



THE POWER OF AFFILIATES






KEY AFFILIATE PRINCIPLES UPDATE

Dear NMSDC Constituent:

Over its 50-year history, our NMSDC network has facilitated the growth of countless MBEs and corporate partners. As we prepare for the next 50 years, it is critical for us to redefine our value proposition and strengthen our model to ensure MBEs and the corporations that support them thrive and grow. As independent council affiliates that support the NMSDC network, we have identified key mission-driven principles to guide our network into the future. They are:

1. **MBE Growth & Development**
2. **Council Sustainability as the Primary Service Delivery Agents**
3. **Corporate Member Value Proposition**

After considerable deliberation about how we collectively accomplish these principles, we have identified five disruptive challenges impacting how government officials, MBEs, corporations, and the community perceive our value. Although a considerable amount of time and resources have been spent directing our attention on non-mission critical issues, we as a collective body of independent councils have determined that by addressing the following five issues, we can shape the future of supplier equity and our long-term relevance & sustainability.

DISRUPTIVE CHALLENGES	SUMMARY
 PUBLIC POLICY/ ADVOCACY	The current support for supplier equity is being challenged in the private sector and at the local, state, and federal levels. No formal strategy has been activated publicly nor within the network to advocate for the continuation of these programs and public policies.
 MESSAGING AND BRANDING	We have a systemic failure to collectively message and frame our ability to demonstrate the relevancy of the socioeconomic benefit of ethnic minority led businesses. As we deal with market volatility and local, regional, national, and geopolitical threats, we must use relevant data to support our messaging which will enhance our ability to highlight the socioeconomic value of supplier equity and MBEs.
 TECHNOLOGY	We acknowledge that we have an antiquated data management system that adversely affects our ability to execute and grow at the speed of business.
 REVENUE	We acknowledge that we have to diversify our revenue streams to remain relevant and viable to our stakeholders.
 UNIFICATION	We acknowledge that the future of the network is uncertain, and we must develop and execute a collective plan of action that we can all agree to execute and achieve our three main goals.

In October we shared key insights designed to move the organization forward. Thank you for responding with support. Your input was impactful.

As NMSDC has marketed its plans to a wider audience, we find ourselves at another significant juncture that must be addressed. We remain concerned that the research and planning processes have not fully included all perspectives and key decisions are being made without adequate research and data. Although we have certainly pushed back, NMSDC has determined its stance, so differing input is not being considered.

Instead, NMSDC created implementation teams around four key areas: Certification, Membership, Services and Technology. The teams have been given a 4 – 5 week timeline to provide input on implementation plans being presented to the NMSDC board on May 11, 2023. Each of these four key areas is a fundamental component of our value proposition.

While we agree that change is needed to make the network more effective, it is difficult for us to ignore fundamental business principles as we incorporate necessary changes. Though many of you continue to share your expectations with us as you express support, we formally ask the following of you.

1. Please review the **Key Affiliate Principles Update** and contact one of the undersigned councils with questions or suggestions.
2. Please contact the NMSDC national office to request a more thorough and genuinely inclusive process to include regular updates from affiliates and the national office.
3. Please contact the NMSDC national office to request that a more reasonable timeline be established with the input of representatives selected by affiliates to allow adequate time for research, collaborative design, and implementation planning that will benefit all constituents.



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Please find below the most immediate areas of concern:



CERTIFICATION SUMMARY

As affiliate councils, we all agree that certification must be enhanced to deliver the best value to our corporate and MBE customers. Yet, in making such improvements, it is critical that our certification guidelines and processes not be diminished or diluted in the quest to simplify the process. Such a move would allow the certification of firms that neither qualify nor align with our mission. We are very concerned that NMSDC's proposed certification solution will do just that.



Though NMSDC's proposed solution may bring an influx of new "MBEs," that increase the quantity of MBE firms in our network, the proposed changes will impact the ability of our currently legitimately certified MBEs that are already competing for limited contracting opportunities.

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Recognizing the potential adverse impact has not been fully considered, we have solutions we would like to offer. Several of our alternative solutions are not theoretical but have been deployed for several years with documented success in reducing certification cycle times, increasing MBE count, and improving satisfaction scores.



MEMBERSHIP SUMMARY

We recommend that the membership model continue to allow corporate partners to determine where and how to invest. Three membership models are under consideration. They are as follows:



- Pay National Membership Dues ONLY
- Pay Regional Membership Dues ONLY (# of councils a member may join is unlimited)
- Pay National Membership Dues and Pay Regional Membership Dues

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Our recommendation is option #3 as we believe it most closely aligns with the desires of most of our corporate partners and allows them to select the model that best achieves their business needs.



SERVICES SUMMARY

The services structure must be a two-way agreement that specifically outlines the responsibilities for both the national office and regional councils, including the key performance indicators that reflect the performance of each organization. The new model should focus the national office on strategy, policy and thought leadership while regional councils focus on best practices and service delivery to NMSDC corporate members and certified MBEs; it should also ensure that each entity has adequate resources to carry out their respective responsibilities.



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It is our goal as the affiliates of NMSDC to work collaboratively with our national office to drive the organizational mission. We realize we may not always agree, but we continue to hope for an environment where we might respectfully consider both the field and national office perspectives as we work to achieve our mission.

In multiple instances, NMSDC's recommendations involve redirecting revenue from the affiliate councils to NMSDC. This does not benefit our constituents or the organization's mission, only NMSDC. Admittedly, some affiliates need stronger input and engagement from corporations and MBEs; the remedy is not to support the ever-increasing NMSDC budget but to effectively deploy funds to the best producers of results – the affiliate network.

Please see any of the undersigned affiliate presidents and board chairs to learn more about the affiliate principles listed. As always, thank you for your commitment to minority supplier development.

