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Placing a bid on diversity: New supplier programs give LGBT-owned businesses a chance at major contracts

By Chris Rauber



For years, minority- and woman-owned businesses have benefitted from the chance to compete for business at large corporations with sophisticated supplier diversity programs. Now, small businesses owned by gay, lesbian, bisexual or transgender entrepreneurs are seeking the same opportunities.

Becoming certified “is like getting a fishing license,” said Paul Pendergast, a San Francisco public affairs consultant and former longtime president of the Golden Gate Business Association, which represents LGBT businesses in the region. “It means you have the opportunity to bid. But it takes a savvy business owner to compete for business from large corporations.”

Nationally and locally, that’s beginning to happen. More than 670 businesses nationally are certified as LGBT-owned, and more than 10 percent of them — 74 or so — are based in the Bay Area.

The National Gay & Lesbian Chamber of Commerce launched the certification effort 11 years ago, and it’s

supported by more than one-third of the Fortune 500, according to Sam McClure, the NGLCC’s senior vice president. IBM was the first big national corporation to include LGBT companies in its supplier diversity program, McClure said, and it also sponsored the national chamber’s early certification efforts.

Locally, the initiative’s first big success story was a Sept. 26, 2013 outreach event for LGBT owners and employees in the construction, architecture, engineering, building trades and professional services industries. Sponsored by the Transbay Joint Powers Authority, the public entity in charge of building the \$4.5 billion Transbay Transit Center project, and the Webcor Builders-Obayashi joint venture, it attracted significant interest, said Maria Ayerdi-Kaplan, the JPA’s executive director.

It was “the first-ever outreach event” of its kind to the LGBT business community in the United States, she said, attracting Lt. Gov. Gavin Newsom, Small Business Administration Administrator Maria Contreras-Sweet and significant interest from small businesses. It also helped spur other efforts.

Those included the National Football League's inclusion of LGBT-owned businesses in its Business Connect outreach program for Super Bowl 50, which will be held in San Francisco and at the new 49ers stadium in Santa Clara next January. Nearly 100 of the 650 businesses that applied through Business Connect were LGBT-owned, sources say, and several have already won business with the San Francisco Bay Area Super Bowl 50 Host Committee.

Among the winners: Dawn Ackerman and her San Francisco-based office design and supply firm, OutSmart Office Solutions, and San Francisco photographer Christopher Dydyk, who's already photographed the host committee's Twitter launch and several other events.

Another recent milestone that grew out of the Transbay outreach event was passage of A.B. 1678 in the California legislature last year, a bill drafted by Pendergast and Rick Hobbs, director of supply management and supplier diversity at Southern California Gas Co.

The bill, signed into law by Gov. Jerry Brown last September, requires California utilities to provide opportunities to LGBT-owned businesses similar to those provided to minority- and woman-owned firms. One utility, San Francisco-based Pacific Gas & Electric, beat the legislature to the punch, including LGBT businesses in its outreach programs three years ago. "One of the key things is understanding the procurement process of a large corporation," said Joan Kerr, PG&E's director of supplier diversity and sustainability. "How do you learn about business opportunities?"

The giant utility disseminates news about opportunities to bid on new contracts to the Golden Gate Business Association and sponsors training sessions for LGBT business leaders, led by one of PG&E's leading consulting firms, "so they'll have more success with corporate supply chains," Kerr said.

Tangible data on how the local outreach efforts have fared is in short supply, however, both because they're so new and because some companies who participate are hesitant to publicly self-identify as LGBT-owned. "You have to be careful," Ackerman said, noting that some C-suite executives, even in the Bay Area, are still leery of dealing with businesses publicly identified as gay-owned.

Data on the Transbay JPA's program "is not yet compiled," said Ayerdi-Kaplan. PG&E offered up just one specific LGBT vendor, a PR firm that declined, via the company, to comment for this story.

Still, advocates insist the region and the nation are making significant progress on this front, after decades of laying the groundwork.

"It's good business and we're really proud of what we've kickstarted," said Ayerdi-Kaplan. "I'd just encourage all public and private projects to follow our lead."

Fishing for new business opportunities

LGBT-owned businesses are getting certified so they can compete for business at large corporations or public agencies with sophisticated supplier/vendor diversity programs. The most recent numbers:

676 - Certified LGBT-owned businesses nationwide.

162 - Certified businesses in California.

74 - Total in San Francisco Bay Area.

Sources: National Gay & Lesbian Chamber of Commerce, Golden Gate Business Association.