Ever Wondered the Difference between Classification and Certification?

As the owner and/or operator of a diverse supplier business, chances are you have come across these terms: classification and certification. What is the difference between classification versus certification? And, how do either matter to your business? Don’t worry, many others before have asked those very same questions. After researching further for good explanations, here are the general descriptions accepted for these two terms which we will use for the purpose of this article.

Classification is where the diverse supplier business via self-identification fits the

February 2018

- Ever Wondered the Difference between Classification and Certification?
- Do You Have a Success Story?
- 7th Annual Insurance Diversity Summit - Save the Date - 10/1/2018
- Diversity Events Calendar
- Black Enterprise: Presenting Our 2018 50 Best Companies for Diversity

February - In Celebration of Black History Month

Presenting Our 2018 50 Best Companies for Diversity

Email us at Diversity@insurance.ca.gov about any events or updates you'd like to share with the Initiative and our stakeholders!

Deadline for submissions is the 15th of every month.
Certification is where the diverse supplier business undergoes a third-party process to declare that the diverse supplier business does indeed satisfy the qualification criteria or definitions set by the buyer or contract procurement manager.

Who are these buyers? Well that depends on the product or service your diverse supplier business offers and to whom you sell. There are three categories or markets: consumer buyers - business to consumer (B2C), business buyers - business to business (B2B), and government buyers - business to government (B2G). It is possible to take an even deeper dive into market segmentation; however, we will keep it at a broader discussion. Many diverse supplier businesses focus on just one buyer category and really work that market well. Others have discovered the benefits (along with the drawbacks) to focusing on two or more buyer categories and balance them so well that any drawbacks are mitigated. As a diverse supplier business, it really depends on what you forecast and outline as your short- and long-term revenue goals. Does it help your revenues to focus on only one or take on multiple markets?

Note: Qualification criteria and definitions set for Classifications tend to be established and accepted by the industry; however, the qualification criteria and definitions set for Certifications are fixed and specific to the buyer's or contract procurement manager's company or government agency. Many companies and government agencies accept as standards the various certifications which can be found, while some companies and government agencies are steadfast on accepting only very specific certifications. The Insurance Diversity Initiative has our own definitions of diverse supplier businesses and those are available at Multistate Insurance Diversity Survey 2017 Survey Glossary and Industry Categories. And, in some instances, it is possible there are reciprocity programs with some government agencies at various levels (i.e. city or county recognizing state or federally recognized certifications, etc.)

While some business to consumer (B2C) buyers may like to know that they are supporting a specific classification of business, classification and certification are typically more applicable to clients that purchase from the business to business (B2B) and business to government (B2G) markets. The most common example is that you are selling to the federal government and you want to be certified as a small business.

Diversity matters. Studies have confirmed that diverse environments bolster corporations, promoting greater innovation and sharpening competitiveness. In fact, for years, the New York-based Center for Talent Innovation has found that inclusive leadership produces “the diversity dividend” that results in greater market share and a competitive advantage in gaining access to new markets as well as a "speak-up culture" that values and stimulates new ideas.

Even with such undeniable evidence, diversity continues to be one of today's most challenging organizational issues. According to a recent BlackEnterprise.com report on The Top 15 Most Challenging HR Compliance Issues for 2018, a white paper based on a recent study conducted by XpertHR of human resource professionals at more than 1,000 small, medium, and large employers, roughly 25% of respondents conceded that they were "very or extremely challenged by developing a culture of inclusion." Moreover, 29% and 33%, respectively, cited similar difficulties in "recruiting a more diverse workforce" and "increasing minorities in leadership roles."

Despite these hurdles, the white paper outlined benefits of diverse workplaces such as increasing employee productivity, reducing legal claims, improving internal and public image and branding, and boosting customer loyalty and engagement, to name a few.

In recent years, more CEOs have placed diversity and inclusion (D&I) on their radar screens. Seventy corporate and academic leaders among the 330 signatories of the CEO Action for Diversity & Inclusion—who have pledged to cultivate "safe" corporate environments that embrace employee
the business to business (B2B) and business to government (B2G) buyers and contract procurement managers. Explore whether or not your diverse supplier business should seek any of the available certifications, as there may or may not be potential financial benefits since it will take time, effort, and resources. There are nationally accepted certification groups to explore, which may also provide a myriad of resources advocates for those who qualify for the certifications they proctor and administer. They hold workshops and webinars regularly to help those with questions to self-discover if certification is for them and their diverse supplier business.

Listed here are some of the national and/or regional diverse supplier certification organizations:

- National Minority Supplier Development Council (NMSDC)
- Western Regional Minority Supplier Development Council (WRMSDC)
- Southern California Minority Supplier Development Council (SCMSDC)
- Pacific Southwest Minority Supplier Diversity Council (PSMSDC)
- Women Business Enterprise National Council (WBENC)
- Women Business Enterprise Council - Pacific (WBEC-Pacific), formerly Astra Women's Business Alliance
- Women Business Enterprise Council - West (WBEC-West)
- National LGBT Chamber of Commerce (NGLCC), formerly National Gay & Lesbian Chamber of Commerce
- U.S. Veteran Business Alliance (USVBA)

Take a moment to review our Diversity Events Calendar. You will see listed some of the dates and locations for workshops as well as Webinars. Add those that are relevant to you onto your calendar and invest the time to see if by certifying your business you will realize a whole new category of buyers and contract procurement managers or just burn valuable

discussions on D&I and racial issues-held their inaugural meeting in New York recently to engage in candid, daylong conversations under such themes as "Getting Comfortable with the Uncomfortable," "Being Truthful About Barriers" and "Creating Collaborative Difference." Comparing the convening to the founding of civil rights groups such as the NAACP, National Urban League, and LULAC (League of United Latin American Citizens) in the early 20th century, Cid Wilson, the Afro-Latino president and CEO of the Hispanic Association on Corporate Responsibility, described it as being "a very historic gathering. What was common with all of these meetings was that it was the first of a movement to illuminate what we know is an issue." At the same time, Wilson cited the need to stop the attrition of prospective executive leaders of color and expand sponsorship at the C-suite level. Another attendee, Michael Bush, CEO of Great Places to Work, asserted: "Personally, I'm not inspired to define and talk about diversity. It's more about action, and the actions that are required are underrepresented groups of people need to be at the top of organizations."

With the ongoing debate of such issues, it's vital for black enterprise and The Executive Leadership Council, the preeminent organization of black global senior managers, to continue to recognize the 50 Best Companies for Diversity, identifying those companies creating pathways to more dynamic workforces, representative corporate governance, expansive supplier pools, and inclusive management. In compiling this year's list, we have identified those that have demonstrated through action that diversity makes a difference.

HOW WE COMPILED THE 50 BEST COMPANIES FOR DIVERSITY
Black Enterprise's editorial research team, in partnership with The Executive Leadership Council, sent surveys to the nation's top 1,000 publicly traded companies and 100 international companies with a major U.S. presence to get an in-depth look at the ethnic and gender composition of these corporations, as well as understand various programs designed to foster and maintain an inclusive working environment. The annual survey is centered around efforts focused on African Americans, but also includes other ethnic minority groups as defined by the U.S. Census


resources that you could have allocated to chasing actual sales. While certifications may open new opportunities, keep in mind the old axiom that the cure all, end all to a business's financial challenges is generating more sales. So when it comes to classifications and certifications, they are descriptors of who are you and your diverse supplier business. Classifications and certifications are not the value proposition/competitive edge of your product or service nor the primary, secondary, or even tertiary reason as to why a buyer or contract procurement manager should award a sale to you. However, these classifications and certifications do make it much easier for them to find you.

Do You Have an Insurance Supplier Diversity Success? We Want to Hear from You!

Take a quick moment to fill out our survey [https://www.surveymonkey.com/r/388MZ69](https://www.surveymonkey.com/r/388MZ69) or contact us directly at diversity@insurance.ca.gov.

SAVE THE DATE

7th Annual Insurance Diversity Summit

B.E. performed a quantitative and editorial assessment of all corporate respondents and measured each company’s diversity efforts using the following criteria:

1. B.E. measured companies against each other using data from four key categories: employee base, senior management, board of directors, and procurement. Based on a quantitative and editorial analysis, each company received a score. Senior management and board of directors’ categories were given a higher weighting based on company impact across the board. Procurement was also a major factor while employee base was given a lower weighting.

2. We also reviewed the status of companies across all be diversity and corporate leadership lists, including the Top 50 Companies for Supplier Diversity, the 300 Most Powerful Executives, Top Diversity Executives, as well as companies who have chief diversity officers and/or designated D&I departments.

3. We also considered those companies in which the CEO takes an active role in diversity polices and practices.

Our survey measures companies against four key categories:

**Employee Base:** The percentage of African Americans and members of other ethnic minority groups represented in a given company’s workforce

**Senior Management:** The percentage of senior management positions held by African Americans and members of other ethnic groups.

**Board of Directors:** The percentage of African Americans and other ethnic minorities represented on corporate boards.

**Procurement:** The percentage of total
Save the Date
Monday, October 1, 2018
The California Endowment
1000 N. Alameda Street
Los Angeles, CA 90012

More Information Found Here

CALENDAR

Diversity Events Calendar

February

- California Asian Pacific Chamber of Commerce (CAPCC) - Challenges in Asia-Pacific Trade and Japan's Trade Strategy in 2018
  February 5, 2018
  San Francisco, CA 94111
- California Black Chamber of Commerce (CBCC) - Annual Legislative Reception
  February 6, 2018
  Sacramento, CA 95814
- California Black Chamber of Commerce (CBCC) - Annual Legislative Policy Luncheon
  February 7, 2018
  Sacramento, CA 95814
- National Association of Women Business Owners California (NAWBO-CA) - Virtual Connect & Learn: Discussion with WBO of the Year Finalists - Journey to Success
  February 8, 2018
  Webinar
- Small Business Development Center San Diego and Imperial Valley Network - Connecting with Capital Expo
  February 9, 2018
  San Diego, CA 92126
- National Association of Women Business Owners California (NAWBO-CA) - Mentoring Monday hosted by Bizwomen
  February 12, 2018

AT&T
CEO: Randall L. Stephenson
With African Americans comprising 18% of its workforce, 13% of management, and 15% of its corporate directors, AT&T is among the across-the-board D&I leaders. In fact, five of the company’s top managers made be's roster of most powerful executives. Its pipeline programs ensure a steady stream of top managers of color in the future. As for supplier diversity, not only has its procurement spend made it a Billion Dollar Roundtable perennial but its capacity-building platforms have enabled a number of black firms to expand into high-growth tech areas.

JOHNSON CONTROLS
CEO: George Oliver
Johnson Controls International continues to increase opportunities for African Americans in the areas of senior management and supplier diversity. Under Vice President of Public Affairs & Chief Diversity Officer Grady L. Crosby, the company has expanded its Senior African American Forum, which provides top leaders an opportunity for candid dialogue on management and pipeline issues with the CEO in a small-group setting. JCI, also included among our 2017 Top 50 Companies for Supplier Diversity, represents the leaders in procurement spend with African American and other minority businesses as a member of the Billion Dollar Roundtable.

JPMorgan Chase
CEO: Jamie Dimon
JPMorgan Chase continues to build on the program that it launched in 2016: Advancing Black Leaders. Under Managing Director Valerie Rainford’s leadership, the program has strengthened its focus on recruiting, retaining, developing, and advancing African American talent and creating a pipeline to the officer level. Moreover, JPMorgan Chase has ensured that diversity—including African American talent—has been infused into each element of the succession-planning process as well as the participation of high-potential African American executives in its top leadership and development programs.

According to JPMorgan Chase, Advancing Black Leaders has had an "incredible impact" in its first full year. The firm was proud to
- Sacramento, CA 95819
- San Francisco, CA 94108
- San Jose, CA 95112
- Western Regional Minority Supplier Development Council (WRMSDC) - MBE Pre-Certification Workshop
  February 13, 2018
- Workshop Webinar
- Southern California Minority Supplier Development Council (SCMSDC) - Pre-Certification Workshop
  February 13, 2018
- Los Angeles, CA 90017
- Small Business Development Center Northeastern CA Network Capital Region - Loan Readiness with SAFE Credit Union
  February 21, 2018
- Folsom, CA 95630
- Institute for Supply Management (ISM) - ISM Impact 2018: The ISM Diversity Conference
  February 21-23, 2018
- Washington, D.C. 20745
- Women's Business Enterprise Council - West (WBEC-West) - Learning the Ins & Outs of Certification
  February 28, 2018
- Workshop Webinar
- California Capital Women's Business Center - Financing with the Small Business Administration
  February 28, 2018
- Sacramento, CA 95815

To submit a request for your Supplier Diversity or Governing Board Diversity-related event added to our calendar or to see upcoming events, please visit our events calendar.

Welcome new black talent at all levels and create mobility opportunities for black executives. "More than that, we helped to shift the conversation to create a more inclusive work environment and one in which hiring managers are starting to think more holistically about diversifying their talent pools," said a top official.

STATE FARM
CEO: Michael L. Tipsord
State Farm understands the value of diverse teams to stay innovative and competitive. In fact, its Leadership Development Program has become a useful tool to ensure that the company develops a highly versatile, skilled, and diverse pool of managers.

TIAA
CEO: Roger W. Ferguson Jr.
TIAA continues its leadership role in the recruitment and development of African American talent for senior leadership roles. In fact, three members of its leadership team can be found on our 300 Most Powerful Executives roster. (Also, Senior Executive Vice President, Human Resources Otha "Skip" Spriggs was recently selected as President and CEO of The Executive Leadership Council.) To ensure an inclusive environment, TIAA has instituted diversity representation goals as part of its corporate scorecard and "on-demand feedback" tools to diminish unconscious bias and ensure fair and objective assessments of employees.

Read the full list, here: http://www.blackenterprise.com/belist/50-best-companies-diversity-2018/

-List research conducted by Lisa Fraser, Mia Hall, Roland Michel, Delicia Paisley-Smith & Tiamari Whitted

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