4.1.a: Supplemental - Increase state agency and educational institution utilization of state-certified small businesses

4.1.A: INCREASE STATE AGENCY AND EDUCATIONAL INSTITUTION UTILIZATION OF STATE-CERTIFIED SMALL BUSINESSES

Office of Minority and Women’s Business Enterprises and the Department of Enterprise Services

Teresa Berntsen and Rex Brown
May 8, 2017
Background: Why does supplier diversity matter?

- We have a responsibility when spending public dollars to identify and eliminate barriers to equitable opportunity.
- Good for economy. Small businesses reinvest in community and create jobs.
- Drives innovation.

Goal: By 2017, increase state agency and educational institution utilization of state-certified small businesses to:
  - 10% minority owned business
  - 6% woman owned business
  - 5% veteran owned business

Current State: Needs improvement

<table>
<thead>
<tr>
<th></th>
<th>FY 2016 dollars spent with certified firms as % of all eligible spending</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>State Agencies</td>
</tr>
<tr>
<td>Minority-Owned Certified</td>
<td>2.45%</td>
</tr>
<tr>
<td>Businesses</td>
<td></td>
</tr>
<tr>
<td>Women-Owned Certified</td>
<td>1.97%</td>
</tr>
<tr>
<td>Businesses</td>
<td></td>
</tr>
<tr>
<td>Total OMWBE certified</td>
<td>4.42%</td>
</tr>
<tr>
<td>Veteran-Owned Certified</td>
<td>0.26%</td>
</tr>
<tr>
<td>Businesses</td>
<td></td>
</tr>
<tr>
<td>Total Dollars</td>
<td>$141.8 M</td>
</tr>
</tbody>
</table>

Small improvement over FY 2015: Minority and woman owned firms = 2.66%
Problem/Opportunity:

- If goals were met:
  
  Certified minority, woman and veteran owned small businesses would have received an additional $707M in FY 16.

- Governor Inslee’s Business Diversity Subcabinet has analyzed root causes of why state not meeting goals:
  
  - Restrictions of RCW 49.60.400 (I-200).
  - Lack of understanding of why supplier diversity is important and what to do about it.
  - Complexity of doing business with government.
  - Competing priorities.
  - Historical barriers for business owners, such as access to capital.

Strategies:

**Business Diversity Subcabinet**

- Formed in July 2015.
- Tasked with developing a statewide strategy to increase small and diverse business participation in Washington State contracting and procurement.
- Consists of 12 cabinet agencies and coordinates with stakeholders.
Strategies:

Subcabinet areas of focus:

- Establishing “community of practice.”
- Improve assistance to small minority, women and veteran owned businesses.
- Create suite of measures to provide the best dashboard for accountability and improving results.
- Improve OMWBE certification process.
- Conducting a statewide disparity study.

Detailed Action Plan:

<table>
<thead>
<tr>
<th>Task</th>
<th>Task Lead</th>
<th>Partners</th>
<th>Expected Outcome</th>
<th>Status</th>
<th>Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurement Framework</td>
<td>OMWBE, LNI</td>
<td>DSHS, DOC</td>
<td>Create suite of measures to provide the best dashboard for accountability and improving results. Increase use and reliability of data.</td>
<td>Ongoing</td>
<td>8/31/17</td>
</tr>
<tr>
<td>Improved OMWBE Certification</td>
<td>OMWBE</td>
<td></td>
<td>Eliminate any unnecessary barriers and improve certification timeframes.</td>
<td>Ongoing</td>
<td>8/31/17</td>
</tr>
<tr>
<td>Community of Practice (CoP)</td>
<td>DSHS, WSDOT, DES, OMWBE</td>
<td>HCA</td>
<td>Embed a broad understanding of equity, diversity and inclusion throughout community of procurement professionals.</td>
<td>Ongoing</td>
<td>8/31/17</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>OMWBE, DES</td>
<td>ORIA, Commerce</td>
<td>Create a system for small business to customize their needs to available resources. Central web site with “image” services. Feedback loop for quality control.</td>
<td>Ongoing</td>
<td>8/31/17</td>
</tr>
<tr>
<td>Disparity Study</td>
<td>DES</td>
<td>33 State Agencies</td>
<td>Provide necessary data needed to understand whether minority-, women- and veteran-owned businesses have equal access to contracting opportunities.</td>
<td>Ongoing</td>
<td>1/31/19</td>
</tr>
</tbody>
</table>
Assistance Needed:

- Raise awareness:
  - Problem statement.
  - Addressing problem is a priority.

- Disparity study:
  - Data from participating agencies key.
  - Encourage participation at public meeting.

Stakeholder: Frank Fukui

Value Statement: Through passion, integrity and family values, Woodburn Company will be known as the Pacific Northwest’s leading customer service provider in the Printing as a Service market.

- Founded: 1957
- Minority and veteran owned small business
- Authorized reseller on DES master contracts for Managed Print Services (MPS) & copiers

Partnerships:
- Ricoh
- Xerox
- HP
- Lexmark
- Dell
Stakeholder: Frank Fukui

Q: How does a WA small business participate with a master contract awarded exclusively to organizations that can cover the full United States?

- Partnerships
- Customer Perspective
- State Procurement Knowledge

Q: Does awarding master contracts exclusively to national organizations provide the most benefit for Washington State?