



# 2011 ANNUAL REPORT

By the:

FLORIDA  
ADVISORY  
COUNCIL ON  
SMALL AND  
MINORITY  
BUSINESS  
DEVELOPMENT

A Council of the Florida  
Department of Management  
Services in Support of the  
Office of Supplier Diversity

Tallahassee, Florida

**2011 ANNUAL REPORT**  
**Florida Advisory Council on Small and Minority Business Development**

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## MESSAGE FROM THE CHAIR AND VICE CHAIR



**Cheryl Seals Gonzalez, Chair**

Diversity Officer, University of North Florida



**Alison K. Jimenez, Vice Chair**

President/CEO, Dynamic Securities Analytics, Inc.

A great mind once said that it is shameful for a frog to not sing the praises of his own pond. On the other hand, one who sings their own praises, is likely to sing them out of tune. So where does the twain meet, and how does one strike a balance within the context of the Department of Management Services-Office of Supplier Diversity's future and the work of the Florida Advisory Council on Small and Minority Business Development ("the Council" or "FACSMBD")?

In answering those questions, it is critical to understand the purpose of OSD. While some believe it solely exists to certify small, minority, women and service-disabled veteran entrepreneurs (SMBEs)<sup>1</sup> or that it is responsible for providing state contracts to certified businesses, one must remain focused on its primary mission:

*...to serve as a catalyst for minority, women and service-disabled veteran businesses seeking the opportunity to do business with the State of Florida.*

Moreover, OSD offers programs and initiatives to support its mission and objectives. Without the benefit of operational capital, OSD will become stagnant, ineffective, and unable to continue its valuable, lesser known work on behalf of the state such as the Mentor Protégée and Loan Mobilization Programs. Further, it will not be able to fully engage identified strategic partners. Thus, enters the FACSMBD and its 2011 Annual Report.

The Council is the only statutorily recognized group to advise on SMBEs, and this report reviews the Council's accomplishments from January through August 2011, with overlap to transition from an annual to the state's fiscal year. This report also provides knowledge about the Council's Charge, Goals and Objectives, Recommendations, Conclusion, List of Council Members and Staff, and OSD Contact Information.

For those of us volunteering our time and talent, 2011 was another challenging period in Florida. With any challenge comes opportunity, and the FACSMBD faced it as a true advocate for Florida's small, minority, women and service-disabled veteran entrepreneurs (SMBEs)<sup>1</sup>. Yet, while OSD still exists and continues to serve the SMBE community albeit with limited financial and staff resources, we must plan to sustain any gains beyond 2012. FACSMBD advocates that promoting Florida's SMBEs is an investment in Florida and stimulates job growth.

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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.

## FLORIDA ADVISORY COUNCIL'S CHARGE

The Florida Advisory Council on Small and Minority Business Development was formally established by Florida Statute 287.0947. The Council 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 that 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 s. 187.201(21), 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.

## 2011 ACCOMPLISHMENTS

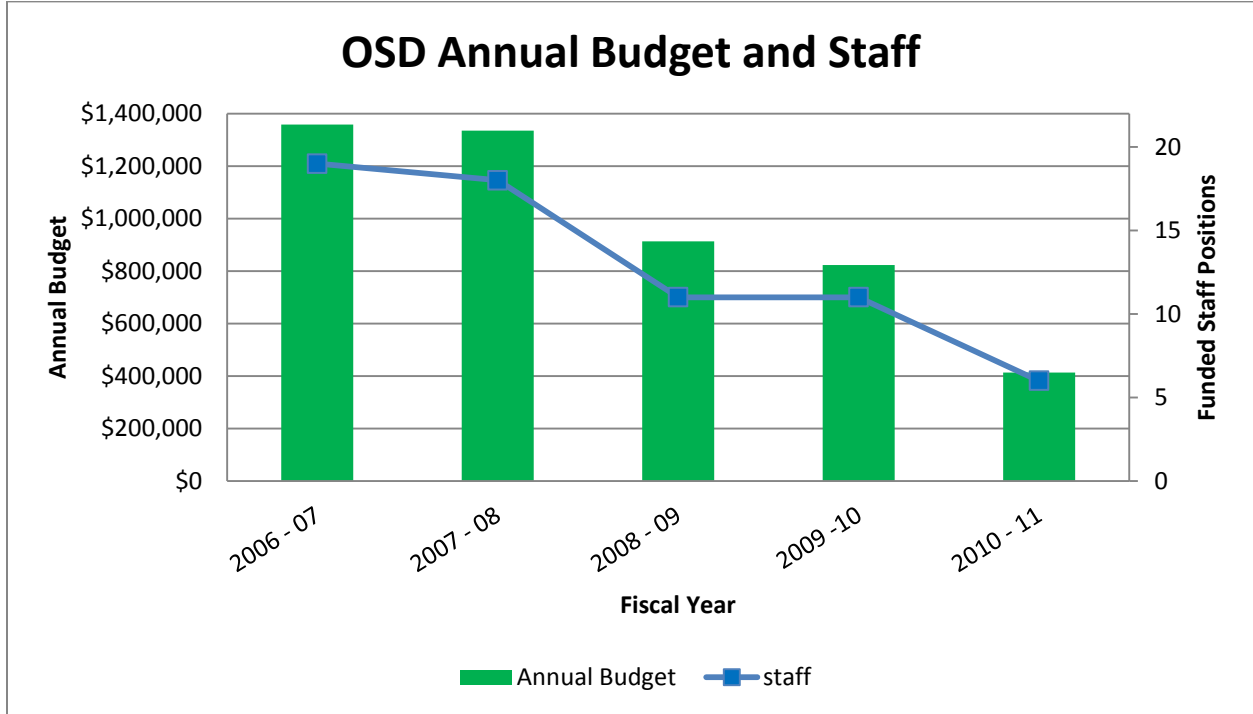
### **Budget and Staff**

The state legislature made difficult decisions again this year while preparing the State's budget. OSD had suffered a 68% budget decrease since 2006/07. This year the FACSMBD preemptively advocated for OSD to maintain adequate funding. The Council's Chairwoman spearheaded the budget advocacy by reaching out directly to legislators, the Governor's Office and Lt. Gov. Carroll. Also, editorials and articles were written and disseminated in the media and networking with other organizations was stepped up to ensure continued funding for OSD and awareness of its functions.

In addition to staying abreast of public opinion, other Council members educated the media and contacted business groups that would be negatively affected by a reduction or elimination of OSD. The FACSMBD advocacy was effective in that for the first time in four years, OSD did not suffer further budget or staffing cuts. However, the Council is aware that work must continue to ensure that OSD's functions and value are not marginalized due to lack of awareness of its purpose.

Currently, the Office of Supplier Diversity's success and ability to perform its most basic functions stand at risk. On the other hand, this can be considered a sign that new plans are in the making for the

functions to be handled in another state unit or state-directed entity. Regardless, budget cuts and staff shortages have drastically impaired the ability of OSD to meet its responsibilities and serve its constituents. The graph below shows the Office of Supplier Diversity’s annual approved fiscal year budget and funded staff positions from 2006 to present.



**CORRELATION BETWEEN OSD BUDGET & STAFFING TO OUTREACH & CERTIFICATION**

Fiscal Year	OSD Annual Budget	Funded Positions	# Outreach Activities	# Certified Companies
2006 - 07	\$1,357,657	19	45	3733
2007 - 08	\$1,334,931	18	11	4118
2008 - 09	\$913,059	11	20	4997
2009 - 10	\$822,511	11	unavailable	5728
2010 - 11	\$412,810	6 <sup>2</sup>	2	5286

Based on the above information, OSD’s current budget and staffing levels are approximately one-third of the 2006/07 level. Yet, OSD’s mandate is unchanged. Companies seeking support through its Mentor

<sup>2</sup> One employee was paid by the Purchasing Department but worked in OSD.

Protégé Program and Loan Mobilization Program cannot be serviced in a highly professional and acceptable manner in this paradigm.

Certification has increased due to the demand by entrepreneurs wanting to know how to do business with the state and reap the benefit of the state’s many economic development programs and initiatives. Despite the cuts, OSD has increased certification through the use of technology and increased efficiency. Further, the Council notes the staff’s high spirit to give the Council appropriate support. However, turnaround of written materials for Council meetings and updates of the OSD website have to take a back seat to the other tasks due to dramatic funding and staffing decreases.

Without question, the greatest impact has been felt by SMBEs. The state of Florida has reduced spending with certified SMBEs by 62.8% from 2006/07 to present. The average spend per certified business has decreased by 73% since 2006/07. By comparison, the total spend with all vendors rose by 28.7% from the 2007/08 to 2009/10 from \$36.0 billion to \$46.4 billion. Over the same period, spending with SMBEs fell by 37%.

**STATE SPENDING WITH CERTIFIED SMBES**

Year	State Spending - Certified Businesses	# Certified Businesses	Avg. Spend per Business
06 / 07	\$1,105,245,887	3733	\$296,074
07 / 08	\$807,786,113	4118	\$196,160
08/ 09	\$511,846,366	4997	\$102,431
09 / 10	\$508,595,269	5728	\$88,791
10 / 11	\$410,034,681	5286	\$77,570

The Council acknowledges that the number of certified businesses is growing due to several factors. First, OSD has grown more efficient by leveraging technology. Next, the process is handled electronically, entrepreneurs can self-identify their entities in any SMBE category. In addition, the downturn of the economy is causing more businesses to seek opportunities in the government arena. Finally, many businesses recognize the added value of associating with the State of Florida.

Doing business with the state does carry its privileges. Businesses gain firsthand knowledge through contacts because they have heard the lay of the land with respect to types of business opportunities, incentives and initiatives offered by and granted by state government. Is there any wonder, then, that any business, including SMBEs want to do business with the state? Also, is there any wonder about the importance of outreach, which has dwindled to only two statewide functions?

To ensure that the work is handled with facility, OSD’s funding base, which is derived from the MyFlorida Marketplace Trust Fund, among other entities, and staff should be maintained regardless of where its functions reside. Further, the Council has provided insight in the Recommendations section of this report.

## Public Participation

With enhanced Council outreach activities, public participation grew and, at times, included legislative staff members who participated in the regularly scheduled monthly meetings conducted via conference call. The number of external participants is expected to grow as outreach continues. For the purpose of this report, the term public is defined as SDBEs, corporate advocates, non-profit organizations engaged in SDBE development, and government sector alliances.

The Council's advocacy was not limited to solely budgetary and staffing issues. The FACSMBD made great strides in assisting and advising outside of Council meetings. For example, Chairwoman Gonzalez represented the Council on panels and issued press releases on various issues affecting small and minority businesses. This included traveling to Tallahassee on multiple occasions to meet with legislators and Department of Management Services' (DMS) officials, as well as forwarding communications to the Governor and Lt. Governor to provide advice, enhance awareness, and make recommendations per the statute. In addition, the chair:

- Met personally in a general introductory meeting with **DMS Secretary Jack Miles** and discussed Council work in progress;
- Gave presentations at the Jacksonville, **Florida Chapter of the FAMU National Alumni Association** meeting regarding Council work and requested member support; and the **Florida Coastal School of Law** on diversity and inclusion, which included supplier diversity;
- Presented information about the work of the Council with respect to OSD and the capital formation process as a means of capital access for small businesses and how this supports job creation as a panelist with the **Florida Conference of Black State Legislators**;
- Developed information about OSD and its functions to enhance public awareness in English , which was translated into Spanish by **Council Member Carlos Rodriguez**;
- Provided a white paper adopted by the Council on capital access through capital formation to **Florida House Speaker Dean Cannon** and **Senate President Mike Haridopolos** for review to determine how Florida can enhance access to capital by replicating laws in other states that allow small businesses to raise capital through private placement;
- Participated in a **War on Poverty Florida Statewide Conference** as part of the Council's partnership engaged in matters regarding employment and microenterprise development;
- Presented and responded to questions of the **Florida Diversity Working Group** that comprises state agency purchasing officials;
- Gave opening remarks during the **Big Bend Matchmaker** on behalf of the Council, which also included the Department of Management Services Secretary Jack Miles;
- Assisted Secretary Miles with identifying prospective new Council members; and
- Engaged freelance reporter and writer **Starla Vaughn Cherin** to provide public relations on part of the Council.

## Stakeholder Commentary

In 2011, the Council instituted a new practice of "Stakeholder Commentary" during regularly scheduled Council meetings. The "Stakeholder Commentary" offers business leaders, government officials, non-profits and others the opportunity to provide their insight on small and minority business issues. The following people provided Stakeholder Commentary in 2011:

- Nancy Allen, President and C.E.O., **Women’s Business Development Council of Florida**
- Jeb Bush Jr., Chief Operating Officer at **Jeb Bush & Associates** and President of **Bush Realty, LLC**
- Anthony Garcia, Director of Departmental Purchasing, **Florida Department of Management Services**
- Peter Harris, J.D., President, **ADG Business and Governmental Consultants**
- Chris Hart IV, Interim Director, Governor’s **Office of Tourism, Trade & Economic Development**
- Karen Landry, Executive Director, **War on Poverty-Florida, Inc.** and **Florida Asset Building Coalition**
- Jack Miles, Secretary of the **Florida Department of Management Services**
- Cicely Suttle, Vice President, **JP Morgan Chase**, Jacksonville Office

Council meetings are open to the public and the dates and times of meetings can be found at [http://www.dms.myflorida.com/other\\_programs/office\\_of\\_supplier\\_diversity\\_osd](http://www.dms.myflorida.com/other_programs/office_of_supplier_diversity_osd).

### **Committee Activity**

The FACSMBD re-organized the committee structure in 2011. The following are the committees and committee Chairs in 2011: **Annual Report**- Alison Jimenez, **Strategic Planning**- Cheryl Gonzalez and **Supplier Diversity Assessment**-Ben Harris. Malik Ali submitted a working draft of **operating procedures**, which will be completed in fiscal year 2011-12.

The full Council voted and approved the **Annual Report Committee’s** recommendation to change the annual report from a calendar to a fiscal year in line with State of Florida business and operations. It should be noted that this Annual Report actually covers six months of Council activity from January 1, 2011 through June 30, 2011. Due to additional changes in government structure and new appointments, business through August 2011 is included, which may result in some overlap in next year’s report. The 2010 annual report was actively and widely distributed in contrast to prior years. The Annual Report committee also made progress towards preparing a survey of Florida’s SMBEs. The intention of the survey is to:

- 1) Learn which services SMBEs want from the OSD
- 2) Determine why some businesses choose to get certified while others do not
- 3) Measure the job creation of Florida’s SMBEs

The **Supplier Diversity Assessment Committee** has built upon the groundwork of 2010, when the committee prepared a Request for Information regarding a Supplier Diversity assessment. In 2011, its members considered funding mechanisms for the assessment through partnerships and/or grants. Work is slated to continue as to maintain relevancy in today’s business and political climate, an objective and independent study must be conducted to meet the needs and fill the gaps for businesses in this state. The anticipated amount needed for such a study, as provided by MGT of America, Inc., is approximately \$150,000. This assessment is not slated as a traditional disparity study; however, the Council believes



that this supports Florida’s One Florida Initiative and the current climate that speaks to job creation and business development.

The **Strategic Planning Committee** met for the first time in 2011. Chair Gonzalez led the drive to establish a short- and long-term plan for the FACSMBD. The committee met regularly and composed a strategic plan draft with future goals and objectives approved by the Council:

<b>GOALS AND OBJECTIVES</b>	<b>METRIC</b>
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.	Ongoing
Advocate for the appointment of an Executive Director for the OSD. The OSD has been without a Director since March 2010.	2012
Meet periodically with new Administration and/or appropriate stakeholders to communicate needs and recommendations.	Ongoing
Fill vacant Council positions.	2012
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.	2011 - 2013
Advocate for the revision of insurance requirements for contracts to reflect true project value.	2012
Advocate for the inclusion of PRIDE, RESPECT and university research opportunities as suppliers or partnerships with SMBEs.	2012
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.	2011 - 2013
Identify elements in law and policy that have the net effect of reversing positive/progressive trends towards supplier diversity.	2011 - 2013
Identify elements in law and policy that have the net effect of reversing positive/progressive trends towards supplier diversity.	2011 - 2013
Review state’s adherence to settlement agreement due to a lawsuit brought by the Florida Associated General Contractors Council, Inc. and the South Florida Chapter of the Associated General Contractors in the United States District Court for the Northern District of Florida (Civil Action Number 4:03CV59-SM).	Ongoing
Continue advocating for certification reciprocity amongst certification granting organizations and local governments.	Ongoing
Survey small businesses to ascertain their expectations and support of the Office of Supplier Diversity.	2011 - 2012

## RECOMMENDATIONS

Key Council recommendations to the Executive Office of the Governor, legislators, and appointed officials including state agency heads are:

- **Maintain and sustain the work and accountability of the Office of Supplier Diversity by conducting a survey of state SMBEs to determine current needs and ensure the provision of relevant support.**
- **Conduct a survey of state agencies to benchmark spending with SMBEs.**
- **Enhance partnerships to take advantage of the Council's statutory responsibility to form state policy on economic development and job creation.**
- **Determine how Florida can strengthen access to capital and access to the marketplace for SMBEs.**

## CONCLUSION

The purpose, 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 so as to advise and assist the Secretary of the Department and Management Services in carrying out the Secretary's duties regarding the economic development of minority and small businesses. Our aim will be to broaden dialogue on how best to achieve equity in contracting and procurement in the state by building alliances, and directing support and feedback from those we serve, to the right sources.

In pursuing this aim, "One Florida," short for *One Florida Equity in Contracting Initiative per Executive Order 99-281*, cannot be forgotten. As the result of a lawsuit brought by the Florida Associated General Contractors Council, Inc. and the South Florida Chapter of the Associated General Contractors in the United States District Court for the Northern District of Florida (Civil Action Number 4:03CV59-SM), the state agreed for a term of 99 years on November 9, 1999 to: recognize that the goal of increasing diversity in the allocation of state contracts without set-asides, preferences and quotas; and called for equity in state contracting to all qualified businesses through inclusive procurement practices that remove barriers to all small businesses to ensure full opportunity to participate in state contracting.

Therefore, the Council will continue to work with OSD and alliances 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.

## COUNCIL MEMBERS

Cheryl Seals Gonzalez, Diversity Officer, University of North Florida

**CHAIR**

*Jacksonville, Florida*

Alison K. Jimenez, President, Dynamic Securities Analytics, Inc.

**VICE CHAIR**

*Tampa, Florida*

Malik Ali, President, Central North Florida Minority Supplier Development Council

*Tampa, Florida*

Jerry Cartwright, Director, Florida Small Business Development Center Network

*Pensacola, Florida*

Franklin U. Cross, Jr. MCA, CAAP, City of Tampa Minority & Small Business Development Office

*Tampa, Florida*

Paula Duncan, President, Florida Black Business Investment Board

*Tallahassee, Florida*

LaRae P. Floyd, Diversity Manager, Broward Health

*Fort Lauderdale, Florida*

Ben Harris, MBE/DBE Administrator, City of Tallahassee

*Tallahassee, Florida*

Thomas Huggins, President, Ariel Business Group

*Tampa, Florida*

Tony Lesesne, Vice President, In Focus Magazine

*Hollywood, Florida*

Cliff Li, Chief Executive Officer, CommerNet, Inc.

*Fort Lauderdale, Florida*

Andrew Magazine, Regional Vice President, Well Made Business Solutions

*Pompano Beach, Florida*

Carlos Rodriguez, President, Maverick Constructors

*Lutz, Florida*

Keevin D. Williams, Senior Management, Space Florida Corporation

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