

# Getting Minority-Owned & Women-Owned SMEs into the Global Value Chain

## INNOVATION CASE STUDY & POLICY RECOMMENDATIONS

Virginia Littlejohn  
Co-founder and CEO,  
Quantum Leaps, Inc.  
OECD Global Value Chain Forum  
Tokyo, Japan  
June 1, 2007



# About Quantum Leaps

- Quantum Leaps is a Washington-based NGO that helps women-owned businesses grow through access to markets
- Its biggest project helps certified women's business enterprises (WBEs) get into the global value chain
  - Note: A certified WBE must be at least 51% owned, controlled and operated by a woman or women of US citizenship, who must be involved in day-to-day management of the company



# History of US Supplier Diversity

- Supplier diversity initiatives for certified minority business enterprises (MBEs) started in 1972, with the creation of the National Minority Supplier Development Council (NMSDC)
- The Women's Business Enterprise National Council (WBENC) has certified WBEs since 1997
- Initially, US M/WBE programs were seen as a form of corporate social responsibility
- Increasingly, multinational corporations (MNCs) view SD as a competitive business advantage, because it helps improve customer loyalty and their bottom line
- 14 MNCs are in the Billion Dollar Roundtable



# What Corporate SD Programs Do

- Corporate supplier diversity programs are internal advocates for minority and women suppliers. They incorporate:
  - Outreach to M/WBEs
  - Use of certified M/WBEs
  - Development / training of M/WBEs
  - Tracking of “spend” to meet M/WBE targets



# Women's Case Study: WBENC

- Women's Business Enterprise National Council
  - 10 years old
  - 240+ MNCs and the World Bank are members
  - Almost 7,000 certified American WBEs
  - 14 regional partner organizations around the US conduct the certification (a team of MNCs, WBEs and regional partners review application materials and conduct site visits and due diligence)



# What WBENC Does

- Sets standards / oversees certification
- Develops and maintains databases and B2B tools to facilitate business linkages
- Enables MNCs to find certified WBEs, and for them to meet each other through technology tools, events and matchmaker services
- Provides training to make WBEs more effective suppliers, via:
  - Conferences
  - Online learning
  - Tuck School program with IBM support



# What WBENC Does (cont'd)

- Commissions and publishes research
- Benchmarks findings and good practices
- Produces a Balanced Scorecard
- Showcases role models, award winners, trends and best practices
- Communicates to stakeholders
- Catalyzes media coverage
- Accelerates the business growth of certified WBEs in the US



# Global Business Committee

- WBENC's MNC members founded the Global Business Committee (GBC) in late 2005 to:
  - Expand their supplier diversity programs beyond the US, so that MNCs can find and do business with certified WBEs in other countries
  - Quantum Leaps is helping the GBC develop this initiative, with initial pilots planned for the UK, India and China. Other economies will follow
  - In addition to the opportunity to sell to MNCs, WBEs can form powerful linkages with WBEs in other economies
  - NMSDC has started similar initiatives in Brazil, Canada, S. Africa and the UK



# Overarching Policy Recommendation

- National governments and international institutions should foster collaboration among the public, private and NGO sectors in order to fully integrate minority-owned and women-owned businesses into the global value chain, in order to increase GDP and economic growth.



# Detailed Recommendations

- To increase opportunities for certified M/WBEs to succeed in the GVC will require:
  - Continued MNC support and sharing of know-how
  - 51% definition, national gender disaggregated data, research on minority-owned and women-owned businesses, and database development
  - Creation of an International Certification Federation for standards adoption, training, etc.
  - Identification of national stakeholders
  - Effective advocacy and education re: economic benefits of supplier diversity
  - Leadership by international institutions



# Benefits

- Globalizing supplier diversity and increasing corporate opportunities for certified M/WBEs will:
  - Spur growth of historically underutilized businesses (HUBs), and enable them to scale
  - Improve the quality and diversity of global value chains, and benefit corporate bottom lines
  - Improve the lives of families and communities
  - Increase GDP in economies that embrace supplier diversity
  - Increase support for globalization



# Thank You!

- Virginia Littlejohn
- Co-founder, President and CEO, Quantum Leaps, Inc. (a global accelerator for women's entrepreneurship based in Washington, DC)
- [vlittlejohn@quantumleapsinc.org](mailto:vlittlejohn@quantumleapsinc.org)
- [www.quantumleapsinc.org](http://www.quantumleapsinc.org)



# “Womonomics”

- The Economist first used this term in several editorials and features in its April 12, 2006 issue. A few excerpts:
  - “Arguably, women are now the most powerful engine of global growth.”
  - “Women have been particularly important to the success of Asia’s export industries.”
  - “The increase in female employment in the rich world has been the main driving force of growth in the past couple of decades. Those women have contributed more to global GDP growth than have either new technology or the new giants, China and India.”



# “Womonomics” (cont’d)

- More excerpts from The Economist’s April 12, 2006 issue:
  - “In poor countries, too, under-utilisation of women stunts economic growth.”
  - “Women...are the world’s most under-utilised resource; getting more of them into work is part of the solution to many economic woes, including shrinking populations and poverty.”
  - “There is strong evidence that educating girls boosts prosperity. It is probably the single best investment that can be made in the developing world.”

