

# American SMEs and the Global Value Chain

## CASE STUDY: Women-Owned Businesses

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# Current Situation in the USA

- Because of the large size of the domestic market, American SMEs had tended not to:
  - Get involved with international trade, or
  - Participate in the Global Value Chain, until later than Asian / European SMEs
- Globalization forced US SMEs to become more internationally minded, or lose domestic clients

# Current Situation (cont'd)

- Research is limited, but points to greater interest in international trade by women-owned SMEs than by male-owned firms. This is perhaps due to:
  - Early leadership by the National Association of Women Business Owners (NAWBO) and the Organization of Women in International Trade (OWIT)
  - International conferences and events that have sparked women's interest in global relationships and trade linkages
  - Intermittent government focus

# Supplier Diversity

- Supplier diversity is part of Corporate Social Responsibility movement
- Supplier diversity reflects growing interest by US multinational corporations (MNCs) to find / develop women-owned businesses as suppliers—first domestically, and now internationally—because it helps improve their bottom line

# Supplier Diversity (cont'd)

- Corporate supplier diversity programs serve as internal advocates for women suppliers
- Supplier diversity programs incorporate a combination of the following elements:
  - Outreach to women-owned businesses
  - Certification of women's businesses enterprises, or WBEs.

# Supplier Diversity (cont'd)

(A certified WBE in the US must be at least 51% owned, controlled and operated by a woman or women of US citizenship. These individual(s) must be involved in the day-to-day management of the company.)

- Qualification
- Development / training of WBEs
- Utilization of WBEs
- Tracking of spend to meet targets

# NGO Case Study: WBENC

- Women's Business Enterprise National Council in the US
  - Founded in 1997
  - More than 200 multinational corporations (MNCs) are members
  - More than 7,000 certified WBEs in all 50 states
  - 14 regional partner organizations around the US conduct the certification (a team of MNCs, WBEs, and the regional partners review application materials and conduct site visits)

# What Does WBENC Do?

- WBENC:

- Sets standards / oversees the certification
- Develops and maintains databases and B2B tools to facilitate linkages
- Enables MNCs to find certified WBEs, and to meet each other through technology tools, events and matchmaker services
- Provides training to make WBEs more effective suppliers



# What WBENC Does (cont'd)

- WBENC:
  - Commissions and publishes research
  - Benchmarks findings and practices
  - Showcases role models and award winners
  - Communicates with its stakeholders
  - Catalyzes media coverage of WBEs
  - Has helped to greatly accelerate the business growth of certified WBEs in the US

# Global Business Committee

- WBENC's MNC members recently founded the Global Business Committee (GBC) to:
  - Expand their supplier diversity programs beyond the US, so that they could identify and do business with certified WBEs in other countries
  - Quantum Leaps is helping the GBC to develop this initiative, with initial pilots planned for Canada, the UK, India and China
  - In addition to the opportunity to sell to MNCs, there is the opportunity for powerful WBE linkages

# Global Supplier Diversity

- To increase opportunities for certified WBEs in other countries will require:
  - Continued support by MNCs
  - Good national research on WOBs
  - Adoption of certification standards
  - Identification of strong local partners and stakeholders
  - Effective advocacy
  - Buy-in by policy makers and national / regional businesses

# The Benefits

- Globalizing supplier diversity and increasing corporate opportunities for certified WBEs will:
  - Spur growth of women-owned businesses
  - Improve the lives of families and communities
  - Increase GDP in countries that embrace “womenomics”

# “Womenomics”

- 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.”

# “Womenomics” (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.”

# Policy Recommendation

- APEC should foster collaboration among the public, private and NGO sectors in order to fully integrate women-owned businesses into the global value chain, so as to increase GDP and economic growth.

# Thank You!

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