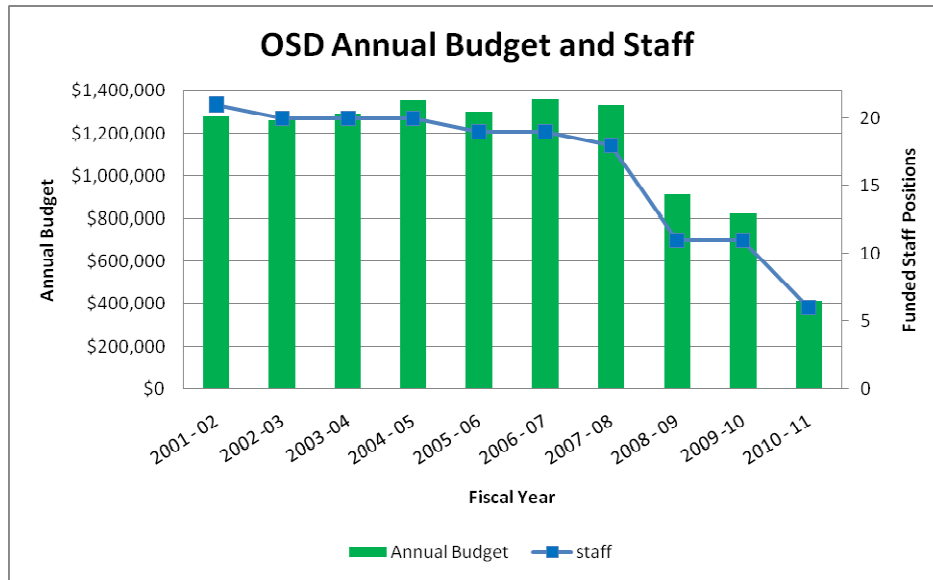
The Office of Supplier Diversity ("OSD") was established to promote equal contracting opportunities for women and minority owned businesses without relying on quotas. Florida statute 287.09451 further codified the language to state, "The purpose and intent of this section is to increase participation by minority business enterprises accomplished by encouraging the use of minority business enterprises and the entry of new and diversified minority business enterprises into the marketplace."

The Office of Supplier Diversity serves more than 5,700 certified SMBEs. The office also monitors contracting with uncertified SMBEs and non-profits. The OSD collaborates with state agencies to promote contract- ing with SMBEs. In the recent past, OSD has been considered a success for increasing contracting with SMBEs without relying on quotas.

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## Current Crisis or What is Florida's Commitment to Supplier Diversity?

Currently, the Office of Supplier Diversity's success and ability to perform its most basic functions stands at risk. The current budget cuts have drastically affected the ability of the OSD to meet its responsibilities and serve its constituents. The graph below illustrates the OSD's annual approved fiscal year budget and funded staff positions from 2001 to the present.



OSD's budget dramatically declined nearly 68 percent since 2001-02 and about 50 percent over the current and previous fiscal years. Staffing dropped proportionately; yet, OSD's mandate is unchanged. For example, companies seeking certification indicates a strong desire to do business with the state.

## Correlation Between OSD Budget and Staffing to Outreach and Certification

| Fiscal Year | Annual Budget | Funded Positions | # Outreach Activities | # Certified Companies |
|-------------|---------------|------------------|-----------------------|-----------------------|
| 2001 - 02   | \$1,282,961   | 21               | 55                    | 4,321                 |
| 2002 - 03   | \$1,264,086   | 20               | 61                    | 2,282                 |
| 2003 - 04   | \$1,295,596   | 20               | 54                    | 5,595                 |
| 2004 - 05   | \$1,356,376   | 20               | 45                    | 4,084                 |
| 2005 - 06   | \$1,306,684   | 19               | unavailable           | unavailable           |
| 2006 - 07   | \$1,357,657   | 19               | 45                    | 3,733                 |
| 2007 - 08   | \$1,334,931   | 18               | 11                    | 4,118                 |
| 2008 - 09   | \$913,059     | 11               | 20                    | 4,997                 |
| 2009 - 10   | \$822,511     | 11               | 7                     | 5,728                 |
| 2010 - 11   | \$412,810     | 6 <sup>2</sup>   | 2                     |                       |

<sup>2</sup> A seventh (7<sup>th</sup>) staff position is employed by the Purchasing Department and assigned OSD duties.

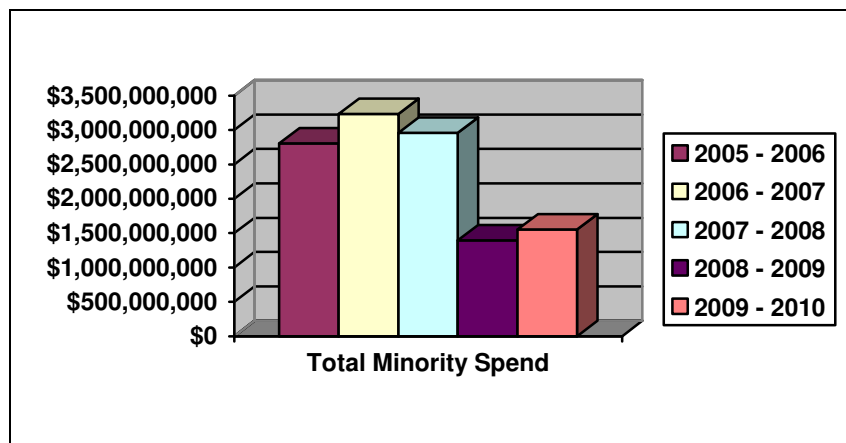
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Certification does have its benefits, including:

- First tier referrals to state agencies for order and contract opportunities;
- Mentor-Protégé opportunities for business development guidance from established corporations;
- Exclusive listing of state-certified minority business enterprises in an online directory;
- Participation at regional workshops, seminars, corporate roundtables and discounts at the Annual MatchMaker Conference and Trade Show;
- Loan Mobilization to assist eligible businesses with funding; and
- Incentives for state agencies and universities to increase spending.

Outreach, a primary function of OSD, has also been dramatically curtailed compared to prior years. Outreach plays a crucial role in advocating for Florida’s SMBEs. Connecting certified SMBEs through supplier diversity outreach forums aid small businesses in securing contracts with state agencies, universities and the private sector. Without these crucial forums, one can only conclude that the connection will not be made, resulting in the reduction of contracts awarded to SMBEs. The graph below depicts the five-year trend of the State of Florida’s Total Minority Spend from Fiscal Year 2005 – 2006 through Fiscal Year 2009 – 2010.

**Value of State SMBE Contracts Awarded from FY 2006 to FY 2010<sup>3</sup>**



## Impact on Reduction in Staff

In recent years, OSD employed multiple staff members whose primary responsibilities were either compliance, economic development/outreach or certification. Currently, OSD has two professionals responsible for all these tasks. Of the six staff positions, two are clerical, one does accounting work and

<sup>3</sup> SOURCE: Department of Management Services/OSD Annual Reports for Fiscal Years (FY) 2004 through 2009 and OSD Spreadsheet for FY 2010.

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one is a receptionist. Since February 2010, the Office of Supplier Diversity has been without an Executive Director. The 5,700 certified SMBEs and agencies that rely on the Office of Supplier Diversity are hindered by the staffing shortage and the lack of executive leadership. The current staffing level for OSD impacts the integrity of the certification program. However, the reduction in staff also significantly impairs OSD's ability to fulfill its other programmatic responsibilities, such as state agency compliance, advocacy, outreach, business initiatives and Council staff support.

A consequence of the staffing shortage is the possible corruption of the certification process and lack in performing OSD initiatives. For example, a study<sup>4</sup> has found that staffing shortages increase the risk of companies receiving fraudulent certifications. The two professionals at OSD would have to each review eleven certification applications each work day to keep pace with the demand. While the rule change in June 2009 allowing SMBEs to recertify every two years has decreased the demand on staff time and eased the burden on SMBEs, it has opened more opportunities for fraudulent firms to abuse that process. The renewal process does not involve any document review such as reading tax returns or reviewing stock certificates to determine who actually owns the company. If ownership has changed and the firm does not disclose it, there is no way for OSD to be aware of the ownership change. If the certification program is distorted, the annual SMBE spending data will also be unreliable.

The Council seeks to ensure that the current and future of Florida's SMBEs are not lost or forgotten in the process to assist the continuum of Florida's small businesses.

## **The Way Forward**

The Small Business Administration has highlighted the importance of small businesses to the US economy.

### Small firms:

- Represent 99.7 percent of all employer firms.
- Employ half of all private sector employees.
- Pay 44 percent of total U.S. private payroll.
- Generated 65 percent of net new jobs over the past 17 years.

### Women and minority owned businesses are an integral part of Florida's economy:<sup>5</sup>

- Women-owned businesses numbered 581,026 in 2007.
- In 2007, Florida's women-owned businesses generated over \$78 billion dollars in receipts up from \$61 billion in 2002.
- The combined 2007 payroll for Florida women-owned businesses was \$26.7 billion.
- Hispanic owned businesses numbered 450,075 in 2007 and had annual receipts of \$72.9 Billion dollars.
- The number of African-American owned businesses increased 77.8% from 2002 through 2007

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<sup>4</sup> This refers to a study by Timothy Bates at the Center for Economic Studies of the U.S. Bureau of the Census.

<sup>5</sup> SOURCE: U.S. Census 2007, Survey of U.S. Business Owners

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with receipts increasing 86% to \$10.6 billion over the same period.

Florida's women- and minority-owned businesses *are* small businesses. The State of Florida struggles with a total unemployment rate of 12%, and with a 15.4% unemployment rate among African Americans<sup>6</sup>. The State should be inclusive with respect to contracting opportunities for small businesses in a paradigm to reduce unemployment. Florida should live up to its goal of to "increase participation by minority business enterprises accomplished by encouraging the use of minority business enterprises and the entry of new and diversified minority business enterprises into the marketplace". An economic downturn is not the time to abandon small businesses but instead it is the time to boost small businesses, especially minority business enterprises, through state contracting.

## ***BusinessScope*: BUSINESS DEVELOPMENT OPPORTUNITIES FOR BUSINESSES WE SERVE**

Florida is in a state of emergency with funding for outreach at its lowest in years. While hope remains for the continuation of annual OSD outreach initiatives, our small and minority business community is encouraged to participate in and leverage some of the alliance-building and business development opportunities within the state and beyond.

**January 15, 2011 – Access 4 Capital Interactive Webcast (Online).** Sponsored by the Florida State Hispanic Chamber of Commerce. Time: 2:00 p.m. to 3:00 p.m. For more information: (561) 246-0211

**January 25-27, 2011 – National Small Business Contracting Summit/Southeast (Hilton Orlando/Altamonte Springs, FL).** Sponsored by the United States Women's Chamber of Commerce. For more information: <http://www.uswcc.org/>

**February 23-26, 2011 – Black Enterprise Women of Power Summit (The Ritz-Carlton, Orlando, Grande Lakes, FL).** Sponsored by Black Enterprise Magazine. For More information: (212) 242-8000 or <http://www.blackenterprise.com/wps/>

**February 14-16, 2011 - Africa-USA Business Executives Conference & Expo (Las Vegas, NV).** Sponsored by Africa-USA Trade & Investment. For more information: (800) 341-6090 or <http://www.afrocanbizconvention.com>

**March 17-18, 2011 – 26<sup>th</sup> Annual Business Expo (Broward County Convention Center/Fort Lauderdale, FL).** Sponsored by the Southern Florida Minority Supplier Development Council. For more information: (305) 762-6151 or <http://www.sfmsdc.org>

**March 25, 2011– Veterans In Business Conference (The Mason Inn, George Mason University, Fairfax, VA).** Time: 8:00 a.m. to 5:00 p.m. For more information: <http://www.veteransbusiness> or <http://www.conference.com>

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<sup>6</sup> SOURCE: U.S. Bureau of Labor Statistics (2009 average unemployment rate)

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**May 19, 2011– Government Contracting MatchMaker (Disney Enterprise Center, Orlando, FL).** For more information: (407) 420-4850 or [www.sbdcorlando.com](http://www.sbdcorlando.com)

**May 22-25, 2011– Black Enterprise Entrepreneurs Conference (Atlanta Marriott Marquis, Atlanta, GA).** For more information: (212) 242-8000 or <http://www.blackenterprise.com/ec/>

**August 2011 – Tampa Bay National Minority Enterprise Development (MED) Week (Tampa, FL).** For more information: <http://www.medcorp-tb.org/>

**August 10-13, 2011 – CNFMSDC Trade Fair (Disney Contemporary Resort/Kissimmee, FL).** Sponsored by the Central North Florida Minority Supplier Development Council. For more information: (407) 404-6700 or <http://www.fmsdc.org>

**September 2001 – Jacksonville National Minority Enterprise Development (MED) Week (Jacksonville, FL).** For more information: <http://fcba-inc.org/>

**October 2011 - Miami/Ft. Lauderdale National Minority Enterprise Development (MED) Week.** For more information: <http://www.medweekfl.org/>

**October 2011 - The Big Bend National Minority Enterprise Development (MED) Week (Tallahassee, FL).** For more information: <http://bigbendmedweek.org/>

**October 30 – November 2, 2011 – National Minority Supplier Development Council Conference and Business Opportunity Fair (Georgia World Congress Center, Atlanta, GA).** For more information: <http://www.nmsdc.org/nmsdc>

**November 16 – 18, 2011 – Florida Department of Management Services-Office of Supplier Diversity Annual MatchMaker Conference and Trade Show (Details TBD).** For more information: (850) 487-0915 or [http://dms.myflorida.com/other\\_programs/office\\_of\\_supplier\\_diversity\\_osd](http://dms.myflorida.com/other_programs/office_of_supplier_diversity_osd)

**December 1 & 2, 2011 - Fourth Annual Women’s Business Conference and Expo. Sponsored by the Women’s Business Development Council of Florida (Detail TBD).** For more information: (305) 971-9473 or [www.womensbusiness.info](http://www.womensbusiness.info)

## 2010 RESULTS AND ACCOMPLISHMENTS

- Implemented a committee structure to facilitate Council work
- Advocated and communicated with several State legislators, the Governor’s Office, Office of Program Policy Analysis and Government Accountability (OPPAGA), and organizations that assist small and minority businesses regarding the status of the Office of Supplier Diversity with respect to funding and staffing
- Encouraged agencies and universities to unbundle contracts or request quotes from at least one certified SMBE for purchases below \$25,000



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- Encouraged agencies to maximize the use of state term contracts and alternative contract source contracts awarded to SMBEs
- Engaged in dialogue to return the Office of Supplier Diversity to the Executive Office of the Governor
- Encouraged small businesses to development alliances with larger firms doing business in the state of Florida through local small and minority business enterprise offices, organizations and participation in area and statewide matchmaker activities
- Devised and disseminated a Request for Information (RFI) to determine feasibility of conducting a Small Businesses Participation Study by the Council
- Voted to support access to capital for small businesses through creation of legislation that provides exemptions under current Florida law to allow small business entrepreneurs to raise capital to start, develop or strengthen their businesses similar to the State of New York and South Carolina, including advertising the same to the public
- Participated in the 2010 Florida MatchMaker as presenters, exhibitors and attendees of the Council meeting; and met during the Southern Florida Minority Supplier Development Council Expo
- Reached the level of 15 Council members to serve during 2010

## **GOALS AND RECOMMENDATIONS FOR 2011**

- Advocate for strengthening and stabilization of the Office of Supplier Diversity to meet the state's objective of equity in contracting and procurement through creation and identification of strategic alliances and partnerships such as healthcare administration, technology, transportation and non-profit organizations; utilize new committee structure to ensure the Council meets its 2011 goals and recommendations.
- No further cutbacks; instead, increase funding level of OSD initiatives to at least one percent (1%) of the mandatory fee paid by vendors through MyFloridaMarketplace.
- Plan and conduct a Strategy Planning Session and Supplier Diversity Stakeholder Summit during the Legislative Session.
- Meet with new Administration and/or appropriate Transition Team members.
- Seek public/private funding for \$150,000 to conduct a small business participation study on state spending that will be similar to one conducted by and for The Florida State University that is gender and race neutral.

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- Advocate for the inclusion of PRIDE, RESPECT and university research opportunities as suppliers or partnerships with SMBEs.
- Advocate for the revision of insurance requirements to reflect the true project value.
- Advocate for change of existing legislation regarding exemptions to current Florida law in order to allow small business entrepreneurs to raise capital to start, develop or strengthen their businesses similar to the State of New York and South Carolina, including advertising the same to the public.
- Study and/or recommend the effect of including success in utilizing SMBEs for state contracts and services as part of all agencies' annual performance evaluation to ensure equity in contracting and procurement.
- Encourage state-funded school districts and the state college system (as universities currently do) to follow the same reporting guidelines as executive agencies under the Office of the Governor.
- Continue advocating for certification reciprocity amongst certification granting organizations and local governments.

## CONCLUSION

Too many believe that OSD's role is only about certification. We know this is not the case. The Council is driven to change that perception. The purpose, powers and duties of the Florida Advisory Council on Small and Minority Development include, but are not limited to research and reviewing the role of small and minority businesses in the state's economy. This includes advising and assisting the Secretary of the Department and Management Services in carrying out his/her duties pertaining to small and minority businesses in the economic development paradigm.

To this end, our aim will be to broaden dialogue, partnerships and alliances to achieve equity in contracting and procurement in the state. We will encourage communication through direct support and feedback from those we serve. We plan to consistently address major concerns of access to capital that we believe impact job creation and the state's bottom-line, in an era of gender/race neutrality and austerity. The Council will continue to work with OSD staff, state executives and leaders, and other statewide groups, to facilitate and support the achievement of the 2011 OSD Plan, which is described by the acronym and word "TEAM" - Technology, Economic Development, Accountability, and Matchmaking. This can be achieved without adding undue burdens on state agencies and small businesses.

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## **Council Members**

- CHAIR – Malik Ali, President, Central North Florida Minority Supplier Development Council
- VICE CHAIR – Alyce V. Zahniser, M.P.A., President, Zahniser and Associates, Inc.
- Jerry Cartwright, Director, Florida Small Business Development Center
- Franklin U. Cross, Jr. MCA, CAAP, City of Tampa Minority Business Development Office
- Paula Duncan, President, Florida Black Business Investment Board
- LaRae P. Floyd, Diversity Manager, Broward Health
- Cheryl Gonzalez, Director, Equity Opportunity Programs, University of North Florida
- Ben Harris, MBE/DBE Administrator, City of Tallahassee
- Thomas Huggins, President, Ariel Business Group
- Alison K. Jimenez, Dynamic Securities Analytics, Inc.
- Tony Lesesne, Vice President, In Focus Magazine
- Cliff Li, President, Commernet, Inc.
- Andrew Magazine, Regional Business Development Manager, Creditech Collection Solutions
- Carlos Rodriguez, President, Maverick Constructors
- Keevin D. Williams, Senior Management, Space Florida Corporation

## **OSD Staff**

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