

Now Is the Time to Create a Minority and Small Business Program

By Tremayne E. Terry and William W. Warren, Jr.¹

COVID-19 has revealed just how vulnerable our supply chains and vendor pools are. For years, public and private organizations have been trending toward lean and efficient supply chains that reduce the number of vendors that they are working with. But in light of COVID-19, these organizations are reevaluating their approach and moving towards a more resilient, robust vendor base in the effort of ensuring that goods and services will be delivered regardless of what the world throws at us.

As a result of the economic downturn that has accompanied COVID-19, it is reported that 40% of black-owned businesses are expected to close permanently. The vulnerability for ALL businesses that are exposed because of COVID was heightened for black-owned businesses. Because these companies often do not have the access to capital required to sustain them during tough times, many face an uncertain economic future. Our country's historical past and present acts of discrimination obviously play a role.

Municipalities and other governmental entities are of course experiencing their own economic challenges. But the business of government must continue. Small businesses, including minority-owned small businesses that are locally based, offer not only attractive pricing, they pay local taxes and employ locally based majority and minority individuals whose employment generates additional tax revenues. "Buy local" doesn't apply only to your groceries and restaurant purchases.

Then, of course, there's also the matter of social justice. Recent events, almost too numerous to mention, have forced a large percentage of the electorate to recognize the inequalities that too often define our country. Simply put, access to quality education, health services and housing, are all too often unavailable to a large segment of the population. Calls for change are coming from the people, and clearly, something is different now. And the response from government needs to go beyond criminal justice reform.

A meaningful business diversity program will help rebuild local economies and help to close some of the economic gaps in our society. No, it won't happen overnight, but if not now, then when? Local government entities and public utilities have responsibility to not only release supportive statements but to follow up with action. And there are many examples of successful municipal programs.

The Commonwealth has had a minority and small business program in various forms since 1987 in connection with hundreds of millions of dollars of purchasing. The Harrisburg City School District utilized a minority business program for a \$200 million construction program with great

¹ Mr. Terry has over a decade of experience working with certified minority-owned businesses (MBE's) and building Business Diversity programs, and is CEO of A2Z Diversity Solutions, 717-379-3802 and tremayne.terry@a2zdiversity.com. Mr. Warren has worked on minority, women and veterans business programs for governmental entities for over 30 years, and is Senior Partner at Saul Ewing Arnstein & Lehr LLP, 717-979-5570, and william.warren@saul.com.

success. Capital Region Water operates a minority business program in connection with its water and sewage facilities. There are many other examples. What is required to create and operate these programs successfully is a commitment from governmental leadership and the allocation of resources. In the long-run, these programs pay for themselves in both tangible and intangible ways.

The present circumstances may in fact support a regional approach or other approach of a collaborative nature. Cooperative purchasing using straightforward legal processes is of course well established. All levels of government benefit from a robust small and minority business program beyond the benefit of increased economic activity. For example, counties may see a diminution in social service costs. Governmental entities that separately might not be interested in a standalone program might well be attracted to the opportunity that a regional program would present. A program that erases geographic boundaries and allows collaboration among various governmental entities in a region can be fashioned without the loss of independence and accountability.

The time is now to create a small and minority business program in your municipality. The legal mechanisms are in place and have been tested. There is even an opportunity for a regional approach that leverages the economic strength of an area. The creation of a sustainable system of diverse business contracting will collectively strengthen our vendor pool, workforce and economy.