

Proven Strategies and
Corporate Perspectives

Methods that Work for Creating Corporate Clients



A Resource Guide for Women Business Owners

Prepared by
Center for Women's Business Research



Underwritten by PepsiCo Foundation



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June, 2003

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PepsiCo

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PepsiCo is a world leader in convenient foods and beverages, with revenues of about \$25 billion and over 142,000 employees. The company consists of the snack businesses of Frito-Lay North America and Frito-Lay International; the beverage businesses of Pepsi-Cola North America, Gatorade/Tropicana North America and PepsiCo Beverages International; and Quaker Foods North America, manufacturer and marketer of ready-to-eat cereals and other foods products. PepsiCo brands are available in nearly 200 countries and territories.

Many of PepsiCo's brand names are over 100-years-old but the corporation is relatively young. PepsiCo was founded in 1965 through the merger of Pepsi-Cola and Frito-Lay. Tropicana was acquired in 1998 and PepsiCo merged with The Quaker Oats Company, including Gatorade, in 2001.

For more information about PepsiCo, visit their website at:
<http://www.pepsiCo.com/mwbe/>.

The following sponsors and advisors shared their insights and suggestions on the scope and content of our study: Access to Markets: Perspectives from Large Corporations and Women's Business Enterprises. This resource guide is based on the findings of this study.

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Center for Women's Business Research

Center for Women's Business Research is the premier source of knowledge about women business owners and their enterprises worldwide. The Center's mission is to unleash the economic potential of women entrepreneurs by conducting research, sharing information and increasing knowledge about this fast-growing sector of the economy.

Since 1989, Center for Women's Business Research has "painted the picture" of the women-owned business landscape by providing original research documenting the economic and social contributions of women-owned firms. This knowledge transforms entrepreneurial opportunities for women worldwide and is changing the face of the global business environment.

The Center shares its knowledge with policy makers, financial institutions, corporate leaders, government agencies and the media through research reports, press releases, newsletter publications, seminars, speaking engagements and worldwide on the Internet at www.womensbusinessresearch.org.

A Letter from PepsiCo

It is with great pride that the PepsiCo Foundation (“PepsiCo”) supports the publication of *Proven Strategies and Corporate Perspectives: Methods that Work for Creating Corporate Clients. A Resource Guide for Women Business Owners*.

PepsiCo is committed to ensuring that women's business enterprises have every opportunity to participate in supply chains as prime- and sub-contractors. Doing business with women suppliers is a commitment that we know is a good business decision. We, like the other organizations documented in the study *Access to Markets*, recognize the contributions that women-owned firms make to supplying quality products and services at a good price.

We hope that this resource guide will help women entrepreneurs gain access to many other corporations, such as PepsiCo, Inc., seeking to do business with women-owned firms.

We want to thank the Center for Women's Business Research for the research that provides this road map to profitable relationships between women entrepreneurs and large corporations.

Sincerely,

Bob Gonzalez

Vice President of Supplier Diversity

Proven Strategies and Corporate Perspectives

Methods that Work for
Creating Corporate Clients

A Resource Guide for
Women Business Owners

THE NEWS IS GOOD

About the Report

The statistics used throughout this handbook are drawn from research conducted by the Center for Women's Business Research in 2002, and published in a report entitled *Access to Markets: Perspectives from Large Corporations and Women's Business Enterprises*. The study surveyed women's business enterprises and corporate purchasing executives. For more information about the report, visit the Center for Women's Business Research at www.womensbusinessresearch.org.

What Is A "Women's Business Enterprise"?

A women's business enterprise is a company that has been certified as being woman-owned and operated. Certification as a women's business enterprise requires at least 51% ownership by a woman or women and demonstrated management and control of business operations by a woman.

THE NEWS IS GOOD

There's good news for women entrepreneurs who want to do business with corporate clients. According to a new study, *Access to Markets: Perspectives from Large Corporations and Women's Business Enterprises*, published by the Center for Women's Business Research, nearly half of the revenues of the women surveyed – who are all certified as women's business enterprises – are earned from doing business with large corporations. And, corporations are actively looking for women vendors. With the track record of women's success and an increasing commitment to diversity, the message is clear: women-owned firms are in a better position than ever to access the billions of dollars available in the corporate market.

HOW THIS GUIDE CAN HELP

This guide can help women business owners who are ready to approach this market, but may have some questions about marketing, trends, or where to most effectively focus their energies. It is also designed to help those who are already marketing to corporations to do so more effectively, and to encourage those who are not pursuing this market to consider how they might begin. It spells out the strategies used by women's business enterprises to get themselves in the door – and their company's name on the contract. These are strategies you can believe in, as they come from women who have done what it takes to enter the corporate market and build a strong revenue base. If they have done it, you can, too.

The guide combines their experiences with the perspective of corporate purchasing executives. It is packed with research-based facts, and includes individual stories of success, all aimed to provide a broad picture of what has worked for those who are already creating revenues from corporate clients. With a multi-billion-dollar market waiting, who has time to reinvent the wheel?

It is not enough, however, to simply follow the path of those who have gone before. You must also present a high-quality,

competitive product or service – and, you must know your market. This means women business owners need to understand the relationship between the purchaser and supplier from the corporate perspective as well. They need to understand how buyers determine which suppliers best fit their needs, and where these buyers turn when looking for new vendors.

This guide, therefore, partners the techniques used by successful women's business enterprises with the viewpoint of purchasing professionals to create five winning strategies.

THE NUMBERS TELL THE STORY

What the women business owners say?

- More than seven in ten (72%) women business enterprises surveyed earn revenues from large corporations.
- These revenues are critically important to the women's business enterprises surveyed. For women whose companies earn \$1 million or more in annual sales, 56% comes from corporate clients. Those with revenues below \$1 million derive 40% of their annual income from this market.

What the corporate purchasing executives say

- More than half (56%) of the corporate purchasing professionals surveyed cite diversity as an important quality when looking for a new supplier.
- Their commitment to diversity comes from the top-down. Over half (54%) of these corporations use written goals for integrating women's business enterprises into their purchasing strategies, and 50% require supplier diversity training for all buyers.
- In addition, in an age of fewer and larger contracts, corporations remain committed to maintaining a diverse supply chain. An overwhelming majority (79%) encourage 1st-tier contractors to focus on women's business enterprises when requesting bids from subcontractors. And, most walk their talk: 61% of the firms track their prime suppliers' subcontracts with women's business enterprises.

Do you want the answers to any of the following questions?

If so, this guide is for you:

- How do I get in the door?
- What do corporate purchasing executives look for in new vendors?
- How do I expand my exposure to buyers?
- What do buyers want from women-owned businesses?
- Should I become certified?
- How do I compete in a climate of fewer and larger contracts?

Proven Strategies and Corporate Perspectives:

WHAT WORKS?

Getting Your Foot in the Door

Finding the point of entry is fundamental for creating access, but where do you start? According to the women's business enterprises surveyed, relationships are the place to begin. A very small percentage (5%) of them rated other methods, from one-on-one meetings, the quality of one's product or service and going on cold calls as helpful.

What the numbers say

- A quarter (25%) of the women's business enterprises reported that referrals were key to their introduction to a client.
- One in five (19%) attributed their personal relationships within the corporation to getting in the door.
- Another 13% credited their relationship with a key decision-maker or buyer as their original point of entry.

The successful strategies most often cited by women's business enterprises and corporate purchasing professionals are as follows:

1. Cultivate Relationships
2. Increase Your Visibility
3. Expand Opportunities through Subcontracting
4. Get Certified
5. Be Responsive, Be Cost-Effective, Be Creative – and Persevere

1 Strategy Number ONE: CULTIVATE RELATIONSHIPS

As with so many things in business, relationships are key for creating access to corporate markets. They can be critical for initiating the first meeting, and can make or break a contract. Relationships with top executives are important. Those within purchasing departments and supply chain management teams are also pivotal.

And, it is not just those you know inside a corporation. Associates who are willing to refer your name can open the door to corporate success. From the standpoint of a purchasing professional, contacting another buyer or a current supplier for referrals for new vendors is a quick, efficient way to do business. Maintaining strong, positive connections to a broad group of your colleagues increases your chances to be mentioned when a potential corporate client calls on them for a recommendation. Do your best to make sure the name they mention is yours.

THE NUMBERS TELL THE STORY

What the women business owners say

- Almost every woman (97%) surveyed pointed to her relationships with key decision-makers as a primary factor of her success.
- Relationships with purchasing personnel, as well as with end-users, were each noted as strong factors for 70% of the women's business enterprises.
- Almost half of the women's business enterprises (49%) pointed to their relationships with supplier diversity personnel as a factor in their success.
- For two thirds (66%) of women's business enterprises referrals from other suppliers were essential.

What the corporate purchasing executives say

- Almost two thirds (63%) of the firms surveyed credit the connections between supplier diversity executives and women's business enterprises as an integral part of their external marketing and outreach.
- Almost half of those surveyed (48%) use referrals from other corporate purchasing professionals.
- One third (30%) turn to their current suppliers for new contacts.

What this means to you

The fact that relationships and referrals are key is promising. Relationships are an aspect of all businesses, and leveraging them is a technique that a majority of business owners can easily master. How to initiate the most productive relationships, which includes knowing where to network with purchasing professionals, will be explored as part of the third strategy.

Relationships drive referrals, of course, which means it is vital to nurture connections with anyone who is in a position to suggest your name when asked for a recommendation. Sustaining these relationships is a cost-effective marketing device all around. Once you begin negotiating your corporate contracts, you also will be in a position to refer others.

What are Corporations Looking for From Women-Owned Businesses?

Corporations are looking for the same thing from women's business enterprises that they seek in any business negotiation: a good price and high quality. They also recognize the changing role of women and minorities as corporate stakeholders, and want to respond by ensuring diversity among their suppliers. Very few of the corporations surveyed point to the issue of social responsibility in their efforts to diversify their supplier base. It is truly a business decision.

The numbers tell the story

- A third of corporations surveyed (33%) said they work with women- and minority-owned business enterprises (W/MBEs) because these suppliers offer competitive prices and quality products and services.
- Almost half (41%) attributed changing demographics to their decision to work with W/MBEs.
- Very few corporations (8%) seek out W/MBEs only because it is the socially responsible thing to do.

PROFILE – STRATEGY NUMBER ONE

Cultivating Relationships: Make it a Two-way Street

Mary Kay Hamm, founder and president of Linden International, an IT and healthcare staffing firm located in the Philadelphia area and certified as a women's business enterprise through the Women's Business Enterprise National Council. Hamm credits relationships for much of her corporate business. The key to creating successful relationships, she says, is to focus on mutually-beneficial associations that provide value for each person involved in the transaction. Hamm reminds us that a contact in a corporation is one person living at least three roles: the career-minded professional, a member of a family and community, and a corporate representative. Paying attention to the needs of each role will establish you as a valued ally.

Hamm is an active participant on several community and corporate business development councils. Because of her volunteer efforts, she is able to work alongside both supplier diversity professionals and corporate buyers. Building a relationship around the mutual objective of women's business enterprise promotion increases her understanding of their challenges, and allows her to develop business strategies

that speak precisely to the individual's and the corporation's needs. She also has a realistic view of their accomplishments, which helps her to identify the programs that deserve recognition when the business councils honor achievements in the area of diversity. In these ways, Hamm's relationships benefit both herself and her corporate associates.

Working closely with potential clients also gives them a chance to get to know her as a possible supplier, Hamm explains. "My commitment is to creating opportunities for all women, not just for me and my company," she says. "When I work on these boards and councils, this is what people see in me. If we then have an occasion to discuss business, they already trust me and know I will do well by them."

Hamm advises other women who are trying to create business with corporations to become active with organizations. She suggests that as they become involved, they need to earnestly consider how the relationships made at these meetings can evolve into mutually beneficial associations.

2 Strategy Number TWO: INCREASE YOUR VISIBILITY

An overwhelming majority of women's business enterprises credit their corporate success to a relationship with a key corporate decision-maker – but for many who are new to the scene, starting at the top may seem beyond their reach. This is why it is important to note that a large percentage of women's business enterprises also found their relationships with purchasing agents and supplier diversity personnel to be key. The second strategy points to the importance of knowing where purchasing professionals search for new suppliers: they go to networking events, sponsor their own matchmaker events, and search their databases.

■ Go to the party

It may come as a surprise to learn that purchasing professionals are out and about, actively “working the room” in order to meet women's business enterprises. In fact, they are more likely to attend networking events than are women vendors. While only about half of the women surveyed are members of a women's business organization, three-quarters of the corporations surveyed have joined the same kinds of organizations.

■ Get on the list

While relationships are key to success, they are also limited. How many people can you realistically meet and greet? Because of this, it is imperative to understand how heavily buyers rely on internal databases, as well as lists from third-party certification organizations.

Put yourself in the shoes of a supply chain manager or other purchasing professional. Faced with the changing demands of customers and the complexities inherent in any project, you would most likely look for the speediest, most efficient way to find potential suppliers. Many buyers do this by sitting at their computer and pulling up lists of suppliers to consider. When your name is on the list, you increase the potential of establishing contact with them.

Meet Your Corporate Match

In addition to trade shows and conferences, “matchmaking” events are an excellent way to connect with corporate purchasing executives. These events allow buyers and vendors to pre-schedule meetings about projects and needs. Here's how matchmaking events work.

Small business owners and buyers complete online profiles before the events. These profiles are designed to provide information on what each has to offer. Based on the profiles, matches are created and appointments are set. Business owners and corporate representatives use the appointments to discuss potential opportunities.

When corporations participate in matchmaking events, they typically delineate specific types of businesses and/or criteria they are looking for. They may also say they want businesses with a minimum of revenue (i.e., \$5 million in annual sales).

Many corporations host their own matchmaking events, though some partner with other corporations. You can find out about these events by visiting corporate web sites. The Women's Business Enterprise National Council also provides information about upcoming matchmaking events to certified women's business enterprises.

Preferred Vendor Lists

Another way to increase your visibility is to have your company's name included on preferred vendor lists. What are these lists – and what is the benefit to being on them? And, most importantly, how does one get her company's name to appear on a corporate preferred vendor list?

Preferred vendor lists are internal databases maintained by corporations. Every corporation has its own list, developed by its own purchasing professionals and executives. The list includes vendors that have been approved by the corporation for quality, on-time delivery, and other factors. Preferred vendor lists are often maintained by smaller companies who work as prime contractors to corporations, as well.

Why be on a preferred vendor list? Most importantly, companies that are on preferred vendor lists are usually first in line to hear of business opportunities. Since they have already gone through a screening process, requests for proposals (RFPs) are usually targeted to these companies before new suppliers are considered. In many cases, purchasing executives do not initiate a search for additional vendors until companies on the preferred vendor list have responded to an RFP.

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THE NUMBERS TELL THE STORY

What the women business owners say

- Just over half (59%) of the women business enterprises surveyed are members of a local or national women's business organization.
- Four in ten (40%) participate in trade shows and conferences.
- Almost two thirds (64%) of the women's business enterprises surveyed credit their success to being on a supplier's database.

What the corporate purchasing executives say

- Three-quarters (75%) of the corporations surveyed are members of a local or national women's business organization.
- Eight in ten (80%) send supplier diversity and/or purchasing personnel to trade shows and conferences related to women's business organizations.
- The vast majority of firms (87%) provide a database of W/MBEs suppliers for all buyers.
- Almost three-quarters (73%) of the firms surveyed say they depend on internal supplier databases regularly or all the time.
- A majority of firms (64%) use the National Minority Supplier Development Council (NMSDC) list.
- Almost half (45%) rely on the Women's Business Enterprise National Council list.

What this means to you

This strategy directs you to the relationships that are critical for success: the corporate representatives who join professional membership organizations and attend conferences. When you participate in networking events and join specific lists, you increase the possibility of developing the kinds of relationships and gaining the visibility that has proven central to the success of others.

These findings also underscore the high stakes involved as one considers becoming certified. Certification is a process conducted by a third party to validate a firm as woman- or minority-owned. Based on the responses of those surveyed, suppliers who are on third-party certification lists increase their visibility with about half of their potential clients.

PROFILE – STRATEGY NUMBER TWO

Making the Most of Matchmaking Meetings

Matchmaking meetings are often considered an efficient way to meet potential clients, as the pre-event application screening connects suppliers with buyers who need their specific services or products. If you are going to invest your time in preparing a presentation and money for airfare to get there, how can you make the most of these meetings?

According to Annette Taddeo, president and CEO of LanguageSpeak, Inc., a language services firm in Miami, Florida that is certified as a women's business enterprise through the Women's Business Enterprise National Council, there are a number of ways to use matchmaking meetings. The first begins before you arrive at the event: do your research.

She suggests starting with the corporation's own web site, but then going beyond and reading recent articles about them, as well as their competition. Then, do a little more digging. "Call anyone you know who is working with them – or has worked with them – and simply talk about their impressions of the company," she says. "Ask about future goals, local and global strategies and internal concerns."

Once you have a solid understanding of the corporation you will be meeting with, the next thing you need to do is to shift expectations. She advises business owners to see the opportunities to meet one-on-one with purchasing professionals as groundwork for building a long-term relationship. "Many business owners go into the scheduled appointment thinking it

might turn into a contract," Taddeo explains. "It might, but it might not. With that expectation, you either win or lose. Another way is to approach the meeting as the first of many in a long and positive relationship. This way, you win no matter who gets the contract."

Taddeo also reminds business owners that the events are a forum for networking with supplier diversity professionals beyond the pre-scheduled appointments. "Anytime people from corporations are gathered together, it is a priceless opportunity," she says. "In some instances I have made better contacts at the gatherings held before the appointments than at the appointments themselves."

Once in the appointment, Taddeo says, make the most of the time you have scheduled. Draw on your research to develop a customized presentation that reflects your knowledge of the corporation's needs and goals. Bring enough materials to hand out to everyone in the meeting. Include copies of articles, awards and client testimonials. "Let them know you are already successful," she says. "Remember, nothing creates success like success."

After the event, it is standard to follow-up with materials and calls, Taddeo acknowledges, "but the most important thing is to keep going to events and to see the same faces again and again. It is an ongoing process," she says, "so being willing to maintain the relationships is key to creating business."

Form Strategic Alliances

The formation of strategic alliances is also a trend emerging in response to “bundling.” Bundling is the practice of combining several individual projects or potential contracts into a single large contract in order to reduce costs and improve administration efficiency. Strategic alliances are partnerships between two or more firms with complementary products or services. The alliance allows the partners to bid on larger, bundled contracts. Partners might also be able to bid on contracts more competitively as an alliance than if they each did so on their own.

An example of a strategic alliance might include a design firm, a writer and a printer combining skills and resources to bid on a marketing piece. Corporate purchasing representatives encourage women business owners to create strategic alliances in order to boost their competitive advantage.

3 Strategy Number THREE: EXPAND OPPORTUNITIES THROUGH SUBCONTRACTING

There is a trend in corporate purchasing to issue fewer, larger contracts. In many cases, this may mean that the number of opportunities to be a prime contractor is shrinking, but it also opens up new possibilities for those who pursue subcontracts. The third strategy encourages women’s business enterprises to align with 1st-tier, or prime, contractors as a way of participating in the corporate marketplace.

Subcontracting opportunities are increasing for women’s business enterprises, with more than a quarter of their revenues, on average, based on these arrangements. In fact, women’s business enterprises that receive more than three-quarters of their revenues from large corporations cite the relationships they have with 1st-tier suppliers as essential to this success. This speaks directly to the payoff of subcontracting.

Subcontracting also offers several other less tangible benefits. First, it opens the door to corporations through the prime contractor. For the women’s business enterprise, subcontracting not only creates revenue, it also has the potential to grant exposure to the corporate market.

There is also another factor that women business owners should be aware of: the increased exposure that corporations provide to their firms. Many of the corporations surveyed initiate a direct connection between 1st-tier suppliers and women’s business enterprises, and others provide lists of women’s business enterprises to their primary contractors. This suggests that establishing familiarity with corporate representatives and appearing on third party certification lists may result in corporations providing your name to their primary contractors, which enhances your exposure to 1st-tier clients for continued business.

THE NUMBERS TELL THE STORY

What the women business owners say

- The number of women's business enterprises with 1st-tier contracts has decreased from 80% to 74% in the past three years.
- At the same time, the number of women's business enterprises with 2nd-tier contracts has increased from 18% to 22%.
- Women's business enterprises that receive more than 75% of their revenues from large corporations cite the relationships they have with 1st-tier suppliers as essential to their success.

What the corporate purchasing executives say

- An overwhelming majority (79%) encourage 1st-tier contractors to stress diversity as they seek subcontractors.
- More than half of them walk their talk: 61% report that they track the prime suppliers' subcontracts with women business enterprises.
- Slightly more than half of the corporations surveyed (52%) say they will initiate a direct connection between 1st-tier suppliers and women's business enterprises.
- Another 46% provide lists of women's business enterprises to their primary contractors.
- Of the firms surveyed, 43% say they mentor or counsel women's business enterprises on becoming 2nd-tier suppliers.

What it means for you

This strategy is powerful, as it makes the most of the changes in the corporate marketplace. While fewer and larger contracts mean a smaller number of prime contracts for women's business enterprises to bid on, it also means increasing 2nd-tier opportunities. Subcontracting with prime contractors is an important part of the track record for women's business enterprises with the highest incomes. Aligning with firms who need subcontractors may be a fruitful avenue for other women business owners, as well.

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Relationships Can Make All the Difference

How does a company get on a preferred vendor list? On one hand, it is simply a matter of submitting an application, and possibly hosting an on-site inspection from a corporate representative. Each corporation has its own system for processing and evaluating applicants, so contact the purchasing department for specific requirements. If you want to be on the preferred vendor list with a prime contractor who works with corporations, try contacting their small business liaison for application materials.

On the other hand, however, acceptance to the preferred vendor list goes beyond a carefully prepared application packet. There are many companies vying for spots on these lists, so you need to make sure your application goes to the top of the pile. Many corporations review applicants who have relationships with key decision-makers and purchasing professionals before they consider other firms. This points to the critical importance of cultivating relationships, as they can truly make or break the application process.

PROFILE – STRATEGY NUMBER THREE

Subcontracting Can Expand Opportunities and Enhance Efficiency

Subcontracting is a strategy with a number of payoffs, according to Nancy Connolly, president and founder of Lasertone, Corp. in Littleton, MA. Connolly is certified as a women's business enterprise through the Women's Business Enterprise National Council. Her firm manufactures and sells laser cartridges, and some of her best customers are 1st-tier contractors who provide office products to corporate clients.

The benefits of subcontracting are clear in terms of growing the business and building relationships. Lasertone fulfills large orders for the prime contractor, and creates positive connections with both the contractor and the corporation. When the prime contractor expands into new corporate markets, they know they can count on Lasertone to help meet the potential demand. And, because twenty percent of an office supply budget is spent on cartridges, Connolly explained, some corporations look for a unique supplier. In this situation, being the "known" can make or break a deal.

This recently occurred with Fleet Financial of Boston, where Lasertone served as a subcontractor for the bank's 1st-tier office product supplier. The bank chose to develop a separate contract for toner, and selected Lasertone as the prime supplier. Connolly credits this business with the relationship she built with Fleet as a subcontractor.

There are other payoffs to subcontracting that may not be as obvious, Connolly explains, but are equally as valuable. Subcontracting can help to enhance effi-

ciency and decrease overhead. Connolly points to distribution as an example. When she subcontracts with a prime who works with multiple corporate sites, Lasertone can deliver in bulk to the prime and save the cost and complexity of shipping.

"If I had to add the cost of shipping to every order, I would not be as competitive," Connolly explains. "Working as a subcontractor increases my orders and keeps my costs down. I pass on the savings to the prime, who passes them on to the client. When you make subcontracting seamless, everybody wins"

Connolly advises other women who are interested in subcontracting to identify challenge areas in their businesses that might be addressed by working with a 1st-tier supplier. She also suggests starting small. This was her approach with Ford Motor Company, and it resulted in one contract increasing from \$200K to \$800K within a year.

In this situation, the supplier diversity managers at Ford Motor Company referred Connolly to their prime contractor, who is also a minority. The prime provided twenty products to Ford. Connolly asked them to consider including just two of Lasertone's products, which they did. Once the prime understood the value that Lasertone brought to their contract with Ford, the subcontract grew.

Connolly also encourages businesswomen to learn about the prime's needs, and to respect current contracts between primes and corporate clients. And, she says, creating a subcontracting relationship can be a slow process – sometimes up to a year – but the potential rewards are worth the wait.

4 Strategy Number FOUR: GET CERTIFIED

Certification is important because it validates that your firm is a majority woman-owned firm and is a woman-operated company. A number of corporations surveyed are actively expanding the role of women-owned businesses as suppliers, and they need assurance that the firms they are working with are majority-owned by women or a minority. When a woman-owned business is certified, corporate representatives know that hers is precisely the kind of company they are trying to reach. Being certified immediately establishes you as a qualified candidate for clients who are seeking diversity.

Certification, therefore, can get you in the door through the supplier diversity department. And, once you're in, it can help to seal a deal. It can also broaden your company's exposure, as a majority of purchasing professionals surveyed use lists of certified corporations to find new suppliers.

How to Identify Large Corporations Who Want to Work with Women Business Owners

The Center for Women's Business Research's study demonstrates that there are corporations that are committed to diversity, which suggests your efforts may be most productive by focusing on these firms. Identifying these corporations is fairly straight-forward. An average of 43% of the firms surveyed reference their supplier diversity initiatives on their web sites, and a number of professional organizations rate corporations in this area. The Women's Business Enterprise National Council web site, (www.wbenc.org) for example, lists corporations that accept its certification. The web sites listed in this guide provide a good starting place for researching corporations with supplier diversity programs. Be sure to consult the web sites of the major corporations as well to learn about their individual diversity supplier efforts.

The Commitment to Diversity in Corporate Purchasing

Many readers of this guidebook may be familiar with the corporate commitment to diversity in overall hiring practices. Many corporations also institute policies to increase diversity specifically in the area of purchasing.

- Half (50%) of the corporations require diversity training for all buyers.
- Close to a third (32%) of them offer buyers incentives for using suppliers who are women's business enterprises.

Many corporations also encourage their prime contractors to pursue women's business enterprises.

- A majority (79%) encourage their primary contractors to focus on diversity as they consider bids.
- Almost two thirds (61%) of them report that they track their prime suppliers' subcontracts to confirm the number of diverse subcontractors.
- More than half (52%) of the corporations surveyed initiate a direct connection between 1st-tier suppliers and women's business enterprises.

How to Become Certified

Becoming certified as a women's business enterprise requires an application process through a third-party organization. There are a number of organizations that provide this service. Some focus on certain regions, some are state-based, and others cover a national market. There are also organizations that issue certification based on one's ethnic status. The process, cost and benefits of certification can vary according to the organization – though you can register with more than one – so be sure to shop around as you consider the investment.

There are also consultants who will assist you in finding the right certification process for your firm, and will help you with application forms.

The resource section at the back of this guide provides information about two national certifying organizations, as well as a sample list of what is required by each of them. For information about state or local certification organizations, contact your state business development agency or office. Most state web sites include information about this office and state-based certification.

THE NUMBERS TELL THE STORY

What the women business owners say

- Almost half (44%) of the women's business enterprises surveyed say that certification was somewhat or very helpful in getting business with corporations.
- Over half (56%) reported that being certified made a positive difference in finalizing a contract.

What the corporate purchasing executives say

- An overwhelming majority (79%) report that they have internal policies promoting doing business with women's business enterprises.
- More than half (54%) have written goals for reaching out to women's business enterprises in their purchasing efforts.
- More than a third (38%) require that all competed contracts require bids from women's business enterprises.

What this means for you

When corporations seek supplier diversity, being a woman-owned firm adds a competitive advantage to your product or service. In order to put this to work, however, corporations must know that you are among the women-owned businesses they are looking for. Certification is the way to provide the validation your potential clients need.

PROFILE – STRATEGY NUMBER FOUR

Putting Certification to Work

Rebecca Boenigk is CEO and Chairman of the Board of Neutral Posture, a manufacturer of office chairs located in Bryan, Texas. She points to the use of the firm's certification as a women's business enterprise through the Women's Business Enterprise National Council status as one way of creating new business – and more importantly, knowing how to make the certification work for the company. When she sends sales representatives into the field, for example, Boenigk makes sure they are all trained to discuss the firm's certification in addition to the value of the products they sell.

"Sales reps may not realize the degree to which diversity and certification can make a difference in creating a sale," she explains. "This is especially true for men who represent the firm. It is critical to educate them on these issues, as it is another level of expertise they may not already have."

Boenigk doesn't stop there in using the certification status to leverage new business. While a sales force of seventy-two works with clients who are in the market for office furniture, an additional full-time sales coordinator cultivates business solely through working with the Supplier Diversity Managers in the corporate and government markets.

"Diversity is simply another door," Boenigk explains. "Supplier diversity executives are trying to find the best suppliers, and to make sure they are using women and minorities. Using this entrée is a way of making the most of our certification as a women's business enterprise."

The sales coordinator for diversity attends events, uses lists and online research, and conducts sales calls.

"Certification is simply a mechanism that has the potential to create opportunities," Boenigk says. "It is important to understand how to make it work best for your company."

THE NUMBERS TELL THE STORY

What the women business owners say

- Almost all of those surveyed (94%) rate patience and perseverance as extremely important.
- More than half (56%) report that back-office systems, such as accounting, administration and technology are critical.

What the corporate purchasing executives say

- Almost all of the corporations surveyed (93%) rate responsiveness as a very or extremely important quality in a supplier.
- A majority (92%) also rate the price of goods and services as extremely important.
- Problem solving is also in high demand, as 89% look for creativity in offering solutions.
- Professionalism of the company representatives is valued by a great majority (82%).
- More than half (60%) value the willingness to consider smaller contracts.

What this means to you

This strategy combines creativity, patience and professionalism. Today's corporate climate is one of constant change and escalating demands, and purchasing professionals must be able to count on vendors to partner with them as they face these challenges. Your willingness to be flexible, to problem solve and to provide professional follow-through helps define your competitive edge. At the same time, no matter how diligently you work to address the buyer's needs, you may need to persevere before you find success.

5 Strategy Number FIVE: BE RESPONSIVE, BE COST-EFFECTIVE, BE CREATIVE, AND PERSEVERE

This strategy points to the fact that corporations are looking for vendors who can help them meet the demands of constant change. They want to work with firms that are prepared to shift gears when needed, offer a competitive price, and contribute to problem-solving. They also value professionalism and the willingness to start small and build to larger contracts.

The women's business enterprises that have successfully faced the challenges of these varied demands give patience and perseverance a lot of credit. They also recognize the importance of already having systems in place when presenting a proposal.

PROFILE – STRATEGY NUMBER FIVE

Combining Strategies: Start Small, Be Responsive, Use Your Certification Status

The willingness to start small allowed Terri Hornsby, president of T.L.C. Adcentives in Katy, Texas, to turn a \$30 contract with Texaco into \$90,000 in revenues within a year. T.L.C. Adcentives is a promotional advertising firm helping companies to establish additional brand recognition through logo items. The firm is certified as a women's business enterprise through the Women's Business Enterprise National Council

"The original invoice was small," she acknowledges, "but I didn't go after it for the money. I saw it as the door into a major oil company."

Her next contract was for \$300, and the projects took off from there. Why was a huge corporation looking for a \$30 contract in the first place? "It was one of many they were directing to my competitor, who had done several projects with them. The client asked them to bid on the project five times, but they ignored the request because it was too small. They simply weren't responsive."

Hornsby uses a combination of strategies to access the corporate market. In addition to the willingness to respond to a potential client's needs, for example, she also credits her success to certification as a women's business enterprise. She stresses however, that it is not simply being certified that creates the business. "Certification gives you an entrée into a number of venues," she says, "but taking advantage of them is the way to make certification work."

She advises women to attend meetings geared to women's business enterprises and purchasing professionals, as well to participate regularly in the golf tournaments and other organized networking events. She points to her own participation on several committees as key in creating contacts that resulted in business opportunities.

"Some may think that certification can provide a windfall," she says, "but on its own, it doesn't. It provides an advantage, which makes relationships easier to cultivate. It is up to the women's business enterprise to make the most of this advantage."

TRENDS IN CORPORATE PURCHASING

The corporate environment is in a constant state of transition. An unpredictable economy, breakthroughs in technology, and increasing globalization all contribute to a climate of rapid, complex change. It is imperative to remain informed about these developments in order to stay competitive.

While there are vast changes that impact businesses overall, there are also isolated trends that drive specific areas. The following trends reflect major changes related to the area of purchasing.

Increased Demands Shift the Focus to the Supply Chain

As customers demand more responsiveness, increased options, faster turn-around time and speedier deliveries, corporations are using the supply chain to define their competitive edge.

According to the Supply Chain Council, the supply chain “encompasses every effort involved in producing and delivering a final product or service, from the supplier’s supplier to the customer’s customer.”

For you, the potential vendor, this means the corporation is usually assessing your value as part of this chain. If your product or service increases the corporation’s ability to be more flexible and responsive with their customers, you will be offering them a competitive advantage.

The Drive to Cut Costs

A large majority (86%) of the corporations surveyed cite pressure to cut costs as one of the most significant factors impacting purchasing decisions. This is critical information to use as you approach corporate representatives. It points to the need for your presentation to integrate ways in which your company can support a corporation’s effort to reduce overhead.

The Trend Toward Larger – and Fewer – Contracts

A large percentage (81%) of corporations are now using “bundled contracts” to increase efficiency and reduce their own costs. In the wake of more aggregated or bundled contracts, many companies are extending their diversity efforts into working with 1st-tier suppliers to increase the diversity of 2nd-tier suppliers. In this scenario, corporations award contracts to 1st-tier suppliers, who are also known as prime or primary contractors. These prime contractors then request bids from other firms for specific sections of the contract. The corporations who win these bids are called 2nd-tier suppliers, secondary contractors or sub-contractors. More than three-quarters (79%) of corporations talk with and encourage 1st-tier suppliers to focus on supplier diversity efforts and 61% measure the use of WBE/MBE suppliers by 1st-tier suppliers.

A Shift Toward Centralization

Centralization was cited by more than half (56%) of the corporations surveyed as having an important or significant impact on purchasing. The trend is important for women business owners who seek to cultivate relationships with corporate purchasing executives. Buyers may be located in a central office, even if one’s products or services are targeted in a regional or satellite facility.

Technology

There is a continuing trend in purchasing to use technology and online contracting to further increase the efficiency of the supply chain. It will benefit you, as a woman business owner seeking access to corporate markets, to become familiar with this trend through web sites and other sources, and to familiarize yourself with how your targeted corporations are utilizing technology to enhance their procurement process.

TRENDS FOR WOMEN BUSINESS OWNERS

Accelerated Growth

Women business owners are successful at launching, managing and increasing the revenues of their firms – the numbers make that clear. They are major players in the business arena. From 1997-2002, the Center for Women's Business Research estimates that the number of majority-owned, privately-held firms owned by women grew at twice the rate of all privately-held U.S. firms, (14% vs.7%) and totaled over 6.2 million in 2002. Sales generated by these firms totaled nearly \$1.5 trillion in 2002, an increase of 40% from 1997. The number of employees in these firms grew by 30% (1.5 times the national average) in the same period, employing a workforce of 9.2 million individuals.

What's Next?

It must be noted that women business owners surveyed for the Center for Women's Business Research study, *Access to Markets: Perspectives from Large Corporations and Women's Business Enterprises*, have pursued third-party certification as women's business enterprises, and thus represent women business owners who are serious about seeking entry to corporate markets. Their successes clearly represent what is possible for those who want to do business with large corporations.

What's next for women business owners in the corporate marketplace? Though challenges still exist, the experiences of women's business enterprises and the evidence of corporate interest described here strongly suggests that corporate markets represent a growing opportunity. If the readers of this guide combine the strategies of successful women entrepreneurs with an understanding of corporate needs, they can share in the lucrative opportunities of the corporate market.

CERTIFICATION BASICS

What does it mean to be certified as a “women’s business enterprise”?

Certification as a women’s business enterprise means that at least 51% of a company is owned by a woman or women, and that a woman or women manage and control business operations. Certification assures corporations and prime contractors that a company has been validated by a third party as being woman-owned and operated. It is key for doing business with corporations who are committed to increasing supplier diversity.

How does a company become certified?

Becoming certified as a women’s business enterprise requires an application process through a third-party organization. There are a number of organizations that provide this service. Some focus on certain regions, while others cover a national market. There are also organizations that issue certification based on one’s ethnic status, such as the National Minority Supplier Development Council.

The process, cost and benefits of certification can vary according to the organization – though you can register with more than one – so be sure to shop around as you consider the investment. There are also consultants who will assist you in finding the right certification process for your firm, and will help you with application forms.

The Women’s Business Enterprise National Council (WBENC)

The Women’s Business Enterprise National Council is one of the best known national organizations providing certification for women’s business owners. More detailed information is available on their web site. www.wbenc.org

The Women’s Business Enterprise National Council is dedicated to enhancing opportunities for women’s business enterprises. Their certification is accepted by more than 500 major corporations across the country and a number of federal and government agencies.

Certification by the Women’s Business Enterprise National Council allows women’s business enterprises to be listed on the WBENCLinc database, which is used by purchasing professionals to identify vendors. In addition to being listed on the database, other benefits include training programs, matchmaker meetings and access to Internet tools that serve as communication vehicles for women’s business enterprises and potential customers.

The National Women Business Owners Corporation

www.nwboc.org

Another national certification organization is the National Women Business Owners Corporation (NWBOC), an affiliate of the National Association of Women Business Owners, which was established to increase competition for corporate and government contracts.

NWBOC certification includes having one’s company listed in an online database of women business enterprises called Marketplace.

CERTIFICATION: What is Required?

There are a number of documents and materials required in order to confirm that a business can be certified as a women's business enterprise. The following is a list of generally required materials to be attached to the application and certification affidavit. For more information, consult the web site of the third party certifier.

I. General Information

- History of Business
- Professional and business license(s)
- Resumes of owners, board of directors and key management team
- Copy of bank signature authorization card or corporate resolution
- Current union agreement(s), if applicable

II. Owner Eligibility

- Evidence of gender for woman (women) owner(s)
- Evidence of U.S. citizenship (examples include a U.S. passport, U.S. birth certificate or naturalization papers), or Legal Resident Alien status (a legal resident alien card)

III. Financial Structuring

- Financial statements, including:
 - profit and loss statement;
 - balance sheet for last complete year of operation or length of time business has been in operation (for a new business that has been in operation for less than one year, include the opening balance sheet)
- Copies of the following documents that are both currently active as well as any initiated within the three years prior to this application:
 - debt instruments
 - equipment rental and purchase agreements
 - real estate leases
- Three years of income tax returns (includes current and prior two years federal income tax returns for the business. For businesses less than three years old, substitute personal federal income tax returns for the appropriate number of years.)

IV. Management Information

Copies of the following documents that are both currently active as well as any initiated within the three years prior to this application:

- management/consulting agreements (agreements that influence the management and/or operations of the Applicant company)
- service agreements (agreements that influence the day-to-day operations, including the production and/or distribution of the Applicant's product or service)
- Affiliate/subsidiary agreements (if the affiliate/subsidiary company is a Women's Business Enterprise, include a copy of the Women's Business Enterprise certificate; otherwise, just include the agreement)

V. Personnel

- List of all full-/part-time employees by name, position and length of service
- Itemized employee payroll for the month prior to submitting this application (Note: this refers only to internal employees, not those who might be leased to/from other companies)
- W-2s and/or 1099 forms from every officer, director or owner receiving compensation from the company for the most recent year

VI. Legal Structure

For Sole Proprietor

- Assumed Name Documents

For Partnership

- Partnership Agreements
- Limited Partnership Certificate; if Applicant is a limited partnership, submit a certificate of existence and copy of the certificate of limited partnership issued by the state of formation
- Buy-Out Rights Agreement
- Profit Sharing Agreements
- Proof of capital investment by all partners

For Corporations

- Certificate of incorporation
- Articles of incorporation
- Minutes from shareholders' first organization meeting and from first board of directors' meeting
- Minutes from the shareholders'/board of directors' meeting establishing current ownership
- Minutes from the most recent meeting of shareholders
- Minutes from most recent meeting of board of directors
- Corporation's bylaws
- Certificate from the secretary certifying the names of all current members of the board of directors
- Both sides of ALL stock certificates
- Stock transfer ledger
- Proof of stock purchase or equity investment for woman (women) owner(s)
- Voting agreements and other equity interests including stock options, warrants, buy/sell agreements and right of first refusal
- If an out-of-state corporation, proof of authority to do business in the state where application is made
- Schedule of advances made to corporation by shareholders for the preceding three years

For Limited Liability Company (LLC)

- Articles of organization
- Certificate of organization (for businesses in states that issue certificates)
- LLC Regulations and/or Operating Agreement and/or Member Agreement
- Member List with Titles
- Proof of Equity Investment for Woman (Women) Owner(s)
- If an out of state LLC, Proof of Authority to do business in the State where application is made
- Schedule of Advances made to LLC by members for the preceding three years

RESOURCES FOR CREATING CORPORATE CLIENTS

Useful Websites, Organizations & Publications

The following resources to help women entrepreneurs and others explore the issues of access to markets and corporate purchasing do not comprise a comprehensive list. It is offered to help you begin your exploration. We have included Internet Web sites, books, journals and magazines, and a list of organizations that are focused on opening markets for women business owners. Inclusion in this guide does not imply endorsement on the part of the Center for Women's Business Research nor of the study underwriters.

WOMEN and BUSINESS

Women's Business Enterprise National Council

<http://www.wbenc.org>

WBENC, created in 1997, is dedicated to enhancing opportunities for women's business enterprises in America's major business markets. In partnership with women's business organizations throughout the United States, WBENC provides access to a national standard of certification and provides information on certified women's businesses to purchasing managers through an Internet database – WBENCLink.

Online Women's Business Center, U.S. Small Business Administration

<http://www.onlinewbc.gov>

Find a women business center in your state, OWBO promotes the growth of women-owned businesses through programs that address business training and technical assistance, and provide access to credit and capital, federal contracts, and international trade opportunities. With a women's business ownership representative in every SBA district office, a nationwide network of mentoring roundtables, women's business centers in nearly every state and territory, women-owned venture capital companies, and the Online Women's Business Center, OWBO is helping unprecedented numbers of women start and build successful businesses.

SCORE

www.score.org

SCORE "Counselors to America's Small Business" is a nonprofit association dedicated to entrepreneur education and the formation, growth and success of small business nationwide. SCORE volunteers provide free, confidential face-to-face and email business counseling to America's entrepreneurs. Counseling and workshops are offered at 389 chapter offices across the country.

The National Women Business Owners Corporation

<http://www.nwbo.org>

The NWBOC was established to increase competition for corporate and government contracts through implementation of a pioneering economic development strategy for women business owners. NWBOC provides a national certification program for women owned and controlled business as an alternative to the multiple state and local certifications required by many public and private sector agencies. Over 100 private and public agencies now accept NWBOC certification.

Women-21.gov

<http://www.women-21.gov>

Women-21.gov is a premier one-stop federal resource for targeted information, registration for online programs, and networking opportunities to help women entrepreneurs navigate the ever-changing business world and do what they do best: innovate, create jobs, and make a vital contribution to the strength of America.

PURCHASING and SUPPLIER DIVERSITY

Institute for Supply Management

<http://www.ism.ws>

ISM is a communication link with more than 48,000 purchasing and supply management professionals. ISM is a progressive association with a mission to provide national and international leadership in purchasing and materials management, particularly in the areas of education, research and standards of excellence. Through various resources and a network of 180 affiliated organizations, ISM provides opportunities for expansion of professional skills and knowledge. A not-for-profit association, ISM offers a wide range of educational products and programs.

National Minority Supplier Development Council, Inc.

<http://www.nmsdc.org>

Providing a direct link between corporate America and minority-owned businesses is the primary objective of the National Minority Supplier Development Council, one of the country's leading business membership organizations. It was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.

The Supply Chain Council

<http://supply-chain.org>

The Supply Chain Council is a membership organization dedicated to encouraging the use of the Supply Chain Operations Reference model (SCOR) as the standard process reference model. The council provides educational materials, procedures workshops and events and hosts an Internet forum.

DIVERSITY and BUSINESS

The MWBE Directory

<http://www.themwbedirectory.com>

The MWBE directory is a comprehensive on-line directory of minority- and women-owned business enterprises. The MWBE directory provides a platform for corporations to promote their dedication to diversity while providing an information portal to access vital, timely information about minority- and women-owned business enterprises nationwide. The MWBE directory is not an on-line bid service; it is a searchable database of the most up-to-date information on minority and women business enterprises.

National Minority Business Council, Inc.

<http://www.nmbc.org>

The NMBC has been helping small, minority- and women-owned businesses succeed for over a quarter century. Founded in 1972 as a full-service, non-profit (501)(c)(3) corporation, the organization is dedicated to providing business assistance, educational opportunities, seminars, purchasing exchanges, mentoring, business listings and related services to hundreds of businesses throughout the tri-state area and across the nation.

Procurement Marketing and Access Network, U.S. Small Business Administration

<http://www.pro-net.sba.gov>

Pro-Net is an Internet-based database of information on more than 195,000 small, disadvantaged, 8(a), HUBZone, and women-owned businesses. It is free to federal and state government agencies as well as prime and other contractors seeking small business contractors, subcontractors and/or partnership opportunities. Pro-Net is open to all small firms seeking federal, state and private contracts.



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