

Baker-Polito Administration Announces Further Improvements to Supplier Diversity Efforts and Highlights Strides in Fiscal Year 2021

Executive Order bolstering Supplier Diversity Office signed alongside release of Supplier Diversity Fiscal Year 2021 Annual Report

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- Office of Governor Charlie Baker and Lt. Governor Karyn Polito
- Governor's Press Office
- Executive Office for Administration and Finance
- Supplier Diversity Office (SDO)

BOSTON — The Baker-Polito Administration today announced several improvements and updates to the state's supplier diversity efforts that will further strengthen the Commonwealth's commitment to equity in the state's contracting process, including a new [Executive Order](#) that will provide greater opportunities for diverse and small Massachusetts businesses. The Administration also announced several new tools and new outreach efforts to further expand the network of diverse businesses working with state government. In addition, the Administration also issued its [Fiscal Year 2021 Supplier Diversity Annual Report](#), which provides results from [the recent elevation of the Supplier Diversity Office as its own state agency](#), including investments in technology, staffing and other resources that will help to remove barriers and provide equity of opportunity for diverse and small businesses.

"Small and diverse businesses are critical components of the Massachusetts economy, and our Administration has been focused on expanding opportunities for these companies in the public marketplace," **said Governor Charlie Baker**. "I am proud to sign this Executive Order today and identify steps that will continue our work to ensure greater diversity, transparency and accountability in our state contracting process."

"The Supplier Diversity Office, which our administration elevated as a state agency in 2020, has made great progress in formalizing and expanding fair and equitable procurement processes for the Commonwealth," **said Lt. Governor Karyn Polito**. "Diverse and small businesses will further benefit from the changes outlined in the Executive Order signed today, which will centralize staff dedicated to promoting equity at the SDO and strengthen its efforts to support the diverse business community."

New Executive Order: Governor Baker today signed Executive Order 599, which consolidates administration and oversight of the state's supplier diversity program, small business purchasing program and related initiatives under the newly-formed Supplier Diversity Office (SDO).

The SDO's mission is to promote diversity, equity, and inclusion in state contracting. The SDO's primary tool for fulfilling this mission is by certifying businesses owned by minorities, women, veterans, service-disabled veterans, those with a disability, and LGBT individuals, as well as small Massachusetts businesses. This certification helps enhance the marketability of these businesses when bidding on public contracts. [Click here to view the Executive Order.](#)

In addition to consolidating business diversity and inclusion efforts under the SDO, the Executive Order also:

- Creates a Supplier Diversity Office Diverse and Small Business Advisory Board, a 15-person board which will guide and advise the SDO in fulfilling its mission to promote equity and fairness in state contracting.

- Calls for the appointment of a Secretariat or Agency Supplier Diversity Officer in each state department who will be responsible for ensuring that diverse and small business spending benchmarks are met and developing procurement plans to be promoted to diverse and small businesses.
- Directs the SDO to expand its outreach to other public entities to advance improved opportunity for all categories of diverse and small businesses in all areas of public procurement, contracting, and other areas of public sector commerce, including providing resources to help eliminate barriers for diverse and small businesses such as access to capital, training and technical assistance programs. One such resource is the [Municipal Supplier Diversity Playbook](#), issued by the SDO in FY2021, which can be used by cities and towns to establish their own local supplier diversity programs.
- Creates a new SDO compliance unit that will ensure the integrity of SDO programs by reviewing compliance with the certification process, as well as contractor compliance with supplier diversity commitments and agency compliance with state-mandated benchmarks for spending with diverse and small businesses.

New SDO Annual Report Shows Continued Growth and Innovation: The Executive Order coincides with the release of the [SDO's Fiscal Year 2021 \(FY21\) Annual Report](#). The report details advancements in the SDO's mission of expanding contracting opportunities with businesses owned by minorities, women, veterans, service-disabled veterans, those with a disability and LGBT individuals, as well as small Massachusetts businesses. [Click here to view the report.](#)

The SDO's report indicates that the Commonwealth spent approximately \$2.85 billion with diverse and small businesses in FY21, a 26.7% increase over the prior year. This spending includes discretionary (or program) spending of approximately \$1.87 billion, a 17.6% increase over Fiscal Year 2020 (FY2020), and nondiscretionary spending of \$981 million, a more than 48% increase over FY2020. Furthermore, benchmarks for state department spending for small businesses, minority-owned businesses, and women-owned businesses were exceeded by 33%, 9.8%, and 38.4% respectively.

Other highlights of the Annual Report include:

- Overall Minority Business Enterprise (MBE) spending grew by \$88 million in FY2021 over the prior year. The SDO reported growth in all race and ethnicity categories, especially in Black (84%), Hispanic/Latino (23%), Asian American (Pacific) (19%) and Asian American (Subcontinent) (36%) categories.
- State spending with Black businesses grew by nearly \$42 million in FY2021, \$38.5 million of which is from growth in direct spending with Black businesses. The share of Black business spending as a percentage of total MBE spending grew from 12% to 18%.
- For the first time in their annual report, the SDO reported the number of businesses that the Commonwealth conducted business with as both direct and indirect (i.e. subcontracting and ancillary products and services) spend, which included FY2021 growth of 8.9% in the number of direct spend businesses and 3.5% in the number of indirect spend businesses when compared to FY2020.
- The number of certified businesses increased in all categories.

In response to the growth in spending with Black businesses, **Nicole Obi, President & CEO of the Black Economic Council of Massachusetts (BECMA)**, said, "BECMA has long been outspoken about the need to set and achieve greater diversity, equity, and inclusion in the state contracting process. For that reason, we are glad to see the 84% increase in spending by the Commonwealth with Black businesses in the Supplier Diversity Office's Fiscal Year 2021 report. We look forward to collaborating with the SDO in further advancing opportunities for Black businesses."

Diverse and Small Companies Finding Success Through SDO Certification: The SDO supports its diverse and small vendor partners primarily through certifying and connecting them with business opportunities and resources, all free services, which help to increase their marketability when bidding on state contracts. Certification has led to a number of success stories, such as Canton-based Westnet, Inc., which is certified as a Minority Business Enterprise (MBE).

Certified since 1994, the medical products company answered the call during the early, uncertain days of the COVID-19 pandemic when Personal Protective Equipment (PPE) was hard to come by. The minority-owned Westnet supplied tens of millions of units of masks, gloves, disinfectant wipes, and other items to more than 10,000 child care providers. The contract was worth more than \$50 million, the largest in Westnet's history. Westnet also partnered with RTD Logistics, another certified MBE out of Allston, to handle the PPE distribution.

"Certification gives a business an opportunity to build relationships and show that diverse businesses can be competitive and do a great job," **said Gordon Thompson, CEO of Westnet.** "It gives companies like mine a genuine opportunity to show what we can do, and that's the best you can ask for."

Another success story comes from Stellar Corporation, a software company from Lexington that has been certified as an MBE with the state for 20 years. Owner Swapan Roy said certification has been very important to his company in obtaining state contracts. With a staff count in the single digits, Stellar has built custom IT and software solutions for clients such as the Massachusetts Board of Bar Examiners and the state Department of Revenue as well as the SDO. Roy said being certified helped get business from all kinds of customers, not just from the state.

"Certification has absolutely helped our business," **Swapan Roy said.** "It adds a weight to what your business is and what we represent. Our customers know that we're a small company, but also we're a good company as well."

Marlborough-based CAM Office Products is both minority-owned and woman-owned (WBE). Company President Kemo Ceesay said certification was important to help CAM Office Products compete against the giants of the office supply industry.

"It can be difficult to compete as a small company," **Ceesay said.** "We don't have the size of some of the larger office supply companies, who provide volume discounts. But we are dedicated to our customers—when you call us, you won't get a voice mail, we pick up the phone. Certification has made it possible for us to compete with the bigger guys for state contracts, and I would recommend certification to any company who wants a fair shot at getting a contract."

The SDO recently engaged Boston-based Archipelago Strategies Group (ASG), which is certified as an MBE, WBE and LGBTBE, to implement a public awareness campaign aimed at promoting SDO services to businesses interested in certification and Commonwealth bidding opportunities. "As a culturally diverse, LGBTQ company, ASG has been able to leverage its unique expertise through SDO. Minority and women-owned businesses more often than not have the talent to get the job done, they just don't always have the same access to be considered. SDO levels the playing field," **Josiane Martinez, Founder and CEO, ASG said.**

SDO to Promote Equality Through Technology: The SDO is further expanding its efforts to promote fairness and equity in state contracting with innovative new technology and resources.

The department's Supplier Diversity Hub (SDH or Hub), planned to launch in the late summer, will offer matchmaking of diverse and small businesses to prime contractors, agencies, and technical and financial assistance providers. The SDH will also enable state departments and contractors to track their own compliance with diverse and small business benchmarks.

The SDO will roll out a "supplier diversity heat map" of Massachusetts diverse and small businesses this summer, helping state departments, cities and towns and prime vendors find diverse and small businesses by county, city/town, zip code and/or certification type. The map will enable buyers to support not only diverse and small businesses but local ones as well.

The SDO also developed a resource webpage for diverse and small businesses to find training, bidding opportunities and access to capital, technical assistance and other resources that will help them to better compete when bidding on public contract opportunities.

Visit the [SDO website](#) on mass.gov to learn more about the SDO, view resources, and see the FY2021 Annual Report.

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