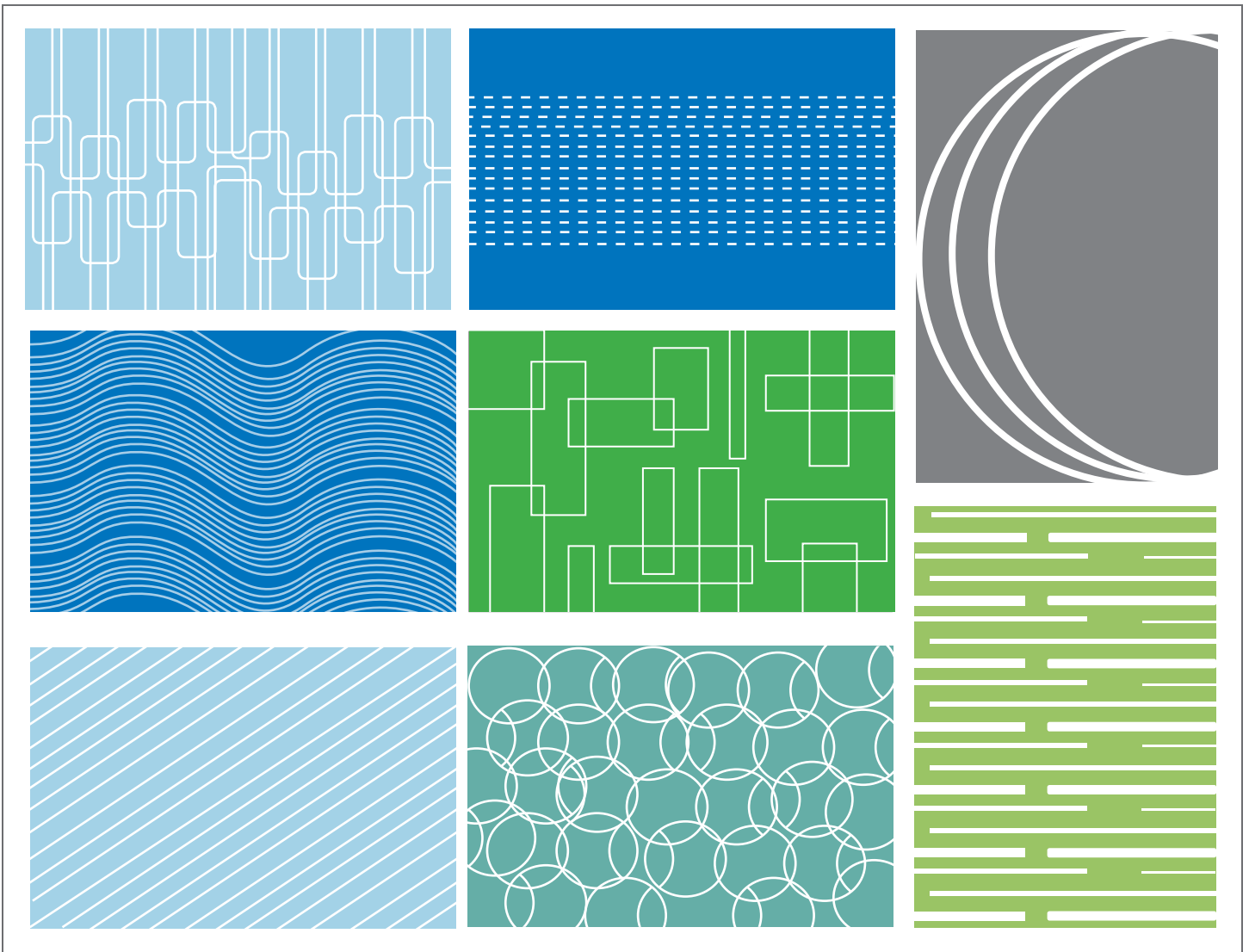


# 2013

# Annual Report

## Florida Advisory Council on Small and Minority Business Development

Fiscal Year 2012 - 2013





# Florida Advisory Council Members

Cheryl Seals Gonzalez, Chairwoman  
University of North Florida  
Jacksonville, Fla.

Jay Narang, Vice Chairman  
GDKN, Inc.  
Fort Lauderdale, Fla.



Malik Ali  
Central-North Florida MSDC, Inc.  
Orlando, Fla.



Dale Coxwell  
Coastal Steel, Inc.  
Cocoa Beach, Fla.



Pamela Frazier  
FL Assn. of MBE Officials, Inc.  
West Palm Beach, Fla.



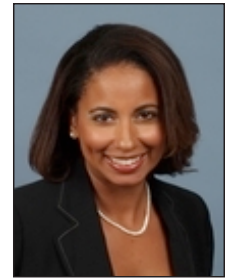
Wendy Grey  
Wendy Grey Planning, LLC  
Tallahassee, Fla.



Rhett Frisbie  
Florida Lottery  
Tallahassee, Fla.



Ben Harris  
City of Tallahassee  
Tallahassee, Fla.



Lisa C. Heron, Esq.  
Smith Currie & Hancock  
Fort Lauderdale, Fla.



Christine McMillon  
ENSYNC Diversified Mgmt. Services, Inc.  
Lake Mary, Fla.



Barbara Melvin  
Wells Fargo Bank  
Naples, Fla.



Samuel C. Newby  
PepsiCo  
Jacksonville, Fla.



George Owen  
Regions Bank  
Jacksonville, Fla.



Anne-Marie Richards  
Office Depot  
Boca Raton, Fla.



Carlos Rodriguez  
Maverick Constructors  
Lutz, Fla.



Augusto Sanabria  
Hispanic Business Initiative Fund  
Orlando, Fla.



James Sanders  
Rumlin Insurance, Inc.  
Jacksonville, Fla.

# Foreward from the Council Chairwoman and Vice Chairman



Cheryl Seals Gonzalez, Chairwoman  
University of North Florida  
Jacksonville, Fla.



Jay Narang, Vice Chairman  
GDKN, Inc.  
Fort Lauderdale, Fla.

Small and minority businesses have a lot in common. Members of each need access to capital and the marketplace; this has been evident for several years and it remains true today. A major paradigm shift began with the One Florida Initiative, which called for diversity and inclusion in government contracting. Upon his election, Governor Rick Scott reaffirmed Florida’s commitment in this regard through Executive Order 11-04.

Today, opportunity exists for state agencies to significantly contribute to the success of small and minority business enterprises across the state. Led by agencies such as the Florida Department of Management Services, the Florida Department of Economic Opportunity, and Enterprise Florida, Inc., in conjunction with the Florida Department of Financial Services, our state is on the path toward economic prosperity and sustainable positive outcomes for our state’s business culture. But there is more that can be done. To accelerate the growth and prosperity of small and minority businesses, this community must strengthen its partnership with government officials, non-profits, and corporate and public-private partnerships to make Florida a model of inclusion.

So where do we go from here? The Florida Advisory Council on Small and Minority Business Development (FACSMBD) proposed the establishment of a Direct Support Organization (DSO) to benefit small and minority business initiatives with an eye on policy development activity and expanding the supply chain for statewide use. It is also studying definitions of a “small business” and “minority” with an eye on how these transfer into reporting contracting utilization, accessing capital, policy-making and participation in key economic development initiatives such as international trade.

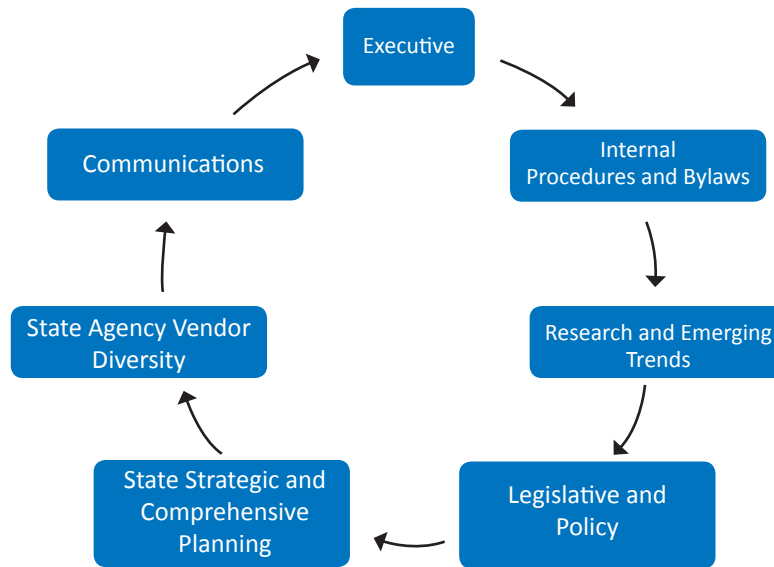
We want Florida to continue to lead in job creation. This starts with supporting businesses domiciled in Florida from the beginning of the continuum to the end – small, large and those attracted here from beyond state boundaries.

# Table of Contents

|   |    |
|---|----|
| Florida Advisory Council Members.....   | i  |
| Foreward from the Council Chairwoman and Vice Chairman .....  | ii |
| Executive Summary .....   | 1  |
| Council Meets Statutory Charge in 2012-2013.....  | 3  |
| Strategic Efforts and State’s Comprehensive Plan Review .....   | 3  |
| Research and Emerging Trends .....  | 4  |
| Access to Capital and Credit Needs .....  | 5  |
| State Agency Vendor Diversity .....   | 5  |
| Council Governance.....   | 7  |
| Legislation and Policy .....  | 7  |
| Executive, Legislative and Administrative Communication.....  | 8  |
| Outreach .....  | 8  |
| Individuals Who Provided Stakeholder Commentary 2012-2013 .....   | 9  |
| Status Summary of Previous Fiscal Year’s Recommendations.....   | 10 |
| Small & Minority Business Information Feature.....  | 11 |
| Small and Minority Business Indicators across States Nationally .....                                   | 11 |
| Minority Businesses - Key Component of Small Business Recognized at the Executive Leadership Level..... | 11 |
| Measuring State Performance .....   | 12 |
| Recommendations for 2013-2014.....  | 14 |
| Conclusion .....  | 15 |
| DMS-OSD Contact Information.....  | 16 |
| Acknowledgements.....   | 17 |



# Executive Summary



The Florida Advisory Council fulfilled its role and scope through a strong committee structure illustrated below:

Committee Chairs for 2012-2013 were:

Executive – **Ms. Cheryl Gonzalez**

Communications – **Mr. Dale Coxwell**

State Agency Vendor Diversity – **Mr. Rhett Frisbie**

State Strategic and Comprehensive Planning – **Ms. Wendy Grey**

Legislative and Policy – **Mr. Samuel C. Newby**

Research/Emerging Trends – **Ms. Barbara Melvin**

Internal Procedures and Bylaws – **Ms. Pamela Frazier**

In an effort to garner more statewide support, expertise and ensure diversity and inclusion in all aspects, committee chairs may appoint individuals to serve the state who are non-council members.

The council made significant strides with statewide outreach to meet its strategic initiatives beginning with:

1. Executing a Memorandum of Understanding (MOU) with Enterprise Florida Dec. 19, 2012;
2. Engaging five stakeholder groups involved in statewide small and minority business development;
3. Proposed legislation to address communication, transparency, progress, lack of clarity and gaps in efforts to assist SMBEs;
4. Coordinating and referring constituents to summits to seek and/or provide feedback and communication relative to the work of the council to government officials;
5. Updating the Governor and the Florida Cabinet about the council according to Florida Statutes on June 2013; and
6. Broadening outreach to the public through news media.

Going forward, the council will foster and promote diverse and inclusive business collaboration with its partners through:

1. Enhanced accountability and transparency of decision-making impacting small and minority businesses, per Florida Statutes;
2. Statutory and regulatory action reviews;
3. Broadening access to capital programs for constituents;
4. Demonstration of inclusion in communications and marketing efforts impacting the state;
5. Effective outreach and collaboration for job creation and access to the marketplace; and
6. Monitoring capital programs created, managed and implemented by the state to ensure inclusion of the entire business continuum.

By its activities, the council and its partners hope to increase awareness of and responsiveness to small and minority business development issues and improve collaboration and outcomes among the various stakeholders.



Left: Dr. Winslow Sargeant, Chief Counsel for Advocacy of the U.S. Small Business Administration met Chairwoman Gonzalez while attending a JAXCHAMBER forum during 2012-2013.



Chairwoman Gonzalez with Florida Governor Rick Scott prior to Cabinet presentation, June 25, 2013, in Tallahassee, Fla.



Above, Chairwoman Gonzalez (third from right), enjoys a laugh with distinguished women entrepreneurs and leaders during a University of North Florida Women in Business Society forum in Jacksonville, Fla.

# Council Meets Statutory Charge in 2012-2013

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 small and minority businesses and economic and business development. It is the intent of the Legislature for council membership to include 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 section 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.

Utilizing a strong committee structure, the Florida Advisory Council fulfilled its role and scope through numerous meetings.

## Strategic Efforts and State's Comprehensive Plan Review

In December 2012, the council executed a Memorandum of Understanding (MOU) with Enterprise Florida, Inc. (EFI). The MOU with EFI is a compact with the council and the following five organizations:

- Florida Association of Minority Business Enterprise Officials
- Florida Coalition for Microenterprise Development
- Florida Consortium of Black Business
- Hispanic Business Initiative Fund
- Southern Florida Minority Business Development Council

These five organizations, plus the council, have agreed to collaborate with EFI to enhance the state's efforts with small, minority and entrepreneurial businesses by:

1. Ensuring enhanced accountability and transparency
2. Reviewing policy, statutory and regulatory actions that impact these entities
3. Facilitating access to capital programs for constituents
4. Accessing direct support of resources (staff, data and budgetary) for select initiatives
5. Improving communications and marketing efforts to demonstrate inclusion in economic development initiatives



Standing Left to Right: Council Members Dale Coxwell, Alison K. Jimenez, and Pamela Frazier. Sitting: Enterprise Florida's President and Chief Executive Officer Gray Swoope and Council Chairwoman Cheryl Gonzalez during execution of the Memorandum of Understanding.



In addition, this working group known collectively as Florida G6 (group of six) has met quarterly and conducted outreach with several statewide organizations to provide support, discuss policy recommendations and public awareness on its initiatives and the council's business inclusion efforts.

The council collaborated with the Florida Department of Economic Opportunity to ensure that the state's strategic plan for economic development includes the following:

1. Align education and workforce development programs to foster employment opportunities and develop and retain talented workers with the skills to meet current and future employers' needs.
2. Reduce barriers to small and minority businesses and entrepreneurial growth.
3. Expand opportunities for access to capital for businesses throughout their lifecycle, which relates to the entire small business continuum.

## Research and Emerging Trends

Throughout the year, this committee led discussions with constituents regarding a need to review Florida's definition of a small business, capital access and increasing the rate in which small and minority businesses have access to participate in various procurement opportunities and capital. Action during 2012-13 primarily involved a review of the state's definition of a small business and discussion on capital formation/equity capital opportunities.

The Council's Research & Emerging Trends Committee and partner, Raise Florida Network, conducted a webinar on June 18, 2013, after months of debate about the relevancy and interpretation of the state's use of the term small business. It was noted that the various contexts of the term small business resulted in confusion and marginalization of the need to discuss and assist viable small businesses that consisted of microenterprises and most minority businesses. Because the executive director of Raise Florida Network had moved to establish the Florida Coalition for Microenterprise Development, the council collaborated to conduct the webinar to discuss what had been found regarding the term.

According to Florida Statutes, Title XIX, Chapter 288, section 703(6), Commercial Development and Capital Improvements, small business means an independently owned and operated business concern that:

- employs 200 or fewer permanent full-time employees
- together with its affiliates, has a net worth of not more than \$5 million
- is any firm based in this state that has a Small Business Administration 8(a) certification.
- as applicable to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.

Upon reviewing and discussing definitions of a small business as outlined by the U.S. Small Business Administration, U.S. Department of the Treasury, U.S. Bureau of the Census, the Edward Lowe Foundation, and various states, including Mississippi, Georgia, and North Carolina, the council agreed to advance the following definition in line with the state's practices:

- an independently owned and operated for-profit entity that is not dominant in its field.

With such a broad definition, 98 percent of the state's businesses that meet this test are assured of attention from the state, including those businesses that appear to be disenfranchised from state business opportunities.

Future work of this committee will include:

- alignment of legislative language to fit Florida's business landscape,
- refining Florida's definition of a minority, and
- establishing working groups on the key areas of procurement and capital access.

## Access to Capital and Credit Needs

This committee continued discussions on capital formation as a way to enhance small business capital needs. A representative from the Florida Office of Financial Regulation presented data and information on the state's status in this regard. The council had adopted a white paper regarding the need to change existing legislation to allow small business entrepreneurs to raise capital to start, develop or strengthen their businesses similar to the states of New York and South Carolina, including advertising the same to the public.

As a result of Greg Close's stakeholder commentary, it was learned that the advent of technology paved the way for businesses in Florida to self-execute capital formation with certain limitations. While the U.S. Securities and Exchange Commission has approved crowd-funding opportunities, businesses in Florida must exercise caution until implementing rules are promulgated at the federal level. Meanwhile, the council desires for technical support and training organizations such as the Florida Small Business Development Network to provide resources that will help businesses raise capital instead of solely relying upon lending practices and loan guarantee programs that have not been advantageous to small and minority businesses.

Vicki Marks, Marketing Director for UPS Capital in Atlanta, Ga., helped to start conversation regarding procurement and capital access when she discussed the potential for establishing a pilot project offering solutions for businesses and short-term financing for exporting and importing to small and midsize companies.

Criteria include:

- The firms must be manufacturers, wholesalers and distributors (in any industry) that do not ship perishable products, and
- These companies must generate at least \$500,000 or preferably \$1 million or more in annual revenue.

Five firms were recommended comprising depth and breadth of diversity from the standpoint of criteria and ownership category. To date, no further action has taken place by UPS. Efforts will be made to determine the status of this initiative and seek continuous engagement with the council and the DMS Office of Supplier Diversity in order to assist small and minority businesses.

## State Agency Vendor Diversity

The chairman of this committee continued working with state agencies and council members and reported the following to address the equity and contracting findings:

- Most agency procurement staff is not readily accessible on its agency's website;
- Vendors still lack knowledge on where to acquire information about state contracting opportunities; and
- Untapped opportunities exist all across state government for overlooked vendors and service providers.

Recommendations for advancement included the following:

1. *Seek state agencies' support to ensure their respective procurement unit has a prominent presence on their websites.* This presence should at a minimum contain:
  - Procurement staff names (assigned commodity/service if applicable),
  - Email addresses,
  - Telephone numbers,
  - General procurement information pertaining to the agency, and
  - General procurement information with hyperlinks to the Florida Department of Management Services (DMS) and the DMS Office of Supplier Diversity Web pages.

2. *The Department of Management Services' State Purchasing could prepare a Minority Business Utilization Plan.* State Purchasing is responsible for establishing state term contracts worth millions of dollars in state spending, from which state agencies are mandated to procure. State term contracts should be strengthened to increase vendor diversity and include initiatives beyond second-tier contracting by encouraging contractors to change business practices that more promote diverse vendor practices.
3. *The Department of Management Services could develop solicitation language which strengthens opportunities for second-tier subcontracting at state agency levels.* As the centralized procurement authority for the State of Florida, agency procurement authority is delegated to each agency by DMS through Chapter 287, F.S. As such, many state agencies look to DMS for guidance on solicitation language pertaining to this initiative.

Of note, the DMS Office of Supplier Diversity and Committee Chairman Rhett Frisbie met with Secretary Ken Lawson of the Florida Department of Business and Professional Regulation, who presented at a council meeting about posting relevant information on their licensing website and printed on business licenses. Department of Business and Professional Regulation licenses over 1 million businesses within Florida. As the single largest licensing agency, they could include information on their website as well as the back of licenses that provides brief information about DMS and OSD. This would help to shorten the learning curve for many businesses about where to obtain information on state procurement and contracting opportunities and programs to assist small and minority businesses.

4. *Provide opportunities not normally or actively provided to minority businesses through Chapter 255 Facility Leasing activities.* Such activities would include general construction, electrical, plumbing etc., which is contracted for by landlords during build-out of office space to suit an agency's needs. This would necessitate either willing acceptance by agencies with reiteration of executive level expectations articulated through Executive Order 11-04 that reaffirms One Florida for outreach and awareness, or statutory/rule mandate.

Discussions continue with representatives of the Department of Management Services State Purchasing regarding these recommendations.

## Council Governance

The council extends appreciation to Franklin Cross of the City of Tampa, who served as committee chair for the council's first Internal Procedures and Bylaws that were drafted and subsequently codified. In historic measure of self-governance, accountability and transparency, Dale Coxwell made the motion to affirm the bylaws that were reviewed and amended over several months. The motion was seconded by Carlos Rodriguez. The bylaws were accepted and approved by the council.

Of significance, Ethics and Standards were proposed for adoption after Mr. Cross resigned from the council, and the leadership changed to Pamela Hart Frazier. The Ethics and Standards are as follows:

- Members must not engage in conduct that calls into serious doubt their good character;
- While participating in official activities, members must act ethically and avoid situations that create a conflict of interest or the appearance of a conflict of interest;
- While participating in official activities, members must not act in a manner that is contrary to the best interests of the mission of the Florida Department of Management Services (DMS);
- Members must make recommendations pursuant to Florida Statutes. Member recommendations are only advisory and the Governor, Lt. Governor, DMS Secretary and legislators decide how to respond to recommendations;
- Members may obtain confidential information about DMS or its customers and resource partners because of their membership on the Council. Members must not disclose such information without authorization from the DMS Secretary;
- Members must not participate in, or make use of advisory council activities that directly affect their business or financial interests, unless the activities are available to the general public;
- Members must not use their status as an advisory council member to get benefits that are not available to the general public;
- Members may not receive DMS/OSD assistance, without the prior written approval of the Secretary, or his/her designee, to ensure no conflict of interest or appearance of a conflict of interest exists; and
- With limited exceptions, members may not represent small businesses, state or local development companies, small business investment companies, or others regarding an application for OSD assistance. Exceptions to this policy include: a) an officer, director, or employee of a financial institution, supplier diversity professional, or minority business organization that works with participants in any OSD program or that seek direct OSD assistance, b) an attorney, accountant, appraiser, engineer, or similar professional, if the person does not regularly provide service to, or derive a large part of their income from providing a service to the OSD, or c) an educator or professional whose institution of higher education participates in OSD's business development programs.

## Legislation and Policy

During the fiscal year 2012-13, this committee transitioned from Legislative and Budget Committee to its current name. The council added new members and named a new committee chair. Led by the council chairwoman, the council made efforts during the 2013 Legislative Session to track legislative actions pertaining to small and minority business development, budget allocations to the DMS Office of Supplier Diversity, community and economic development, and state agency proposals that may impact the work of the council and DMS' OSD. The key matter brought before Legislature was the establishment of a Direct Support Organization in support of the council's mission.

Working on this issue required vigorous efforts to establish a DSO to benefit small and minority business initiatives including policy development, and expanding the supply chain to state agencies. In addition, questions were addressed regarding outsourcing of the DMS Office of Supplier Diversity, composition of the proposed DSO board, and lack of priority at the state's executive level.

The council's position on the DSO is that this mechanism has not been tried and with the shift to its current gender- and race-neutral business/procurement landscape, this is the best means to coordinate and orchestrate any intent of sustaining the viability and support of all small and minority businesses in Florida. Further, there is no need to allocate a budget as the establishment of the DSO would result in the attraction of dollars through partnering with private enterprises, grantors and donors, which is not occurring for many of the council's constituents. Moreover, the DSO would, in time, hire employees and work in tandem with the state to operate in a way heretofore not achieved. The council believes that the DSO is a "win-win" for the state with executive-level support, and with no need for a budgetary line item, the proposed DSO offers an opportunity for the entrepreneurial spirit to operate from the standpoint of a business inclusion paradigm.

The council fully supports the concept of establishing the DSO and will include this proposal along with other recommendations for legislative consideration.

### **Executive, Legislative and Administrative Communication**

The council periodically informed the Governor, Legislature and the Secretary of DMS on matters relating to small and minority business development, primarily through electronic communication and/or meetings when opportunities were available. Communications also occurred on an ongoing basis with staff members of the Executive Office of the Governor, Lieutenant Governor (until the time of her resignation), members of the House and Senate, and other DMS units and staff, as required.

In addition, Chairwoman Gonzalez presented information about the council and its activities to Governor Rick Scott and the Florida Cabinet on June 25, 2013. It was televised and is available at <http://thefloridachannel.org/video/62513-florida-cabinet-meeting/> approximately 22 minutes into the meeting.

### **Outreach**

The council's members actively supported its mission in many ways.

Anne Marie Richards of Office Depot assisted the DMS Office of Supplier Diversity's Mentor Protégé Program. She reported that an action plan was developed to take the current program to the next level. She recommended the review and benchmarking of similar program in Texas.

George Owens of Regions Bank announced the formation of the Florida Coalition for Microenterprise Development, new group under the direction of Karen Landry and Riyan Jackson of Jacksonville, Fla.'s RAISE Network and War on Poverty, Inc. The group is grant-backed and focuses on capital access, job creation and business development concerns for businesses with fewer than six employees. Landry previously reported to the council through stakeholder commentary at a regularly scheduled meeting.

Council members participated on panels that gave exposure to state and national stakeholders. Outreach by Council Chairwoman Gonzalez included submittal and subsequent publication of an opinion article in the *Miami Herald* on June 24, 2013, about the council's work, proposed activities and recommendations. Council members responded individually and collectively when called upon in response to their constituents, in support of the council and in support of the DMS Office of Supplier Diversity.

The council also continued its practice of allowing stakeholder commentary during regularly scheduled meetings. Stakeholder commentary offers business leaders, government officials, non-profits and others the opportunity to provide their insight on small and minority business issues as a form of information gathering. It also creates opportunities for council collaboration.

# Individuals Who Provided Stakeholder Commentary 2012-2013

May 2013



**Greg Close**, Florida Office of Financial Regulation Mr. Close is a financial specialist in the Office of Financial Regulation (OFR) of DFS. The Office of Financial Regulation is committed to protecting Florida's citizens by carrying out the banking, securities and financial laws of the state efficiently and effectively and to providing regulation of business that promotes the sound growth and development of Florida's economy.

November 2012



**Craig J. Nichols**, Florida Department of Management Services Appointed in 2012, Agency Secretary of the Florida Department of Management Services Craig Nichols oversees the real estate, procurement, human resources, group insurance, retirement, telecommunications, private prisons, fleet, and vehicle programs to state and local governments.

March 2013



**Louis Laubscher**, Enterprise Florida, Inc. Mr. Laubscher is the Chief Operating Officer for Enterprise Florida, Inc. Among his duties is overseeing programs aimed at helping Florida businesses and entrepreneurs gain access to capital. He serves as President of Florida Development Finance Corporation (FDFC), a state-authorized issuer of Industrial Development Bonds; and Cypress Equity Fund Management Corporation, the General Partner of Cypress Equity Fund Limited Partnership.

October 2012



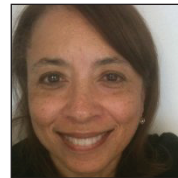
**Dale Brill**, Florida Chamber Foundation After serving three years as president of the Florida Chamber Foundation, Dr. Dale Brill announced his plans to leave his post in early 2013 in order to start an economic development practice. He has provided expert advice and support to the council over three years.

January 2013



**Matthew M. Carter, Esq.**, Florida Board of Governors Mr. Carter is an attorney and professional business consultant on energy, economic development and education matters. Prior to his appointment as a member of Florida's Board of Governors, he served as a senior staff director for two committees in the Florida Senate: Communications, Energy and Public Utilities and the Committee on Military Affairs, Space and Domestic Security.

September 2012



**Vicki Marks**, United Parcel Service - Capital Ms. Marks worked as a marketing director for United Parcel Service, Inc. (UPS) in Atlanta, Ga. through June 2013 and has moved to another company. United Parcel Service, Inc. is a package delivery company that operates in the United States' less-than-truckload industry, and provides a global supply chain management solutions.

December 2012



**Winslow Sargeant**, U.S. Small Business Administration Dr. Sargeant is the sixth Chief Counsel for Advocacy of the U.S. Small Business Administration's Office of Advocacy, appointed Aug. 19, 2010. The Office of Advocacy is an independent voice for small business within the federal government with a mission of encouraging policies that support small business start-up, growth, and development.

# Status Summary of Previous Fiscal Year's Recommendations

- Appointment of an Executive Director for the OSD and greater visibility of OSD. **Status:** *This recommendation from the State Agency Vendor Diversity Committee was reviewed for consideration by DMS executive officials and will continue as a recommendation.*
- Proposal for public/private funding of \$150,000 to conduct an objective 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. **Status:** *This proposal was tabled due to lack of budget; however, a working group on public/private sector procurement will be established to present best practices for business inclusion.*
- Change 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 states of New York and South Carolina, including advertising the same to the public. **Status:** *Current climate due to advent of technology paved the way for businesses in Florida to self-execute capital formation with certain limitations. While the U.S. Securities and Exchange has approved crowd-funding opportunities, businesses in Florida must exercise caution until implementing rules are promulgated at the federal level.*
- State's adherence to the 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). **Status:** *The council chair met with Interim Secretary; Representatives of the Office of the General Counsel; Kelly Loll, former Chief Procurement Officer, Division of State Purchasing; Debra Forbess, Director of Administration and Budget/DMS) in July 2012 and discussed Executive Order 11-04, which affirms One Florida. In addition to seeking clearance from the Executive Office of the Governor on his stance, understanding was reached that state agencies could participate in business matchmaking activities, travel pending budget for this purpose, and conduct outreach activities.*
- Certification reciprocity amongst certification granting organizations and local governments to the extent that the state does not have liability with such arrangements and state certification in its present form. **Status:** *Kelly Loll, former Chief Procurement Officer, initiated a procurement process improvement project inclusive of cities, counties and school boards known as the Florida Professionals for Public Procurement. They devised seven goals including one with a focus on minority certification. The council leaned on the side of self-certification due to the state's race-and gender-neutral business environment.*
- Secure interns to act as committee managers for the council. **Status:** *This was temporarily tabled. Council members will leverage their available resources and free technology such as PhoneVite, Free Conference calls, and other no-cost options to advance council business operations.*

# Small & Minority Business Information Feature

## **Small and Minority Business Indicators across States Nationally**

Recently, the U.S. Chamber of Commerce released its Enterprising Report, an in-depth look at small and minority and entrepreneurial indicators across the 50 states. This includes policies that are being implemented to promote economic growth at the state and local levels. Beginning with the program's flagship national study, Enterprising States is now in its fourth year of examining the economic priorities, policies and programs.

Every state has policies and programs intended to encourage entrepreneurship and support small business development and expansion. Many states have introduced legislation or established programs to focus on startup companies, and many states have bolstered policies targeted at helping existing businesses grow and expand their markets.

State funding of programs for entrepreneurial development increased approximately 30 percent between 2012 and 2013. States vary considerably in the policies, regulations and taxes that affect small business. Most states have an array of loosely integrated small business programs, although some have a more comprehensive, integrated small business policy and program framework

Consequently, the states that are regarded as best for new businesses are not always the most favorable for existing small businesses; the states that are best for one business sector may not be best for another. According to the report, the following are some new and innovative policy and program approaches that states are employing and/or supporting to create and expand small businesses, often in cooperation with local and regional development organizations:

- Accelerator initiatives that focus on starting high-growth firms by turning startups into enduring companies
- Economic gardening initiatives that focus on expanding existing firms with strong growth potential
- Business plan competitions to identify companies with exciting ideas and high potential
- Business ecosystem initiatives, often with a regional focus, that take a comprehensive approach to creating an environment that is highly conducive to startups
- Workforce development initiatives that help small businesses find and train the talent they need to operate and compete
- Seed and venture funds that focus on startups and expanding firms
- Networking and collaboration initiatives that bring small businesses and self-employed entrepreneurs together with large companies and universities
- International trade programs that help small businesses reach out to new global export markets
- Streamlined state administrative processes and regulatory procedures for small business by cleaning up the DURT (delays, uncertainty, regulations, taxes) that impede small business success and
- Broadband investments that provide small businesses of all types with the online access necessary in the 21st century.

## **Minority Businesses - Key Component of Small Business Recognized at the Executive Leadership Level**

The U.S. Chamber's recently released Enterprising Report notes that state governors recognize the importance of small businesses and often take the lead in reforming state policy and service



delivery to make growth and commerce easier for small business. Governors can offer fast-track access to financial resources and a full slate of state services that help small businesses connect with technical expertise, customers, suppliers, and state agencies that interact with small business as regulators or partners in development.

Further, it is critical that states and communities embrace a pro-enterprise vision to address the rapidly changing small business environment. Small business today reflects a host of ethnic, social, and generational changes. Successful programs and policies will need to adapt to a far more diverse and profoundly different set of players.

One clear trend has been the growth of minority and immigrant enterprises. Between 1982 and 2007, for example, Black-owned businesses increased by 523 percent, Asian American-owned businesses by 545 percent, Hispanic American-owned businesses by 696 percent, and businesses owned by whites by 81 percent. Today, minority-owned businesses make up 21 percent of the nation's 27 million small businesses.

Another key shift, according to the Report, has been female entrepreneurs. Over the past 15 years, the number of women-owned firms has grown at one and a half times the rate of other small enterprises. These companies now account for almost 30 percent of all enterprises. Between 1997 and 2012, the number of women-owned firms in the United States increased by 54 percent, while the overall growth rate for all firms was 37 percent.

To restore the vitality of small business, states and localities need to address this changing landscape in innovative ways. States are working to restore confidence and expand opportunity for smaller firms. Innovative economic gardening programs are operating at the state level in Kansas, Michigan, Florida, Wyoming, Wisconsin, Nebraska and Washington. These initiatives focus on stage-2 firms (typically those with at least \$1 million in annual sales), offering them professional assistance to expand their markets.

A greater effort is required to include previously underrepresented groups—such as women, minorities, and immigrants—as essential elements of small business development. This may include specific outreach programs, and states also need to incorporate strong advocacy for expanded opportunities for immigrant technologists, investors and entrepreneurs, and provide access to cash incentives for example, with respect to raising capital instead of offering only loan guarantees.

The Enterprising Report cites a 2010 National Governors Association survey of entrepreneurs that suggested five critical factors that state government can influence to foster small business start-ups and expansions:

- Diversity in sources of capital
- An enabling culture
- Strong local networks
- Supportive infrastructure
- Entrepreneur-friendly government

### **Measuring State Performance**

There is no question that states, including Florida, talk the talk regarding assisting and supporting small and minority businesses. The thing is, while policy decisions and program design in state government are important, ultimately, development policy is enacted to achieve one goal: increase economic performance without the benefit of inclusionary tactics or strategic imperatives.

The U.S. Chamber's Enterprising Report measures state performance overall and across five policy areas important for job growth and economic prosperity:

- Exports and international trade
- Entrepreneurship and innovation
- Business climate
- Talent pipeline
- Infrastructure

The study found that Florida ranks 37th overall for economic performance, 20th for export trade and 10th for entrepreneurship and innovation. Florida shows middling performance in high-tech metrics but is very strong in measures of business creation.

The Sunshine State is first in business birthrate and third in increase in self-employed workers.

The fastest-growing self-employed occupations since 2002 include personal financial advisors (59,000 new jobs), managers (40,000), property managers (39,000), and securities and financial services salespeople (38,000).

Meanwhile, six equally weighted metrics determine the top states for business climate:

- Small business lending rate
- Potential cost impact of legal reform (Institute for Legal Reform)
- State and local tax burden (Tax Foundation)
- Overall business tax climate index (Tax Foundation)
- U.S. Business Policy Index (Council for Small Business and Entrepreneurship)
- Cost of living

On these metrics, Florida ranks ninth. Also, Florida ranks fifth in business tax climate and the U.S. Business Policy index, and eighth in small business lending activity. Florida recently increased its corporate income tax exemption from \$5,000 to \$50,000 and adopted legislation making it easier for growing manufacturing businesses to qualify for sales tax exemptions on equipment purchases.

Additional rankings note the Sunshine State ranks fourth overall in the talent pipeline due to three top 10 finishes, including first in higher education efficiency, fourth in Advanced Placement test scores, and ninth in college affordability. Florida also ranks 20th for its job placement system efficiency and 21st in college degree output.

Florida ranks in the top 10 for all four infrastructure metrics, making Florida first place for infrastructure. In 2012, the state created an Office of Freight Logistics and Passenger Operations to ensure that new and existing infrastructure is being planned and coordinated to allow the optimal movement of freight, supporting economic expansion and transport efficiency. As part of its infrastructure improvement agenda, Florida has continued to prioritize investments in port facility upgrades and expansions, looking to open the state to more international trade. To facilitate these expansions, the state launched the Strategic Port Investment Initiative and the Intermodal Logistics Center Infrastructure Support Program, both designed to direct funding into port expansions and connectivity improvements.

The council recommends viewing these points through a business inclusion lens. Outcomes will be determined by goodwill and good faith efforts of all stakeholders: state agency leadership, state agency staff responsible for implementation, executive leadership, and advisory boards and councils.

# Recommendations for 2013-2014

The council's is seeking support from State of Florida officials through legislation, policy and/or rule for the following:

- Approve legislation to establish a Direct Support Organization (DSO) as the new vehicle to enhance implementation of small and minority business initiatives in support of the Secretary of the Department of Management Services' mission:
- NOTE: The council recommended the creation of a DSO to support its legislatively mandated mission per 287.0947(5), F.S., which is different from that of DMS' Office of Supplier Diversity. The DSO would be responsible for full administrative support of the council and council committees, and would generate its own operating revenue, representing a cost savings to the state. This unprecedented measure is not an attempt to privatize OSD or duplicate services.
- Align legislation, considering current political and business climate, for optimal relevancy, credibility and accountability with business inclusion principles as integral to the functionality of state government with respect to credit needs for small businesses, access to the marketplace, and procurement.
- Adopt public policies and legislation that effectively and genuinely impact procurement, business development, economic development, and job creation in a business inclusive paradigm.
- Support Florida's vibrant microenterprises as part of the small business economic development continuum.
- Create equity capital opportunities for small businesses through tools considered non-traditional among small businesses such as private placement memoranda, capital formation and business incentives.
- Track EFI's capital programs to ensure inclusion of all of the state's small and minority business enterprises (SMBEs).

As previously noted, the Enterprising Report cited the 2010 National Governors Association survey of entrepreneurs that suggested five critical factors that state government can influence to foster small business start-ups and expansions:

- Diversity in sources of capital
- An enabling culture
- Strong local networks
- Supportive infrastructure
- Entrepreneur-friendly government

# Conclusion

## From Planning... To Implementation



In January 2012, the council held its first strategic planning session in Sarasota, Fla., hosted by Wells Fargo Bank. **Pictured, left to right:** *Traci Small* – Strategic Planning Facilitator (National Strategies, Inc.), *Anne-Marie Richards* (Office Depot), *Dale Coxwell* (Coastal Steel, Inc.), *Lisa C. Heron, Esq.*, (Smith Currie & Hancock), *Carlos Rodriguez* (Maverick Constructors), *Alison Jimenez* (Dynamic Securities Analytics, Inc.) and *Barbara Melvin* (Wells Fargo). Not pictured are Victoria Zepp of National Strategies, Inc. and Chairwoman Gonzalez.

By December 2012, the council moved to collaborate with key stakeholders across the state as envisioned during its strategic planning session. **Below:** Secretary of the Department of Commerce and President of Enterprise Florida, Inc. Gray Swoope addresses MOU partners, known as G6, in Orlando, Fla., Dec. 19, 2012. Council members in attendance at the time were Pamela Frazier, Dale Coxwell, Alison Jimenez and Chairwoman Gonzalez.



What is Florida's position with respect to small business inclusion along the full continuum? Whether stated by the council, the National Governors' Survey, or Florida's G6, there is no question that operating from the standpoint of business inclusion strengthens the state's economy. The Florida Advisory Council on Small and Minority Business Development seeks to deliver responses to grow Florida's economy by ensuring that no small business is left behind.

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**Advocacy And Outreach**

**Agency Resources**

**Certification**

**Certified Vendor Directory**

**OSD Annual Reports**

**Programs And Initiatives**

**Publications**

**State Agency Spending Utilization Plans**

**Vendor Resources**

# Acknowledgements

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