AND NOW A WORD FROM THE DIVERSE SUPPLIERS: THE SUPPLIER PERSPECTIVE ON CERTIFICATION

MORE IN A PORTFOLIO OF ANA WORK ON SUPPLIER DIVERSITY

DECEMBER 2021
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BACKGROUND

The CMO Growth Council was established by the ANA and Cannes Lions to focus on driving enterprise growth. The CMO Growth Council has identified four global growth priorities and a 12-point industry growth agenda. Diversity, Equity, and Inclusion is a key area of focus for the ANA Growth Agenda, under the Society and Sustainability growth priority.

An important mandate for this group is to “Eliminate systemic investment inequalities in the media and creative supply chain.”

Two separate sources highlight these investment inequities:

- The U.S. Multicultural Media Forecast 2019 conducted by PQ Media on behalf of the ANA’s Alliance for Inclusive and Multicultural Marketing (AIMM) found that multicultural media investments comprise only 5.2 percent of total advertising and marketing revenues.
- According to a recent analysis by AIMM, minority-owned media represents only 6.7 percent of all media entities.

Meanwhile, according to the latest Census, the United States is now more diverse than ever, at 42.2 percent of the population.

Support of diverse suppliers helps address such investment inequalities. When we invest in multicultural enterprises, we not only increase media effectiveness, we also directly invest in the communities. We help close income and wealth gaps. Closing those gaps means more purchasing power, which drives market growth, which is good for society and good for business.
BACKGROUND

A supplier diversity program is a proactive business program which encourages the use of women-owned, ethnic/minority-owned, veteran-owned, LGBTQ+-owned, disability-owned, and small businesses as suppliers. Two ANA reports over the past 18 months have focused on supplier diversity.

- In May 2020, the ANA released *“The Power of Supplier Diversity.”* That report provided a good initial foundation in benchmarking ANA member company activity in supplier diversity overall, with some insights specifically into supplier diversity in marketing/advertising.

- In May 2021 we released *“The Growth of Supplier Diversity.”* That provided a deeper dive into supplier diversity in marketing/advertising, covering benefits, challenges, spend, goals, and measurement. The majority of respondents now have a supplier diversity strategy for marketing/advertising, and the importance of supplier diversity has increased significantly.

The above work surveyed ANA client-side marketer members. This new research surveyed suppliers. Specifically, it surveyed suppliers on the ANA/AIMM list of certified diverse suppliers. The focus was on certification, to understand its importance, benefits, challenges, ease/difficulty of the certification process, and more.
METHODOLOGY

This survey was fielded between October 20 and November 8, 2021. It was sent to 317 companies on the ANA/AIMM list of certified diverse suppliers; 106 suppliers participated in the survey — a very robust response rate.

To be included on the list of **Certified Diverse Suppliers for Marketing and Advertising**:  
- A company must provide services to the marketing and advertising community; such companies could include agencies, media providers and those specializing in areas including consulting, direct marketing, packaging, printing, production, promotion, research and more.
- A company must be certified by a third-party organization to authenticate that a supplier is indeed diverse/minority-owned by who they say they are. Major certification organizations used by companies that provide services to the marketing and advertising community include:
  - **NMSDC**: National Minority Supplier Development Council
  - **WBENC**: Women’s Business Enterprise National Council
  - **NGLCC**: National LGBT Chamber of Commerce
  - **MWBE**: Minority/Women-owned Business Enterprises

There can be a difference between being diverse- or minority-owned and diverse- or minority-focused. More specifically, there are some companies that focus on minority consumers but are themselves not minority-owned. Additionally, there are companies that are minority-owned but are not certified. This survey only went to companies which are both minority-owned and certified.
And Now a Word From The Diverse Suppliers: The Supplier Perspective On Certification

A starting hypothesis was that suppliers would find the certification process was difficult. But that wasn’t the case. While 31 percent characterized the process as difficult, 35 percent felt it was easy and 34 percent were neutral — almost exactly evenly distributed.

In hindsight, the survey should have asked about the initial certification as well as renewal. One respondent wrote, “We have been certified for over 12 years. At first it was about three months. Recertification is easy and takes about one week of gathering paperwork.”
DETAILED FINDINGS

Time Needed to Gather Documents

The time needed to gather all required documents prior to submittal for certification is short: three months or less for 82 percent of respondents.

Again, certification renewal is faster than initial certification.
DETAILED FINDINGS

Time to Become Certified

The time to become certified after submitting paperwork is also short: three months or less for 71 percent of respondents.

<table>
<thead>
<tr>
<th>Time Frame</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Up to 9 months</td>
<td>5%</td>
</tr>
<tr>
<td>Up to 6 months</td>
<td>21%</td>
</tr>
<tr>
<td>Up to 3 months</td>
<td>58%</td>
</tr>
<tr>
<td>Other (&lt; 3 months)</td>
<td>13%</td>
</tr>
<tr>
<td>Other</td>
<td>3%</td>
</tr>
</tbody>
</table>

Q: How long did it take to become certified after submitting your paperwork?
Challenges

The top challenges for obtaining certification are:
• Time it took to complete
• Gathering required documents

Yet both were noted by fewer than 50 percent of respondents (top-two box). The cost of certification is not a challenge at all.
Importance of Certification

Forty-six percent of respondents rate the importance of their business becoming certified as very important; 55 percent rate the importance as top-two box.

Q: Please rate the importance of your business becoming certified. (Rate on a scale of 1 to 5, where 1 = Not at all Important and 5 = Very Important)
DETAILED FINDINGS

Benefits

There are multiple benefits of obtaining certification. Businesses are included in more RFPs (62 percent), which provides additional exposure to corporate marketing departments (58 percent), which leads to increased sales (52 percent).

<table>
<thead>
<tr>
<th>Benefits (Top-2 Box)</th>
<th>Base: 92</th>
</tr>
</thead>
<tbody>
<tr>
<td>Included in more RFPs</td>
<td>62%</td>
</tr>
<tr>
<td>Additional exposure to corporate marketing departments</td>
<td>58%</td>
</tr>
<tr>
<td>Increase sales</td>
<td>52%</td>
</tr>
<tr>
<td>Increase in social media followers</td>
<td>38%</td>
</tr>
<tr>
<td>Increase in online traffic</td>
<td>34%</td>
</tr>
</tbody>
</table>

Q: Please rate the potential benefits of obtaining your certification. 
(Rate on a scale of 1 to 5, where 1 = Not at All Beneficial and 5 = Very Beneficial)
**DETAILED FINDINGS**

**How the ANA Can Be a Resource**

The survey question specifically asked, “How can the ANA (which primarily represents the client-side marketer community) be a resource to you to help build your business?” Responses were most often focused on making connections and providing opportunities as well as continuing the education process. Representative verbatim responses follow.

**Making Connections/Provide Opportunities**

- Identify clients who are working to increase their supplier diversity and connect them to us.
- Provide connections and introductions to marketers interested in diversity inclusion of vendor.
- Increased exposure and visibility with brand marketers.
- Continue to provide an opportunity for us to get in front of their community and share who we are and our capabilities.
- Help get us in front of their RFP process and procurement teams.
- Create forums to introduce suppliers.
- Offer more opportunities for MBEs (minority business enterprises) to speak, participate in panels, discounted conference admission.
- Facilitator of corporate sponsored supplier diversity events.
- It would be great to be alerted to opportunities that fit our capabilities and make introductions/matchmaking for those of us in your diverse supplier database.
- We would love a matchmaking opportunity with brands/companies looking to connect.
- It would also be great to have specific marketing matchmaker events.
- The list is great, but I wonder if there’s more you can do to help create matches with companies that are specifically looking to find diverse agencies.
- As member companies often have difficulty identifying and vetting qualified diverse suppliers, showcasing members and diverse suppliers and providing matchmaking opportunities or an online marketplace would be extremely helpful.
- Continuing to encourage companies to look to diverse suppliers for their advertising needs.
- Please push brands and ad agencies to actually search out, consider, and CONTRACT with second-tier vendors.
- Exposure is always helpful, but also really pushing clients to be much more involved and aware.
DETAILED FINDINGS

Continuing the Education Process

• Educate clients on the value of working with diverse and small suppliers. It doesn’t mean sacrificing quality or impact, and it should not be limited to Tier 2 relationships. There are MBEs who are strongly qualified to work as primary agencies.

• Help educate members on how their exclusive holding company relationships can block out independent and diverse-owned agencies and can limit the kind of thinking and experience the advertisers can have access to.

• We need certification to be mainstream. The process to become certified is rigorous for a reason, and if a business has gone through the process, and does re-certification annually, they are typically ahead of others (who are not certified) in business knowledge. The ANA can work with WBENC (my primary organization for certification) to promote the value of certification at the CMO level and higher.

• Certainly, the directory you have created is very valuable as a first step. Now the question is: how will you promote it and share it with ANA corporate members? AIMM as a whole has brought a very needed light to diverse suppliers and makers and I believe their work is just beginning. But having a strong(er) link between ANA members, AIMM, and the Diverse Suppliers List is where the magic is. And, then, of course, your ANA corporate members need to engage THEIR procurement departments. It’s all about opening doors that are otherwise quite closed.
CONCLUSIONS

This survey provided the opportunity to understand the supplier perspective on certification.

The ANA has heard different points of view from members on the need for suppliers to be certified. There are some marketers who have said certification “doesn’t matter” to be considered for their business. Yet there are others who feel it’s very important, and still others who say that it’s mandatory. An ANA member whose company is part of the Billion Dollar Roundtable\(^1\) said that certification “means everything.”

The ANA strongly encourages qualified suppliers who are not certified to consider getting their certification.

- Certification helps suppliers be included in more RFPs, which provides additional exposure to corporate marketing departments, which leads to increased sales.
- Certification maximizes the opportunity for suppliers to be considered and hired, since some companies make certification mandatory for doing business with diverse suppliers.
- Certification authenticates that a supplier is indeed who they say they are. It removes the burden to confirm the ownership of a company from the marketer and is instead handled by the certification organization. Major certification organizations include:
  - **NMSDC**: National Minority Supplier Development Council
  - **WBENC**: Women’s Business Enterprise National Council
  - **NGLCC**: National LGBT Chamber of Commerce
  - **MWBE**: Minority/Women-owned Business Enterprises
- Certification is not difficult, for most, and the barriers to obtaining certification are minimal. The time needed to gather the required documents and the time to become certified after submitting paperwork are not challenges for most suppliers. Furthermore, once the initial certification is done, recertification is much easier. Cost is not an issue. As examples, for businesses with over $50 million in annual revenue, fees for initial certification are only $1,250 for WBENC and $1,500 for the New York & New Jersey Minority Supplier Development Council. Annual recertification fees can be even lower.

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\(^1\)The Billion Dollar Roundtable was created in 2001 to recognize and celebrate corporations that achieved spending of at least $1 billion with minority and woman-owned suppliers. The BDR promotes and shares best practices in supply chain diversity excellence through the production of white papers. In discussions, the members review common issues, opportunities, and strategies. The BDR encourages corporate entities to continue growing their supplier diversity programs by increasing commitment and spending levels each year. The BDR inducts new members every two years.
CONCLUSIONS

The ANA remains committed to supplier diversity through the following resources:

- **Diverse Suppliers Resource Lists:** Finding diverse suppliers is a key challenge in supplier diversity. The ANA has curated a list of diverse suppliers that work in our industry and has asked others to contribute to it. Our "Certified Diverse Suppliers Resource List" currently has 343 companies and is updated on a regular basis. Just recently, the ANA's Alliance for Inclusive and Multicultural Marketing (AIMM) released the most complete list of minority-owned/minority-controlled media in the industry. This list was done in collaboration with the leading industry firm verifying minority ownership, Media Framework (MAVEN), and will help advance overall investment in minority-owned and minority-targeted entities.

- **Supplier Diversity Fairs:** The ANA has launched a series of Supplier Diversity Fairs. Each event has a particular emphasis. There were two virtual events in 2021, one on Black-owned media companies and the other on LGBTQ+ marketing solutions providers. We'll hold these monthly in 2022.

- **Connection and Networking Opportunities:** As we heard in the open-ended question (“How can the ANA be a resource to you to help build your business?”), suppliers are looking for opportunities to network and make connections. The ANA will showcase supplier diversity at two major conferences in first half of 2022 and include opportunities to introduce suppliers to marketers. Diverse suppliers will also be offered a reduced registration rate.
  - **2022 ANA Media Conference,** March 2–4, 2022 in Orlando, Fla.
  - **2022 ANA Advertising Financial Management Conference,** May 1–4, 2022 in Orlando, Fla. (key constituent is client-side sourcing/procurement)

The Society and Sustainability priority of the **ANA Growth Agenda** provides a guide for the industry to leverage marketing as a sustainable growth driver. A specific mandate for the Society and Sustainability working group is to eliminate systemic investment inequalities in the media and creative supply chain. Support of diverse suppliers helps address such investment inequalities. When we invest in multicultural enterprises, we not only increase media effectiveness, we also directly invest in the communities. We help close income and wealth gaps. Closing those gaps means more purchasing power, which drives market growth, which is good for society and good for business.
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