



FISCAL YEAR 2011
SUPPLIER DIVERSITY OFFICE
SMALL BUSINESS PURCHASING PROGRAM
ANNUAL REPORT

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The Massachusetts Small Business Purchasing Program (SBPP), under the Supplier Diversity Office (SDO) of the Operational Services Division (OSD) of the Commonwealth of Massachusetts hereby submits this Annual Report to the Secretary of the Executive Office for Administration and Finance on the effectiveness of the program, including the total expenditures made to Small Businesses for non-construction goods and services, the number of eligible Small Businesses participating in the Program, and the outreach and training efforts of the Small Business Purchasing Program. On June 29, 2010, Governor Deval Patrick issued Executive Order No. 523, Establishing the Massachusetts Small Business Purchasing Program, which recognizes the importance of Massachusetts' small businesses and the impact and challenges the latest recession has placed upon them. Accordingly, the SBPP endeavors to increase state spending with participating Massachusetts-based small businesses while providing easy access to information and resources that can assist the small business community.

Small Business Purchasing Program's Definition of a Small Business¹

Any entity, including all of its affiliates combined, is eligible to participate in the Small Business Purchasing Program if that entity, exclusively through Comm-PASS SmartBid, accepts the participation agreement and attests to meeting all program criteria below, as applicable:

- has its principal place of business in Massachusetts;
- has been in business for at least one year;
- currently employs a combined total of 50 or fewer full-time equivalents in all locations;
- has gross revenues as reported on the appropriate IRS tax form of \$15 million or less, based on a 3-year average; and,

EITHER

- for any entity attesting to Business Type "For-Profit":
 - is organized under the laws of the Commonwealth or is properly registered to do business in the Commonwealth; and
 - is independently owned and operated.

OR

- for any entity attesting to Business Type "Non-Profit" (i.e. 501(c)):
 - is registered as a nonprofit or charitable organization with and up to date on its filings with the Massachusetts Attorney General's Office; and
 - is tax-exempt under Section 501(c) of the Internal Revenue Code, i.e. organized and operated exclusively for exempt purposes set forth in section 501(c) and none of its earnings may inure to any private shareholder or individual.

The SBPP supports the existence and growth of small businesses in Massachusetts by directing state spending for non-construction goods and services to SBPP-participating vendors in Comm-PASS. Additionally, the SBPP strives to:

- increase the dollars spent by the Commonwealth with participating registered small businesses;

¹ <http://www.mass.gov/anf/budget-taxes-and-procurement/procurement-info-and-res/sell-to-the-state/sbpp/welcome-to-the-small-business-purchasing-program.html>

- build a network of advocates, liaisons, mentors, and recruiters ready to assist small businesses; and
- partner with Massachusetts small businesses to strengthen our economy, innovate new job creation, and become a source of community empowerment and economic revitalization.

FY2011 SBPP Accomplishments:

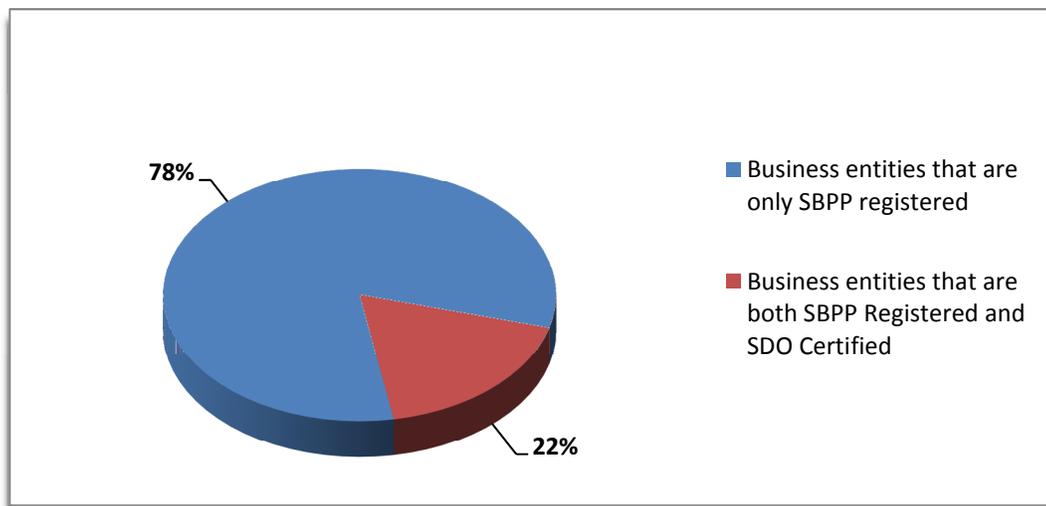
1) Access to Bidding Opportunities Available to All Businesses:

During the initial year of the SBPP, only SBPP-qualified small businesses who registered in the Commonwealth’s Procurement Access and Solicitation System (Comm-PASS) had their \$275 annual subscription fee waived. This resulted in a benefit to small businesses that participated in the SBPP program. Effective July 1, 2011, this subscription fee requirement was rescinded for all vendors by Governor Patrick in a directive to remove this barrier to doing business with the Commonwealth. Any entity wishing to have a subscription to Comm-PASS is now able to do so free of charge. As an additional benefit, Comm-PASS business directory priority was given to SBPP participating businesses so that they would be listed ahead of non-participating businesses in the searchable, central directory used by public purchasers seeking vendors to do business with.

2) SBPP Participation Growth:

In this initial fiscal year the population of the SBPP grew to 1,925 participants. Our goal is to increase the number of SBPP participants by an additional one thousand by the end of FY2012. Of the 1,925 program participants at the end of FY2011, 423 are Supplier Diversity Office (SDO) certified Minority Business Enterprises (MBE) and/or Women Business Enterprises (WBE).

SBPP population including certified MBE and WBE participants



3) SBPP Policy Enhancement:

In an effort to increase contract opportunities for SBPP participants, OSD issued a new policy on May 23, 2011 (OSD Policy Guidance 11-05²: Revised Procurement Threshold Levels and Revised Small Business Purchasing Program Requirements (implementation of Executive Order 523 and Executive Order 533) (Amending OSD Policy Guidance PG11-01)), requiring Executive Departments to target the notification of small procurements (valued between \$5,000 and \$150,000) to SBPP participants on Comm-PASS. The SBPP participant(s) who submitted the “best value” response would be awarded a contract.

SBPP Policy

Consistent with the new procurement thresholds, Executive Departments must award contracts for Small Procurements (now set at \$5,000 - \$150,000) to SBPP-participating small business bidders (1) if a response is received from an eligible small business and (2) if their response meets the Department’s specifications/requirements. While all businesses interested in bidding on these Small Procurements may do so, it is the intention of the SBPP to only evaluate bids received from and to award a contract to an SBPP-participating bidder that meets the Department’s specifications/requirements. An award may only be made to a non-SBPP eligible bidder if there are no responses received from a registered eligible small business or if responses received from a registered eligible small business do not meet the requirements of the Small Procurement.
(from OSD Policy Guidance 11-05)

For more information please visit our website at www.mass.gov/sbpp

4) SBPP Reporting Development and Spend Results:

In the third quarter of FY2011, OSD provided to the Office of the Comptroller (CTR) a list of those businesses registered on Comm-PASS as SBPP participants and requested that the CTR’s Office add a Small Business (“SBUS”) distinction on each SBPP participants Vendor Code on the Massachusetts Management Accounting and Reporting System (MMARS), thereby enabling the production of SBPP spend reports. The final FY2011 data is limited, as it includes only the captured SBPP data due to the timing of the coding of the vendors as small businesses. This report indicates that 73 departments spent \$59,693,832 in FY2011.

5) SBPP Marketing, Training and Outreach:

During FY2011, SBPP marketing, outreach, and training events were conducted throughout the Commonwealth. Training was provided to the SBPP registered businesses as well as Executive Departments. The businesses had the opportunity to attend the “Small Business Purchasing Program Overview - Comm-PASS SmartBid and Free Form Quick Quote” training seminar. Separate procurement training was provided to every Executive Department. Over 240 state employees, including SBPP Liaisons, managers and other key staff attended one of the 28 two hour Overview Sessions that were scheduled and conducted during the five month period (June-October). In

² <http://www.mass.gov/anf/budget-taxes-and-procurement/procurement-info-and-res/conduct-a-procurement/osd-policies-regs/osd-policy.html>

FY2011, 133 SBPP vendors registered for the “A Small Business Purchasing Program Overview - Comm-PASS SmartBid and Free Form Quick Quote” training.

Marketing efforts included about 105 contact activities to the SBPP population as well as Chambers of Commerce and various Business Associations. The contact actions included email, social media, print media, and events. Approximately 1,000 enrolled entities are directly attributable to these efforts.

Going forward the OSD Supplier Diversity Office will continue to work with the OSD Marketing, Outreach and Training Unit to promote training and business development opportunities, as well as encourage SBPP registration by certified Minority Business Enterprises (MBE) and Women Business Enterprises (WBE) to continue to grow the program.

Looking forward into FY2012:

1) FY2012 SBPP Reporting Enhancement:

In FY2012, the Supplier Diversity Office (SDO) will begin tracking and reporting SBPP spending data on a quarterly basis and establish a methodology to set SBPP benchmarks by department. The SBPP spend captured for FY2011 includes ARRA funds and therefore a comparative projection of SBPP spending for FY2012 is not possible.

2) FY2012 Verification of SBPP Participant Qualifications:

In addition, OSD has been working with the Department of Revenue (DOR) to establish a data exchange and verification process in order to confirm that SBPP participants are in fact small businesses that meet the definition established in Executive Order 523 and SBPP policies. This initiative commenced in FY2011 and has been an ongoing effort between OSD and DOR.