

Contracting, Procurement & Supplier Diversity

November 2023

REIMAGINE MAIN STREET



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Reimagine Main Street, a project of the Public Private Strategies Institute, is a multi-stakeholder, cross-sector initiative that brings small business leaders, investors, experts, and policymakers together with business owners and the people they employ. We engage diverse stakeholders and develop data-driven insights to shape and inform market opportunities and policy.

Together, we are working to ensure businesses prosper, and that the benefits ripple across communities and throughout the economy.

Our Partners



ICIC

Initiative for a Competitive Inner City



*The National Center
for American Indian Enterprise Development*



NMSDC
National Minority Supplier
Development Council



**National
Urban League**



**PUBLIC PRIVATE
STRATEGIES**



USHCC
UNITED STATES HISPANIC CHAMBER OF COMMERCE



**WOMEN IMPACTING
PUBLIC POLICY**



Context for this Survey

- Contracting with the federal government and large corporations presents significant opportunities for diverse-owned and small businesses. The federal government is the largest consumer of goods and services in the world, spending more than \$690 billion on contracts in FY 2022. Corporations spend 58% of their revenue on corporate contracts with suppliers.
- At the same time, public and private sector investments made as part of the Investing in America Agenda are creating industries of the future and new on-shore supply chains resulting in additional opportunities for diverse and small firms.
- In order to better understand the contracting experience of diverse and small businesses and their readiness to compete for contracts, Reimagine Main Street joined forces with 14 partners to field this national survey.
- We note that this survey was fielded before the most recent wave of coordinated legal assaults against diverse businesses, business diversity, and efforts to increase contracting with diverse-owned and small businesses. We believe that the findings of this survey contribute to understanding the role of contracting and the experience of diverse and small businesses.

Large National Sample - Four Primary Segments

All respondents

1,962

Businesses owned by:

| | |
|-----|------------------------------------|
| 17% | AANHPI |
| 34% | Black, African American or African |
| 19% | Hispanic /Latino(a) |
| 3% | Native American |
| 21% | White |
| 4% | Multiracial |
| 24% | Woman |
| 7% | Veterans |
| 5% | Individuals with Disability |
| 3% | LGBTQ+ |

Small Employers

1,451

Businesses owned by:

| | |
|-----|------------------------------------|
| 18% | AANHPI |
| 33% | Black, African American or African |
| 19% | Hispanic /Latino(a) |
| 3% | Native American |
| 21% | White |
| 3% | Multiracial |
| 26% | Woman |
| 10% | Veterans |
| 6% | Individuals with Disability |
| 4% | LGBTQ+ |

\$1M+ Revenue

476

Businesses owned by:

| | |
|-----|------------------------------------|
| 25% | AANHPI |
| 20% | Black, African American or African |
| 16% | Hispanic /Latino(a) |
| 5% | Native American |
| 29% | White |

Invest in America Industries

410

Businesses owned by:

| | |
|-----|------------------------------------|
| 21% | AANHPI |
| 29% | Black, African American or African |
| 20% | Hispanic /Latino(a) |
| 8% | Native American |
| 22% | White |
| 37% | Woman |
| 12% | Veterans |
| 5% | Individuals with Disability |
| 4% | LGBTQ+ |

Key Findings

(1 of 10)

Role of Contracting

- Most of the respondents have competed for contracts in the prior three years. When they compete, diverse and small businesses generally serve as both primes and subs.
- Respondents compete for contracts across the private, public and nonprofit sectors with respondents more likely to compete for corporate contracts vs government contracts.
- AAPI respondents are the least likely to compete for contracts overall and Latino(a)-owned businesses less likely to compete for government contracts. Black-owned and Native-owned businesses highly likely to compete for government contracts.

Government vs Corporate Contracting

- Overall, respondents are more likely to say that corporate contracting is “critical” for their business growth strategies. Yet for businesses with \$1M+ in annual revenue, responses differ by race and ethnicity:
 - Black-owned and Native-owned businesses more likely to report government contracting critical.
 - Small employers owned by Women, Veterans and people of color likely to report corporate and government contracting are equally critical.

Key Findings

(2 of 10)

Government vs Corporate Contracting (cont'd)

- In general, respondents are more confident in their ability to compete for corporate contracts vs government contracts.
 - Corporate contracts represent greater share of revenue for AAPI-owned and Latino(a)-owned businesses with \$1M+ Revenue.
 - Native-owned businesses are equally likely to generate significant share of revenue from government and corporate contracting.
 - Black-owned businesses with \$1M+ revenue, are more likely to derive a significant share of revenue from government contracts.
- Corporate contracts typically move from initial meeting to close more quickly than government contracts.

Corporate Contracting

- Corporate contracting is critical to respondents: more than $\frac{2}{3}$ generate at least some annual revenue from corporate contracts.
- Nearly half (46%) of respondents with \$1M+ revenue say that corporate contracting is critical to their growth strategy.
 - Black-owned businesses with \$1M+ revenue least likely to generate income from corporate contracting.
 - Small employers owned by women and people of color least likely to generate revenue from corporate contracting.

Key Findings

(3 of 10)

Corporate Contracting (cont'd)

- Most respondents participate in a corporate supplier diversity program and those who do not participate are generally interested. There are opportunities to grow participation of diverse businesses with \$1M+ revenue --especially Hispanic-owned -- in corporate supplier diversity programs.
- Respondents' views on the burden of competing for corporate contracts is mixed. Black-owned and Latino-owned businesses with \$1M+ revenue more likely to report corporate contracting burdensome compared to their peers.

Government Contracting

- One in three respondents report that government contracting is critical to their growth strategies and half of respondents generate some share of revenue from government contracting.
- For Black-owned and Native-owned businesses with \$1M+ revenue, government contracting is critical part of growth strategy for more than half of respondents.
- More than half (55%) of Native-owned businesses with \$1M+ revenue generate at least 1/3 of annual revenue from government contracting.

Key Findings

(4 of 10)

Government Contracting (cont'd)

- 49% of Black-owned businesses with \$1M+ revenue derive more than 1/3 of revenue from government contracting
- Latino(a)-owned businesses with \$1M+ revenue are least likely to generate revenue from government contracting
- Among small employers, Veteran-owned businesses are most likely to generate revenue from government contracting
- Respondents generally report that government contracting is burdensome. This is true for all respondents and across segments and small employers as well as businesses with \$1M+ in annual revenue.

Certification

- Most eligible businesses in the sample are certified. More than 80% of eligible businesses with \$1M+ revenue are certified.
- Where businesses are not certified, awareness and understanding of the value proposition are the primary barriers.
- Certification is helpful, but not sufficient, to win contracts

Confidence & Beliefs

- Most respondents do not believe that the playing field is level when they compete for contracts. However, businesses still believe that the effort required to prepare a bid or RFP response is a worthwhile investment. Veteran-owned businesses and Black-owned businesses most likely to report that the effort is worth the return.
- Confidence in ability to win contracts grows as the capacity of the business increases. Black-owned businesses are among the most confident and AAPI-owned businesses are least confident.
- Confidence in ability to access capital to fund an RFP, contract, or purchase order varies across segments.
 - Black-owned businesses express confidence at parity with their white-owned peers.
 - Women-owned small employers are least confident in their ability to access capital
 - Among businesses with \$1M+ revenue, Latino(a)-owned and AAPI-owned businesses are least confident.

Key Findings

(6 of 10)

Barriers

- Lack of relationships and limited awareness of contracting opportunities are most frequently cited as primary barriers to winning contracts. Respondents also frequently cite contract size as a barrier.
- For most respondents, access to capital is not itself a barrier to contracting, however for businesses that report it is a barrier, it is a persistent barrier.
 - Latino(a)-owned businesses with \$1M+ revenue are most likely --at almost 30%-- to report access to capital is a barrier.
- Although most respondents do not report capital access as a barrier, respondents do cite the timing of payments as a challenge. This challenge is most acute for Black-owned businesses with \$1M+ revenue.
- Bonding and insurance requirements generally present challenges for diverse and small businesses. This challenge is more acute for businesses with \$1M+ in revenue.
- About one in four respondents with \$1M+ revenue said that requirements related to IT standards and cyber security discouraged them from competing for contracts.

Key Findings

(7 of 10)

Investing in America Businesses

- The Investing in America agenda represents massive public and private investments in infrastructure, clean tech, and reshoring of advanced manufacturing. The emergence and growth of new industries and supply chains survey present a once-in-a-generation opportunity for diverse-owned firms to play central roles. Reimagine Main Street and our partners wanted to get a sense of whether there are diverse suppliers ready and able to compete for these contracts.
- Of the respondents, 29% of the sample -- 410 small employers — compete in “Invest in America” sectors and 78% of these respondents are diverse-owned.
- These businesses have capacity and already win contracts: Almost half (46%) generate at least \$1M in annual revenue, and one in 5 (19%) generate annual revenue >\$5m. More than half of the companies generates at least one third of its annual revenue from contracting
- But absent intentional focus, small and diverse suppliers won't get opportunities.
 - The businesses lack awareness of the Invest in America opportunities.
 - Contract size too big for many diverse and small businesses

Policy Awareness - Bipartisan Infrastructure Law

- One out of five (21%) respondents said they have never heard of the Bipartisan Infrastructure Law, with Latino/a business owners least likely to report awareness.
 - 28% of Latino/a business owners surveyed had no awareness
 - 22% of AAPI and Native business owners surveyed had no awareness
 - Black and white business owners reported slightly greater awareness with 18% and 19% of respondents reporting no awareness
- **Create awareness:** More than half (56%) of respondents lack awareness of the Bipartisan Infrastructure Law and opportunities the law might present for their businesses. Engage in Spanish and with trusted channels as Latino/a respondents expressed the lowest level of awareness
- **Provide actionable guidance:** Almost one in four (24%) business owners have been following the Bipartisan Infrastructure Law and/or are preparing to compete
- **Uplift stories of businesses that received contracts:** By Q1 2023, 1% of respondents reported that they had received a contract from BIL funding. We know that business owners are most influenced by other business owners, so stories of experience and impact are most likely to be persuasive

Policy Awareness - CHIPS & Science Act

- Nearly four in ten (37%) of respondents said they have never heard of the CHIPS and Science Act, with Black and Latino/a business owners least likely to report awareness.*
 - 42% of Latino/a business owners surveyed and 41% of Black business owners had no awareness
 - 37% of AAPI business owners surveyed had no awareness
 - 33% of Native business owners surveyed had no awareness
 - 29% of white business owners reported no awareness
- **Create awareness:** 61% of respondents lack awareness of the CHIPS and Science Act and opportunities the law might present for their businesses.
- **Frame the opportunities from CHIPS for small businesses to include secondary effects of the programs:** Nearly 4 in 10 respondents has never heard of the CHIPS and Science Act and about one quarter don't think there are opportunities for their businesses. Although direct benefits are more likely to be relevant for high tech and advanced manufacturing ecosystem companies, there will be broader opportunities from investments in tech hubs and potentially from the child care requirements of CHIPS.
- **Provide actionable guidance:** More than one in ten (13%) business owners have been following the CHIPS and Science Act and/or are preparing to compete

Policy Awareness - Inflation Reduction Act

- Entrepreneurs of colors are less likely to be aware of the Inflation Reduction Act (IRA) compared to their white peers*
 - 31% of Latino/a respondents lack awareness of the IRA
 - 27% of Black or African American respondents lack awareness of the IRA
 - 25% of AAPI respondents lack awareness of the IRA
 - 18% of Native entrepreneurs lack awareness of the IRA
 - 13% of white business owners reported no awareness
- **Create awareness:** 59% of respondents lack awareness of the Inflation Reduction Act and opportunities the law might present for their businesses.
- **Focus on in-language information:** Latino/a and AAPI respondents are among the least likely to know about the IRA
- **Translate awareness into opportunities:** 36% of respondents are aware of the Inflation Reduction Act, but do not know if there are opportunities for their businesses.



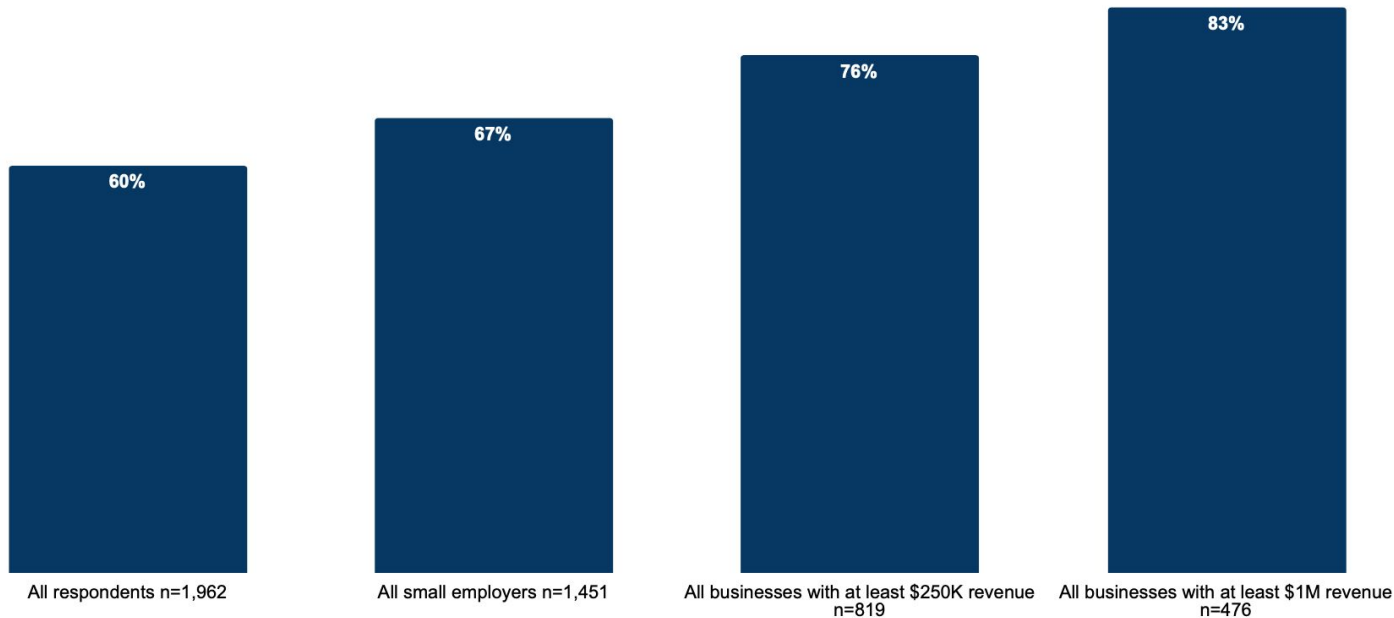
Role of Contracting

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- Most of the respondents have competed for contracts in the prior three years. When they compete, diverse and small businesses generally serve as both primes and subs.
- Respondents compete for contracts across the private, public and nonprofit sectors with respondents more likely to compete for corporate contracts vs government contracts
- AAPI respondents with \$1M+ revenue are the least likely to compete for contracts compared to peers. Black-owned and Native-owned businesses highly likely to compete for government contracts.

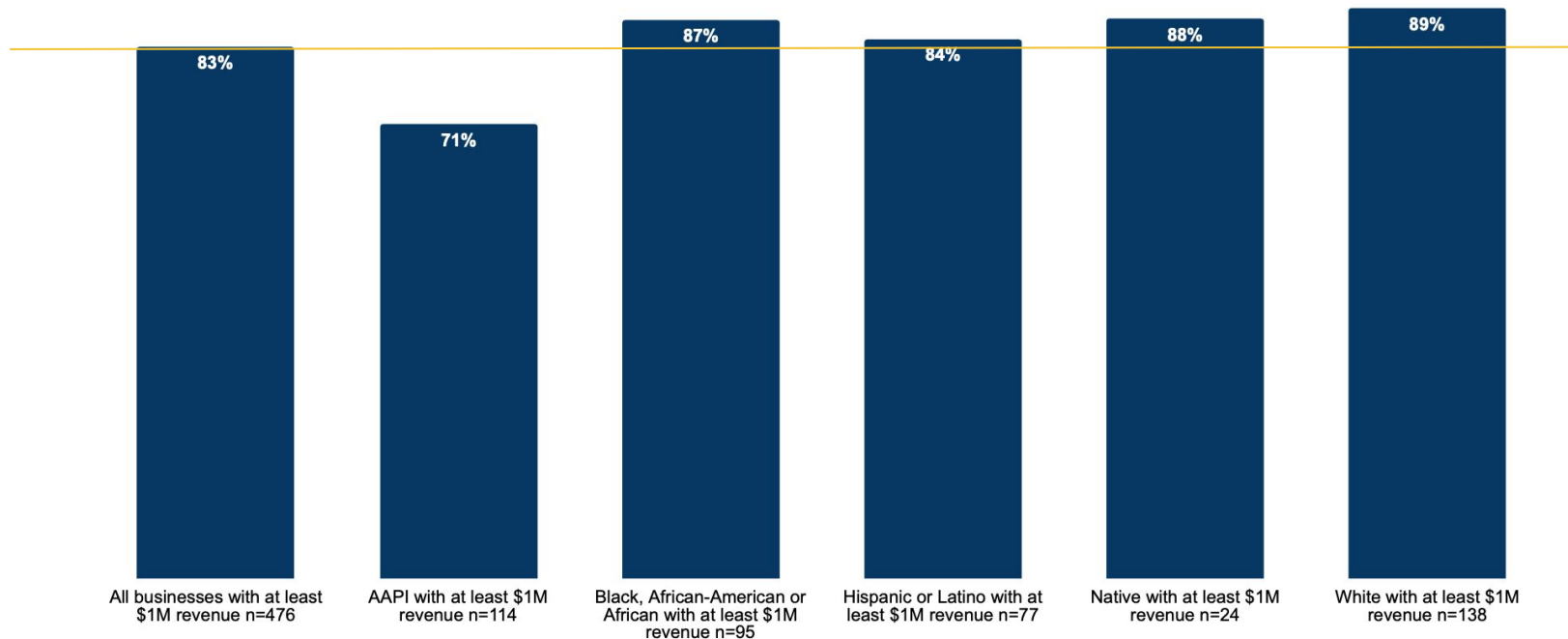
Most Respondents Compete for Contracts

% OF RESPONDENTS THAT HAVE SUBMITTED AT LEAST 1 BID OR PROPOSAL LAST 3 YEARS



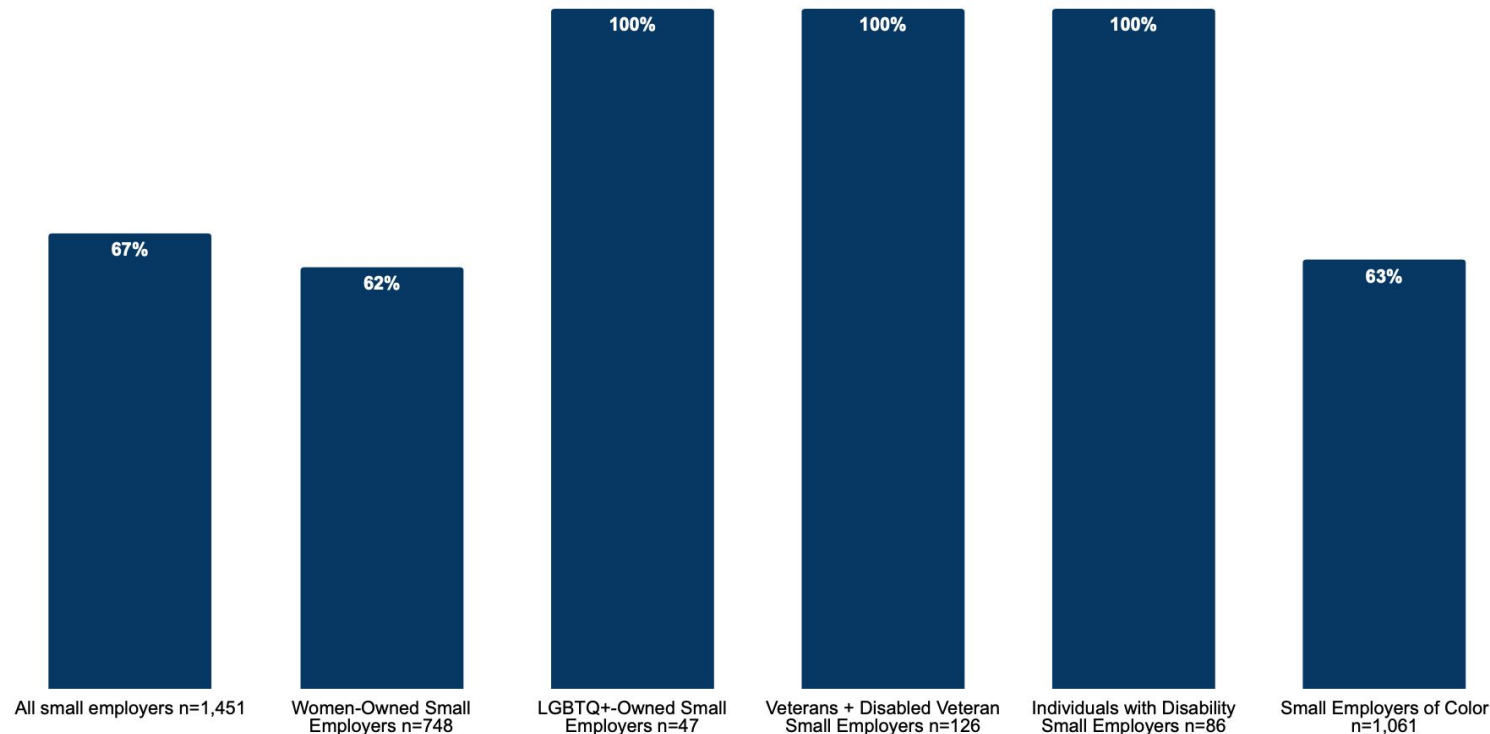
Most Respondents with \$1M+ Annual Revenue Compete for Contracts

% OF RESPONDENTS THAT HAVE SUBMITTED AT LEAST 1 BID OR PROPOSAL LAST 3 YEARS

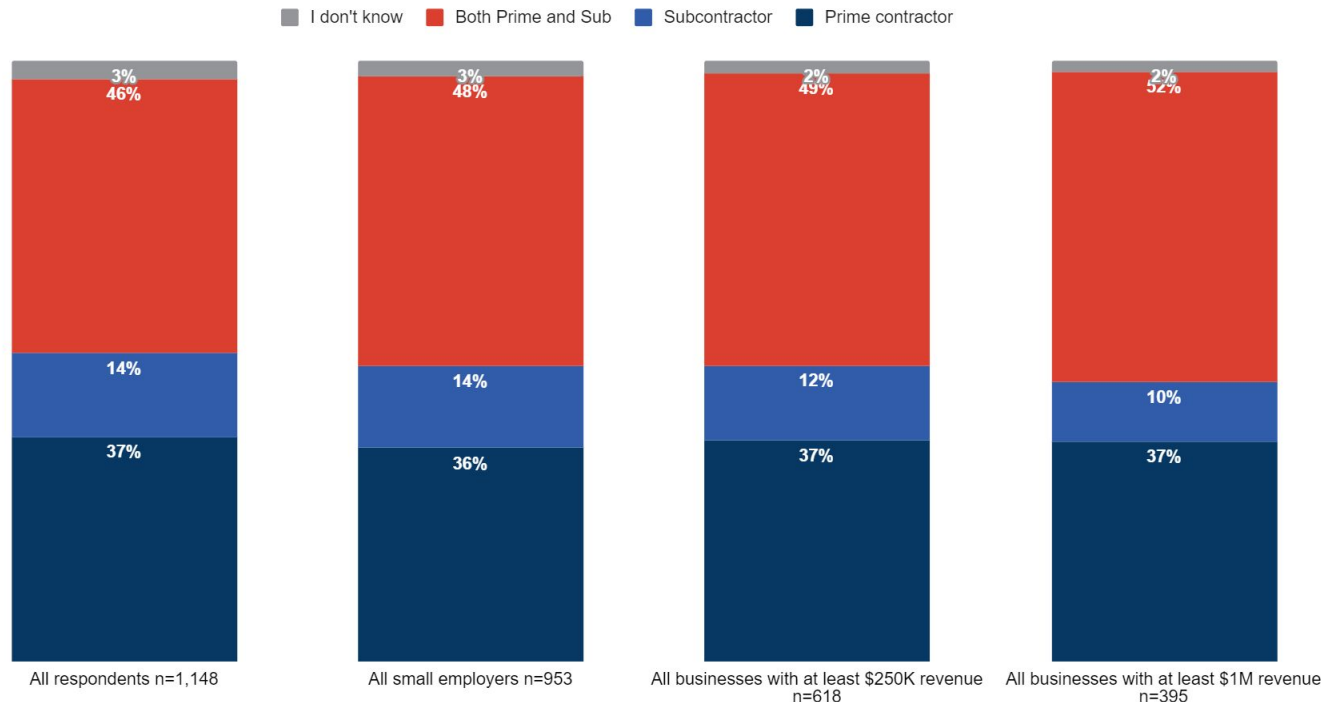


Most Small Employer Respondents Have Competed for Contracts

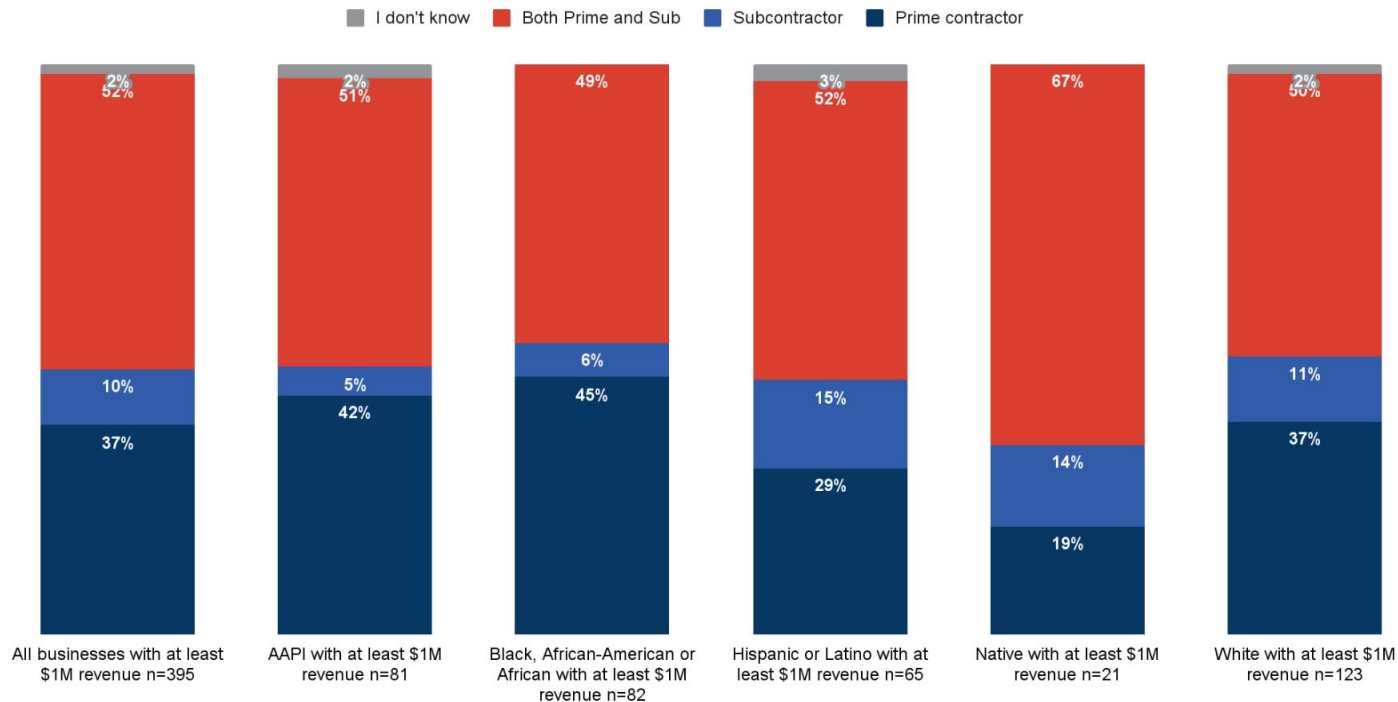
% OF RESPONDENTS THAT HAVE SUBMITTED AT LEAST 1 BID OR PROPOSAL LAST 3 YEARS



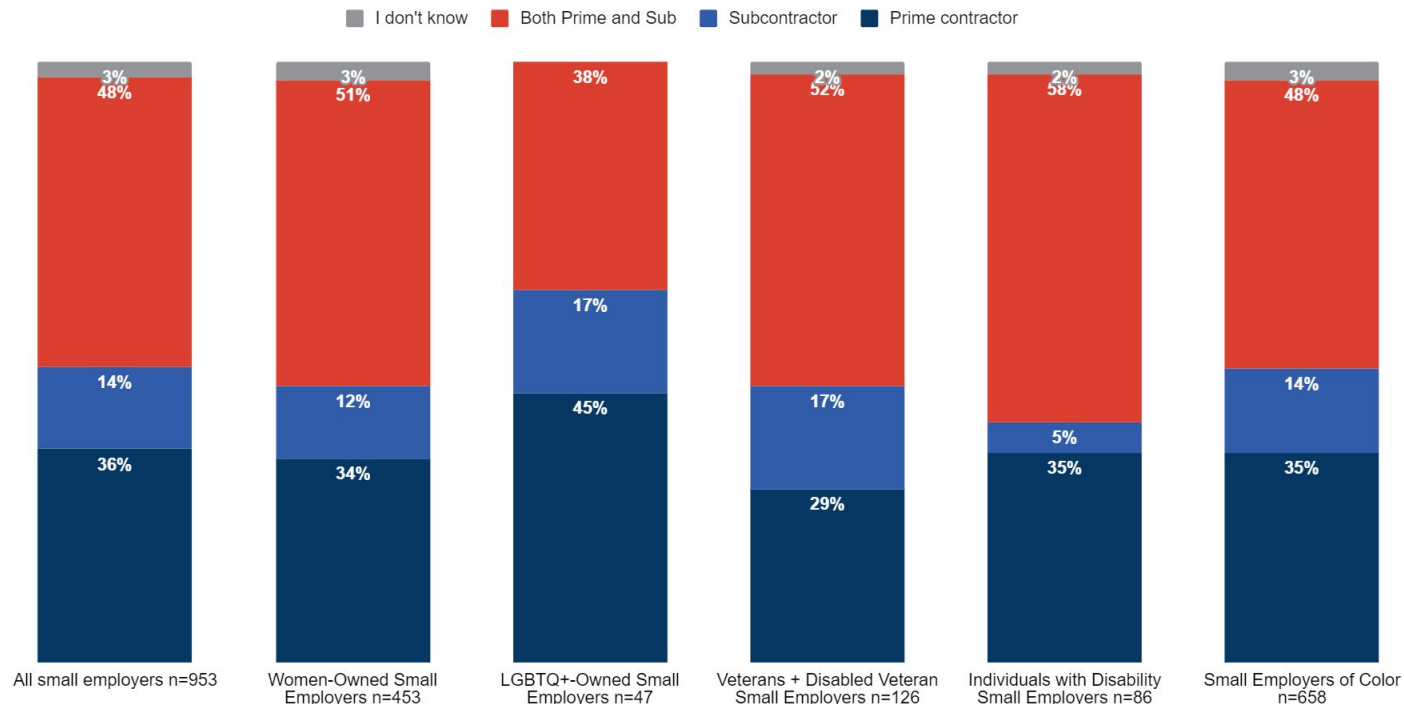
Diverse and Small Businesses Typically Compete as Both Prime and Sub



Businesses with \$1M+ Revenue Typically Compete as Both Primes and Subs

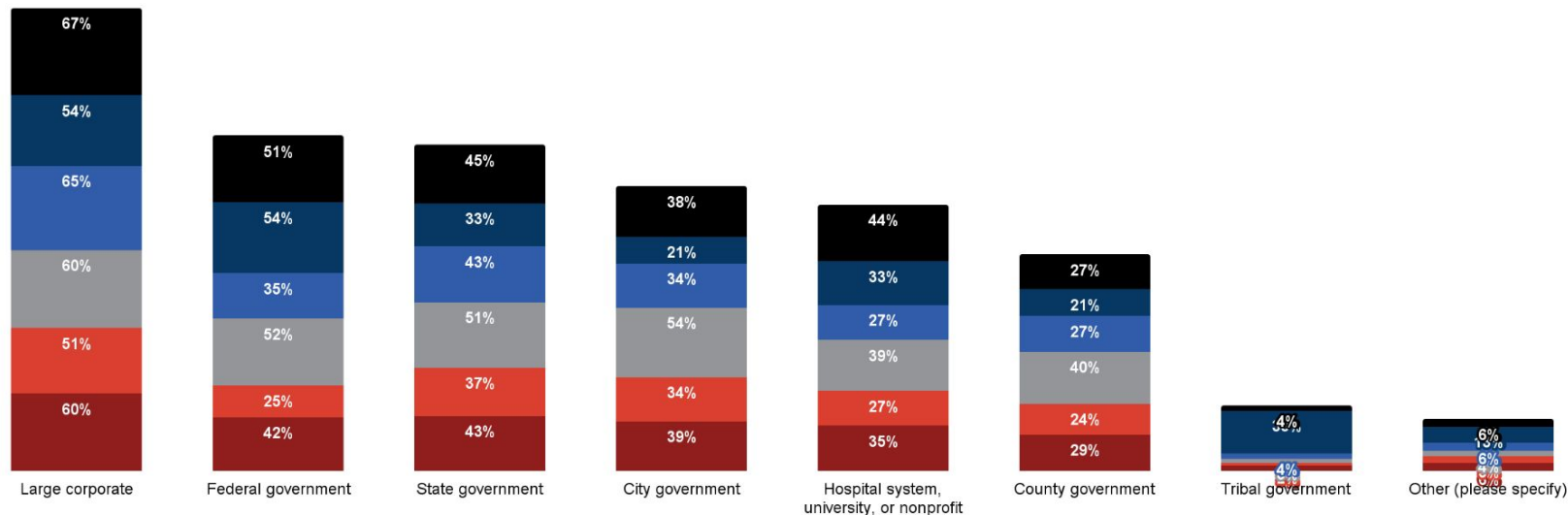


Most Small Employers Compete as Both Primes and Subs



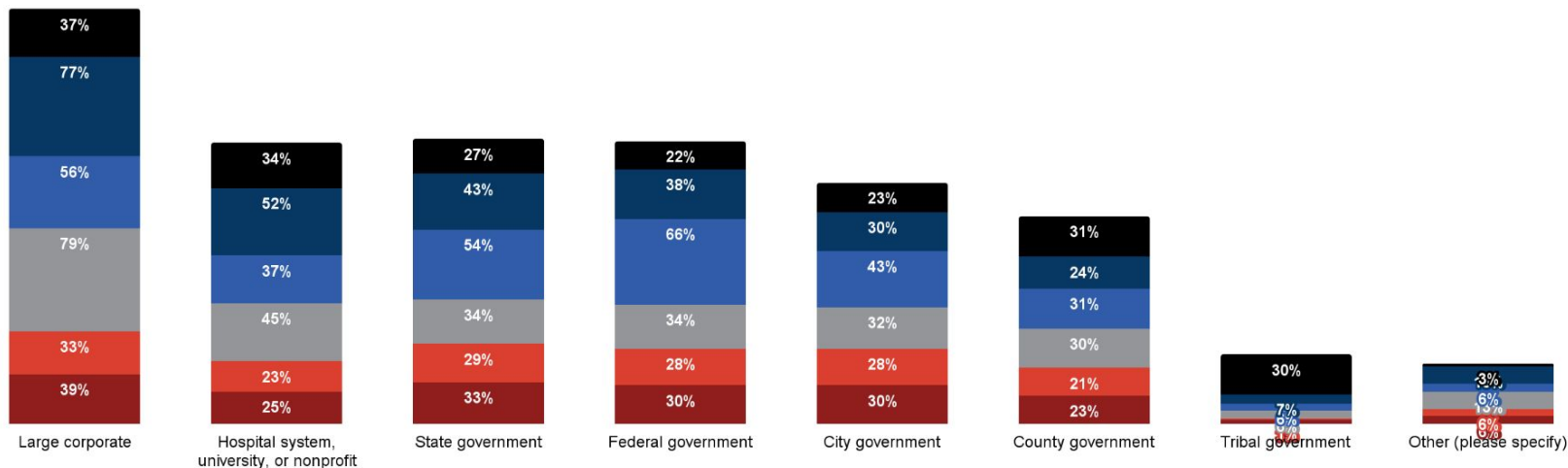
Respondents with \$1M+ Revenue Compete for Contracts Across the Private, Public and Nonprofit Sectors

■ White with at least \$1M revenue n=138 ■ Native with at least \$1M revenue n=24 ■ Hispanic or Latino with at least \$1M revenue n=77 ■ Black, African-American or African with at least \$1M revenue n=95
 ■ AAPI with at least \$1M revenue n=114 ■ All businesses with at least \$1M revenue n=476

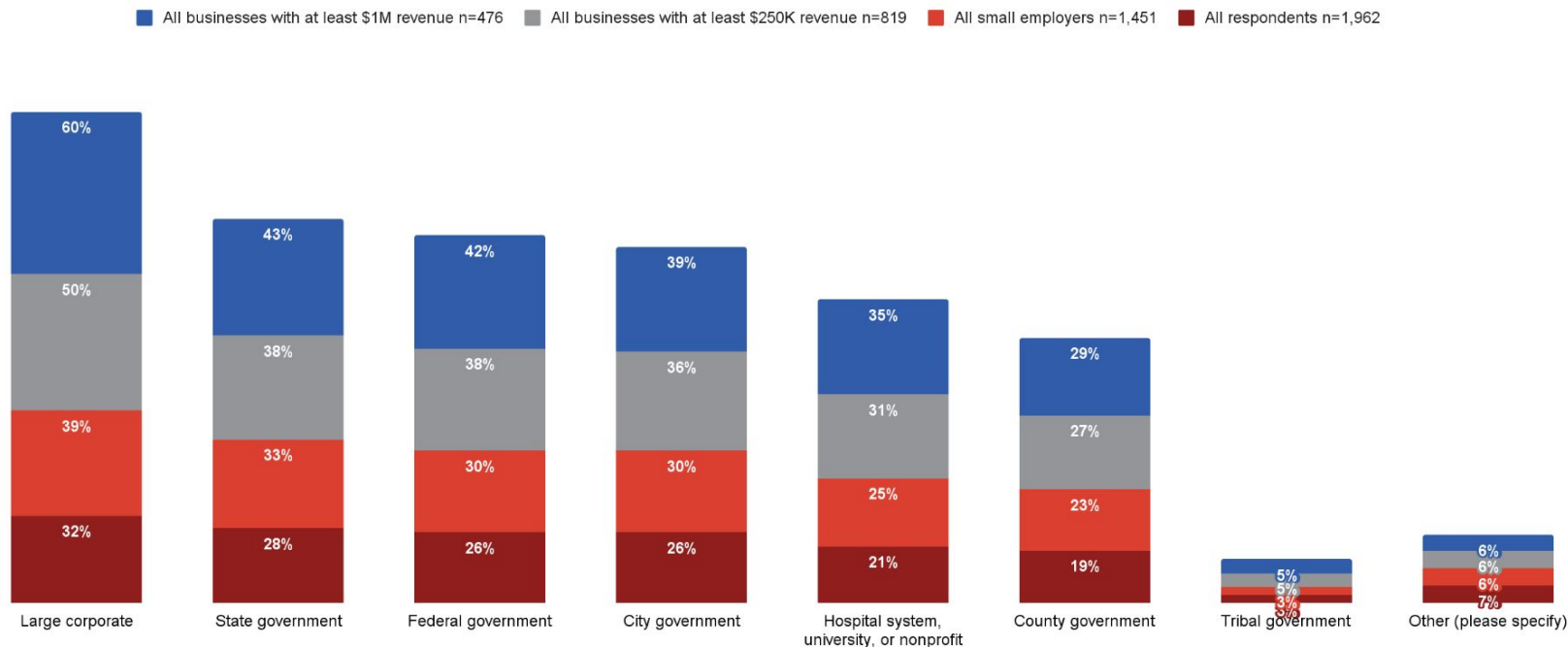


Diverse Small Employers Compete for Contracts Across the Private, Public, and Nonprofit Sectors

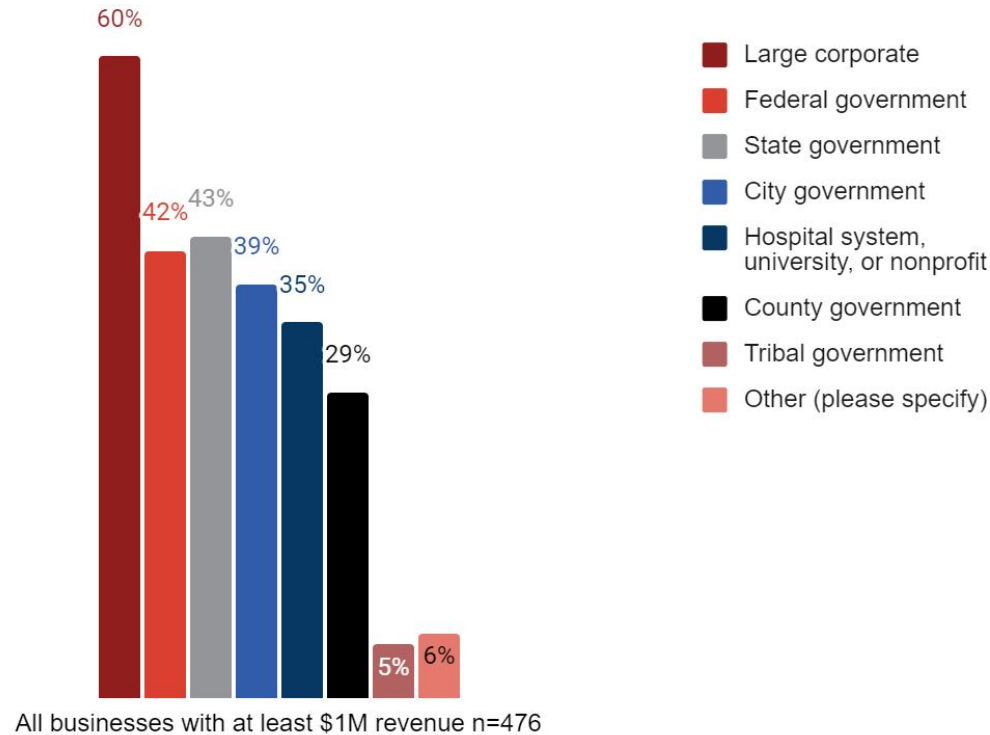
■ Small Employers of Color n=1,061 ■ Individuals with Disability Small Employers n=86 ■ Veterans + Disabled Veteran Small Employers n=126 ■ LGBTQ+-Owned Small Employers n=47
 ■ Women-Owned Small Employers n=748 ■ All small employers n=1,451



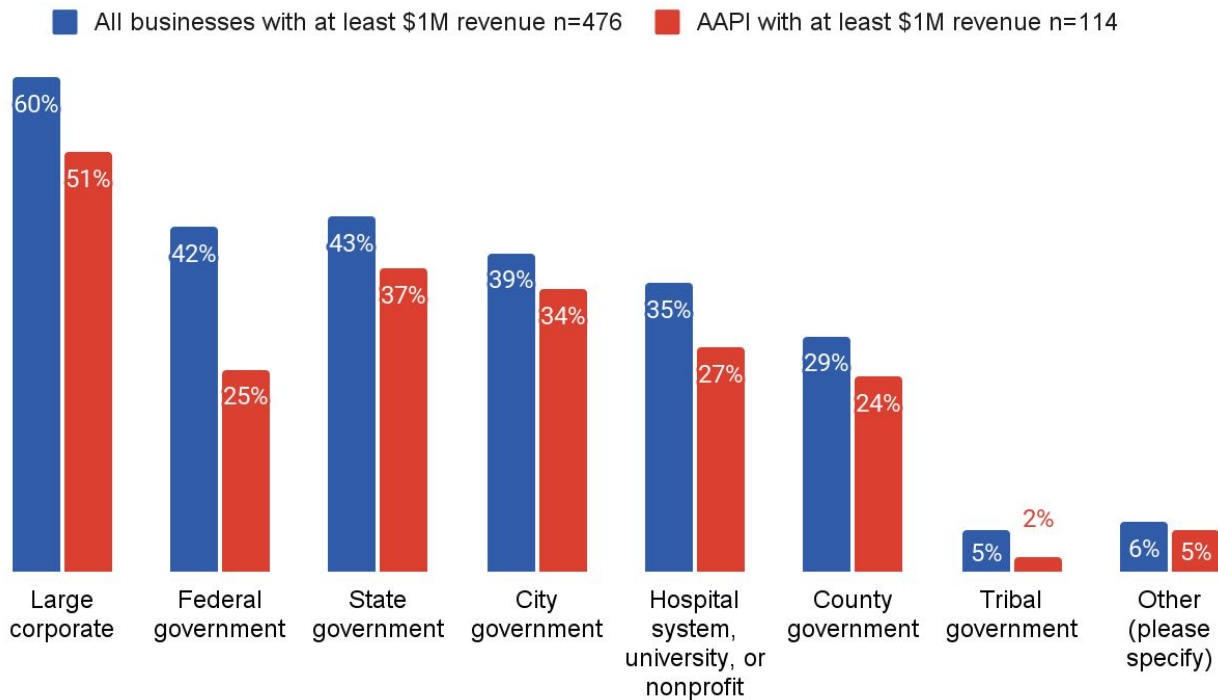
Respondents Most Likely to Compete for Corporate Contracts



Respondents with \$1M+ Revenue Mostly Likely to Compete for Contracts with Large Corporates

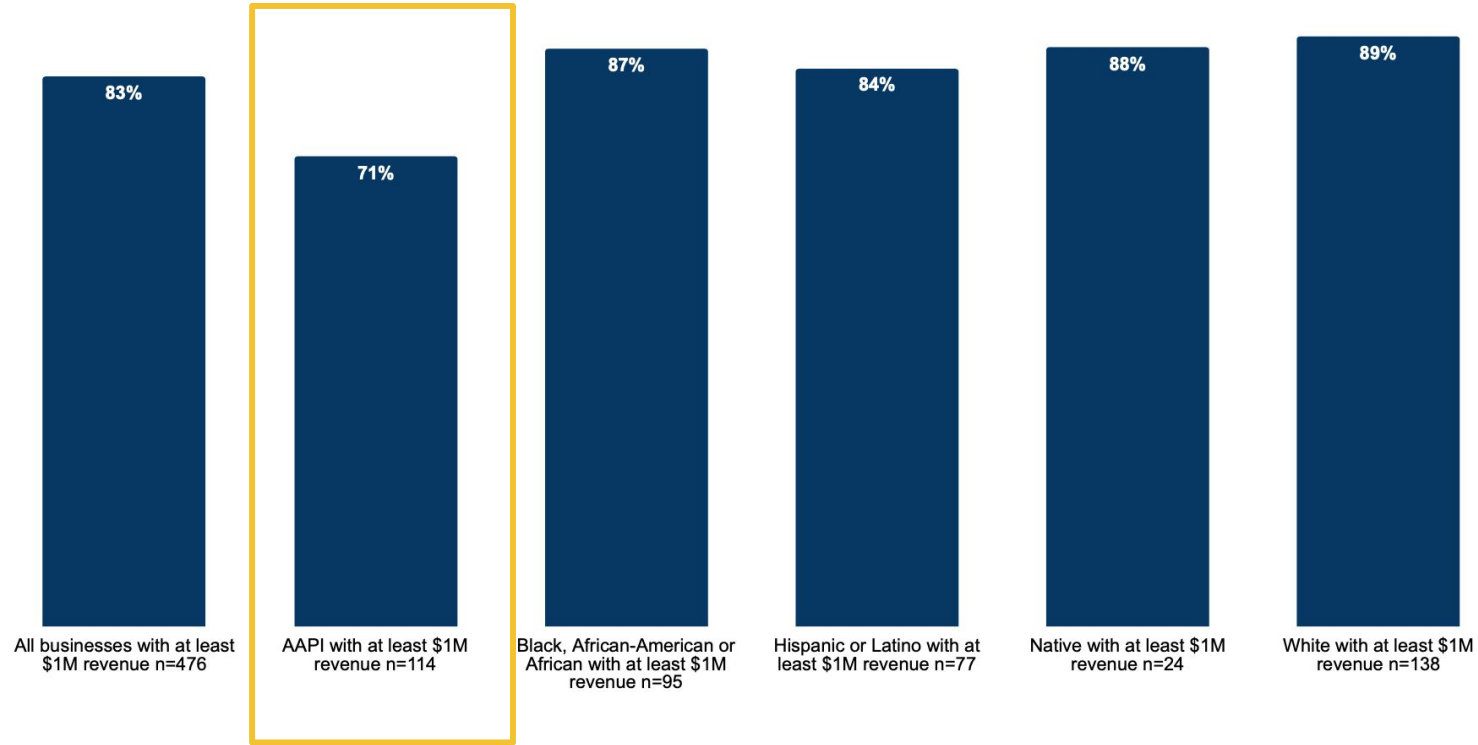


AAPI Respondents with \$1M+ Revenue Less Likely than Peers to Compete for Contracts



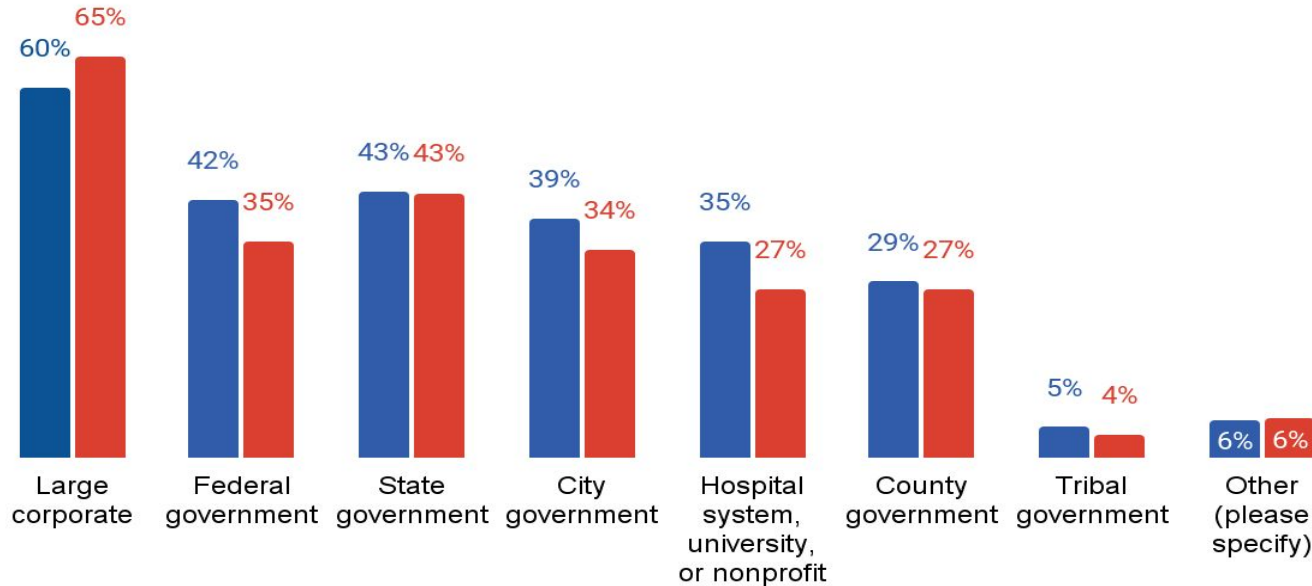
AAPL-Owned Businesses with \$1M+ Annual Revenue in Sample Least Likely to Have Competed for Contracts

% OF RESPONDENTS THAT HAVE SUBMITTED AT LEAST 1 BID OR PROPOSAL LAST 3 YEARS



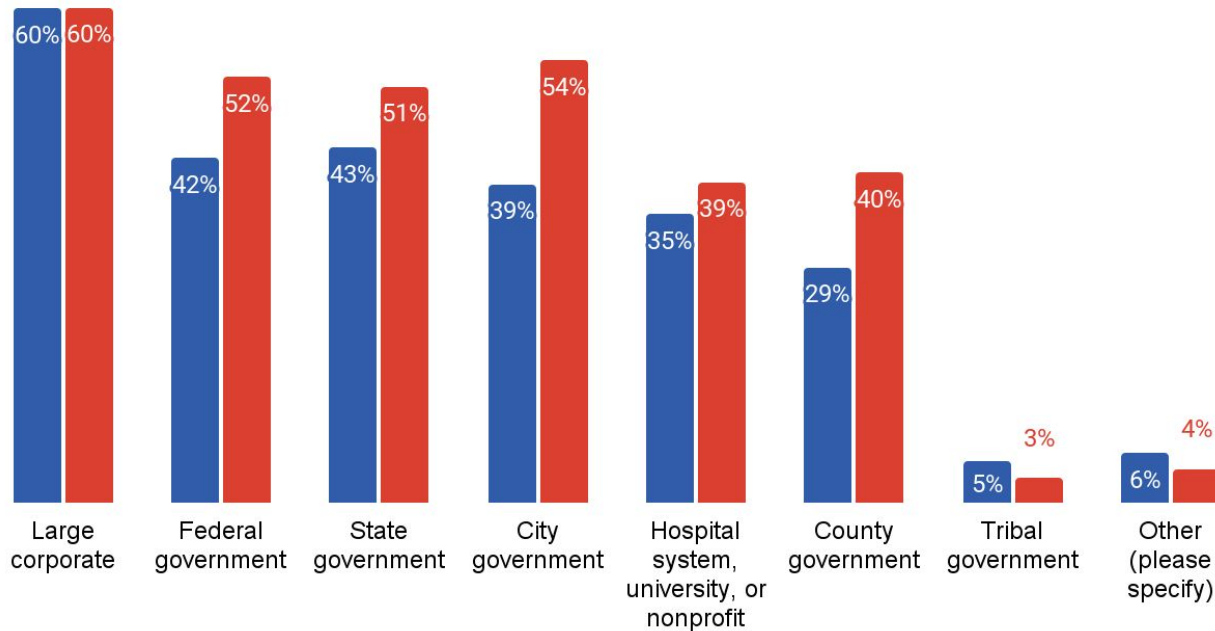
Hispanic or Latino(a) Respondents with \$1M+ Revenue Less Likely Than Peers to Compete for Federal Contracts

■ All businesses with at least \$1M revenue n=476 ■ Hispanic or Latino with at least \$1M revenue n=77

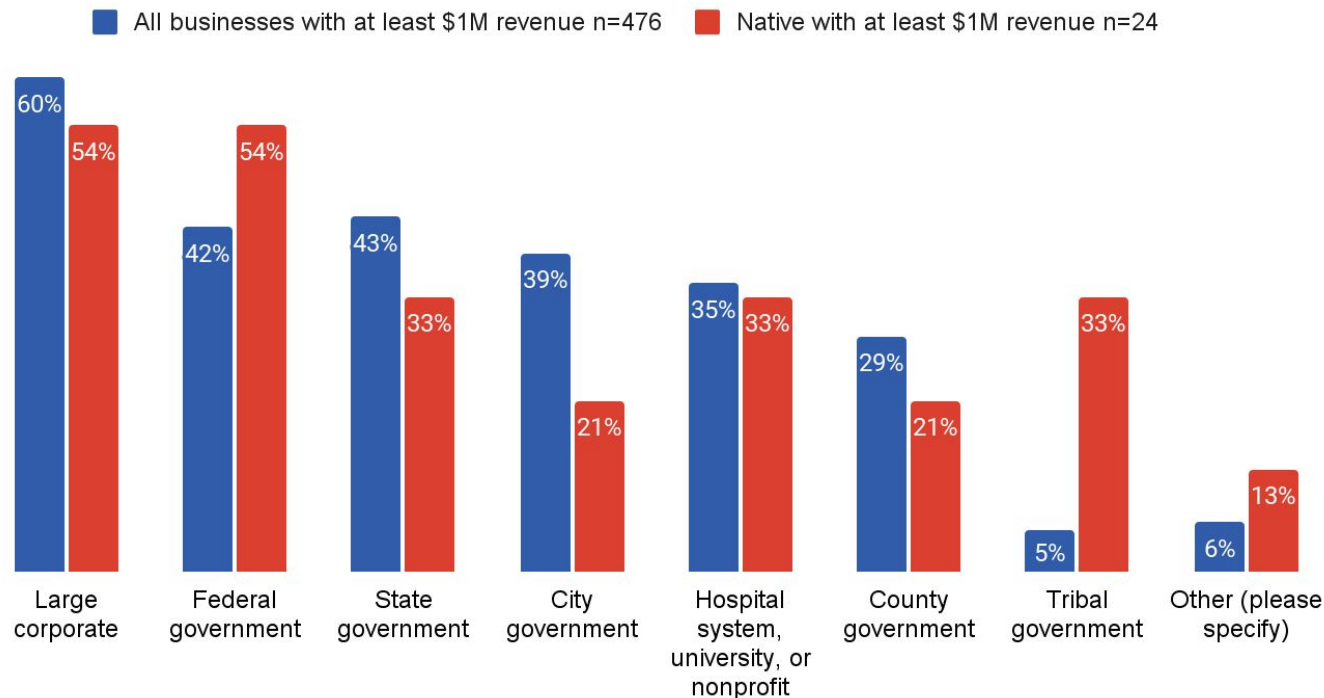


Black Respondents with \$1M+ Revenue Actively Compete for Contracts

■ All businesses with at least \$1M revenue n=476 ■ Black, African-American or African with at least \$1M revenue n=95



Native Respondents with \$1M+ Revenue Mostly Likely to Compete for Federal Contracts





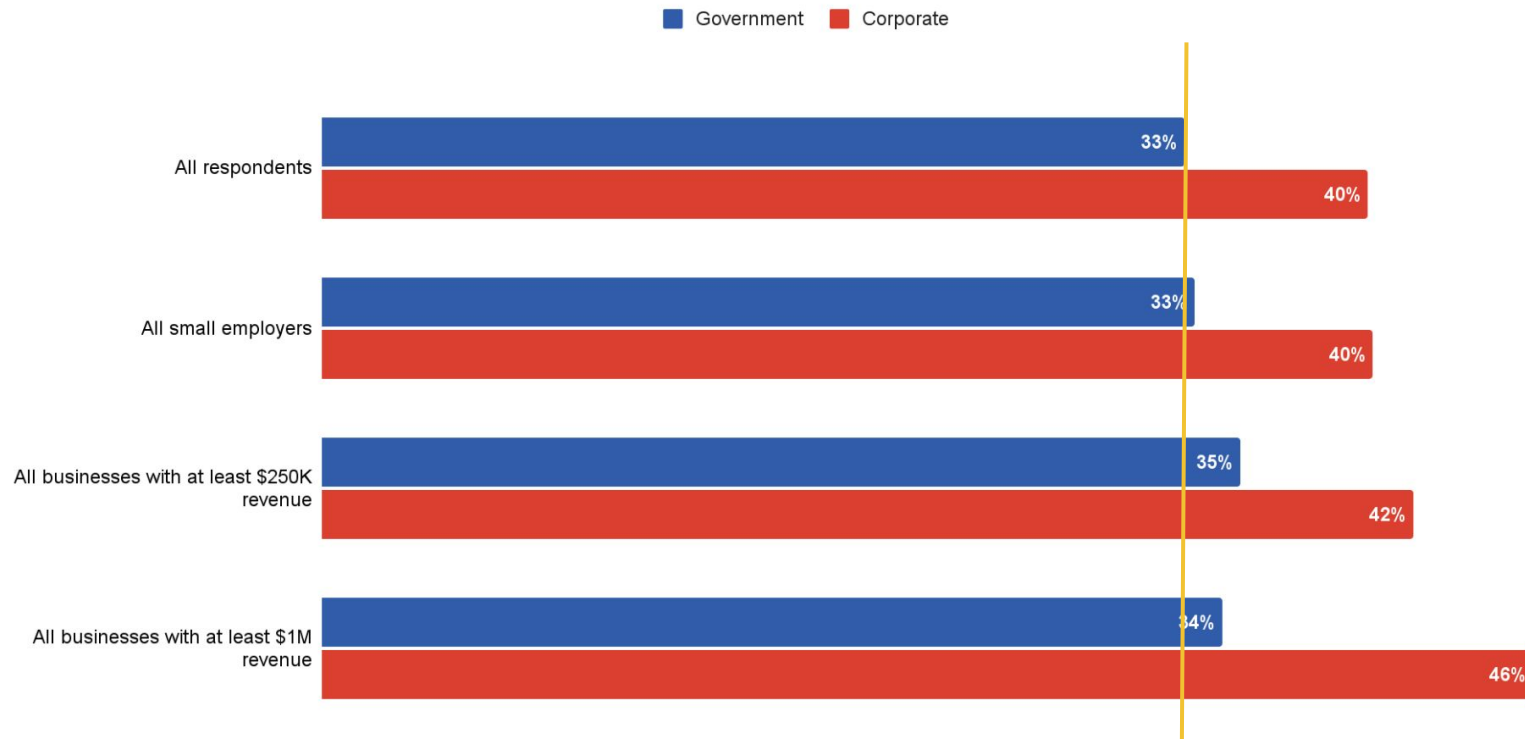
Government vs Corporate Contracting

Government vs Corporate Contracting

- Overall respondents are more likely to say that corporate contracting is “critical” for their business growth strategies. Yet for businesses with \$1M+ in annual revenue, responses differ by race and ethnicity:
 - Black-owned and Native-owned businesses more likely to report government contracting critical.
 - Small employers owned by Women, Veterans and people of color likely to report corporate and government contracting are equally critical.
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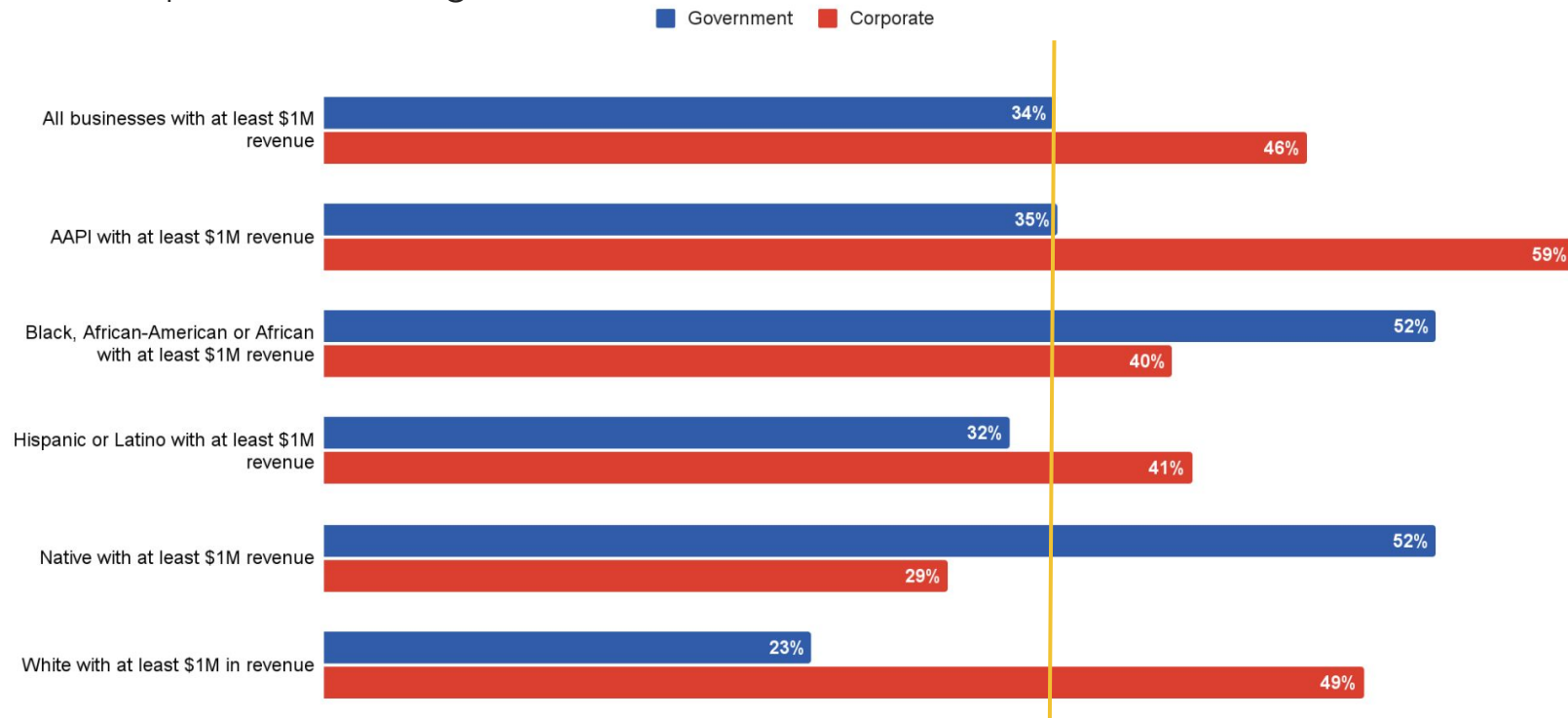
Respondents More Likely to Say that Corporate Contracting is Critical to Business Strategy

Share that reports contracting is “critical”



For Businesses with \$1M+ Revenue, Importance of Contracting Differs by Race/Ethnicity of Owner

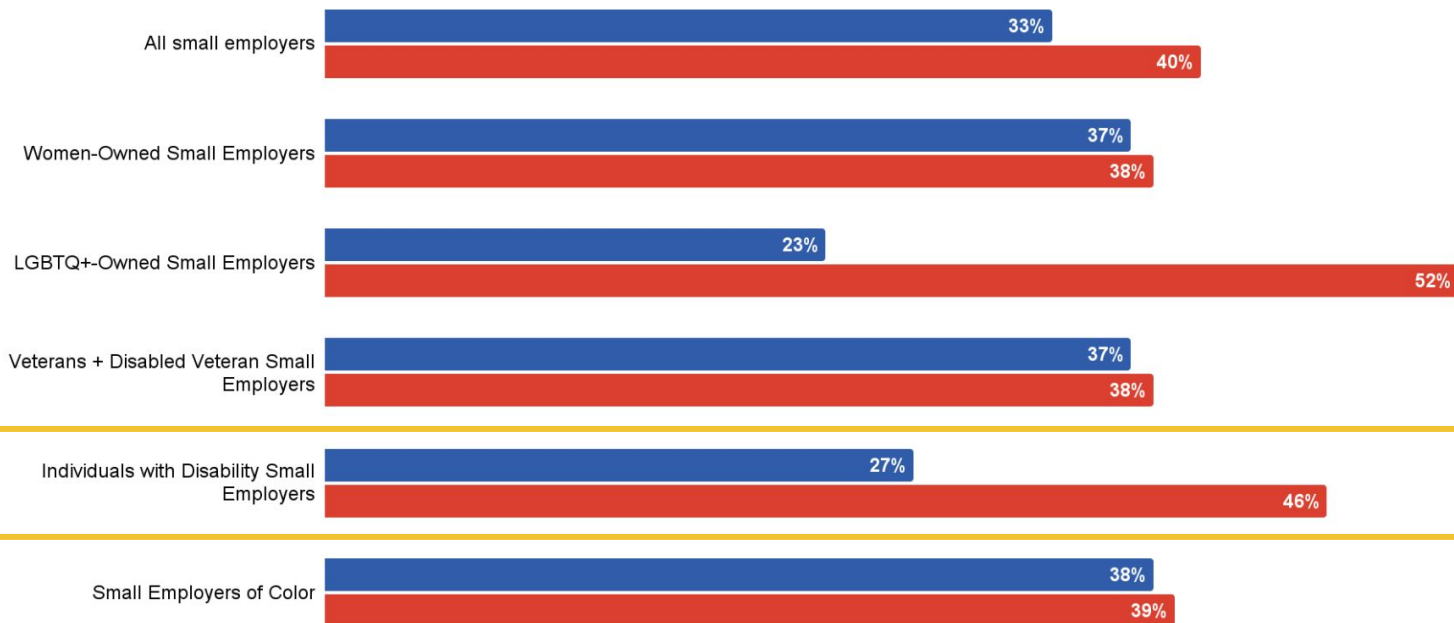
Share that reports contracting is “critical”



Small Employers Owned by People with Disabilities More Likely to Report Corporate Contracting Critical

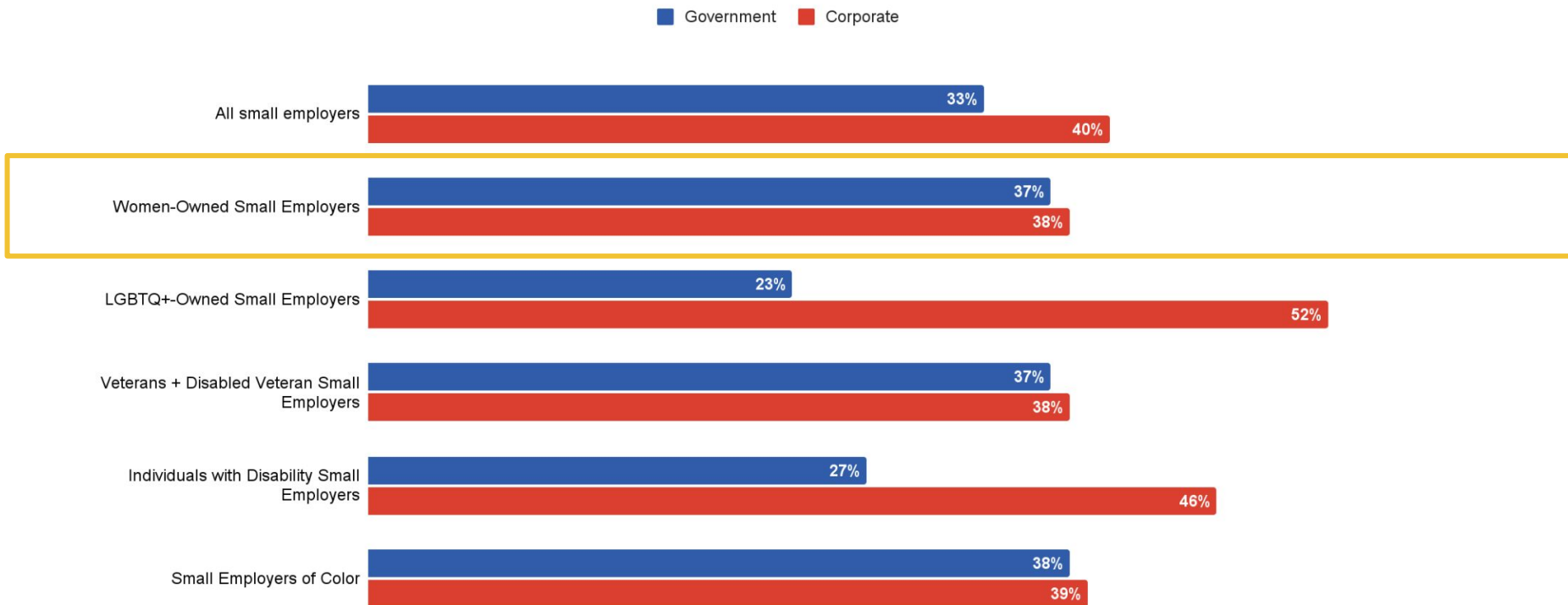
Share that reports contracting is “critical”

■ Government ■ Corporate



Women-Owned Small Employers Report Contracting Critical to Business Strategy

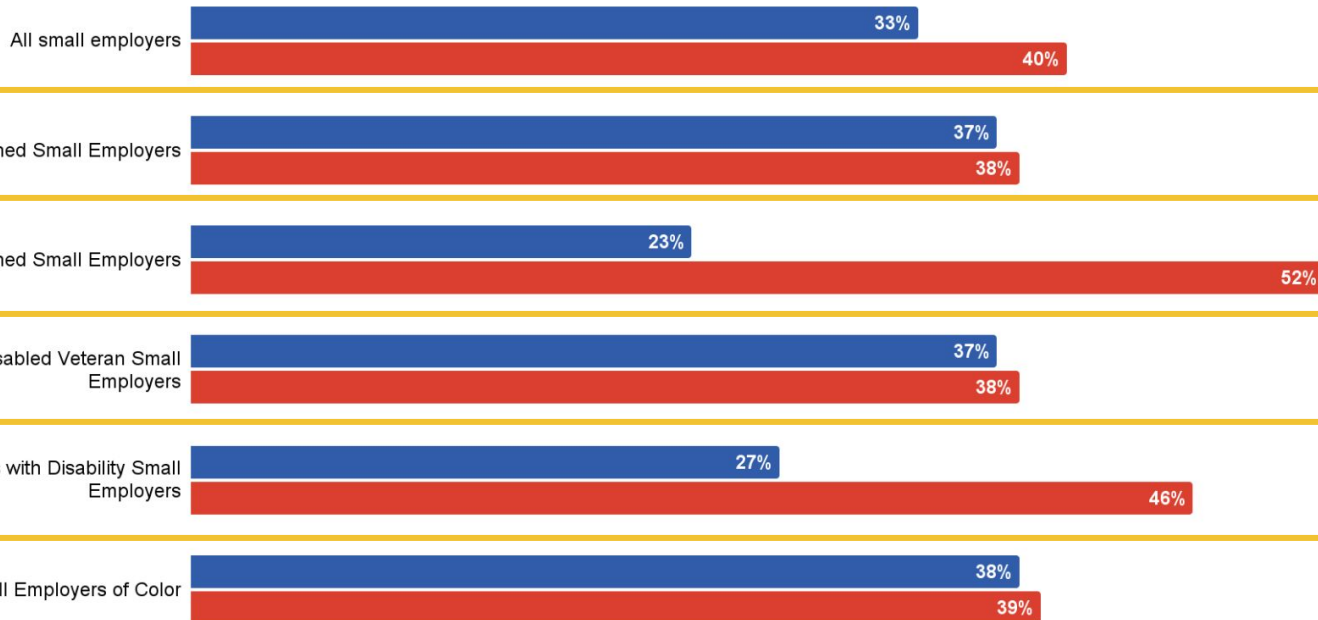
Share that reports contracting is “critical”



Women-Owned, Veteran-Owned, and BIPOC-owned Small Employers Report Corporate and Government Contracting Both Critical to Business Strategy

Share that reports contracting is “critical”

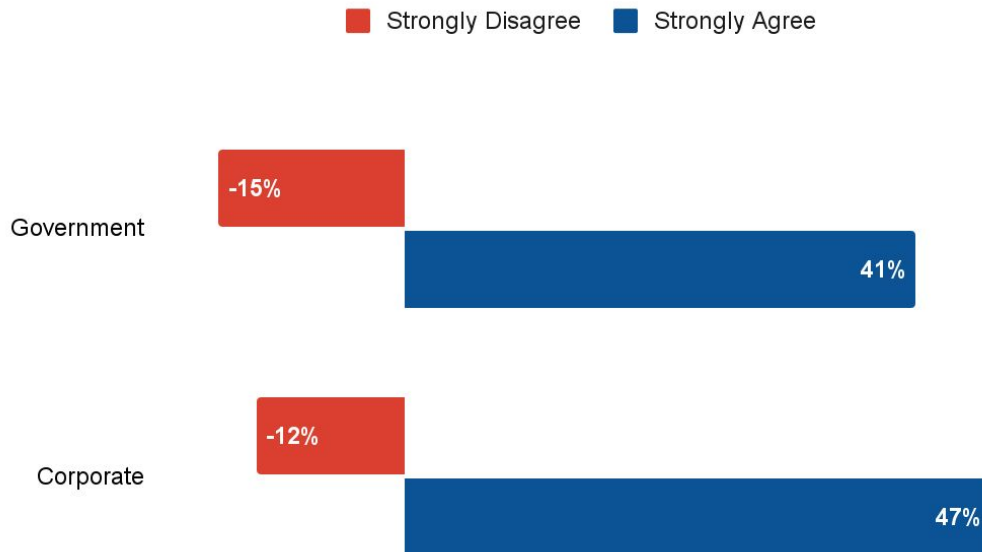
■ Government ■ Corporate



Respondents More Optimistic About Their Ability to Win Corporate vs Government Contracts

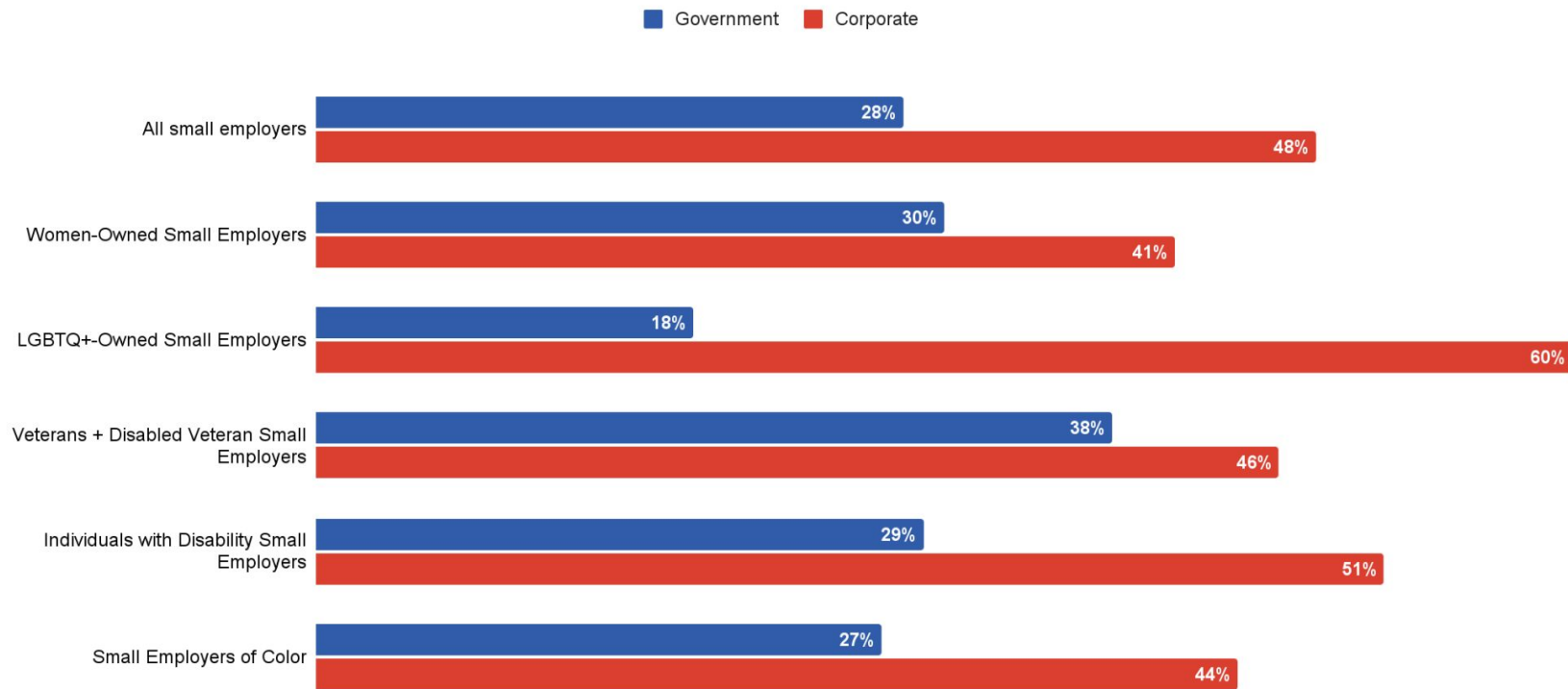
I believe that a business like mine can compete for and win corporate/government contracts

n=



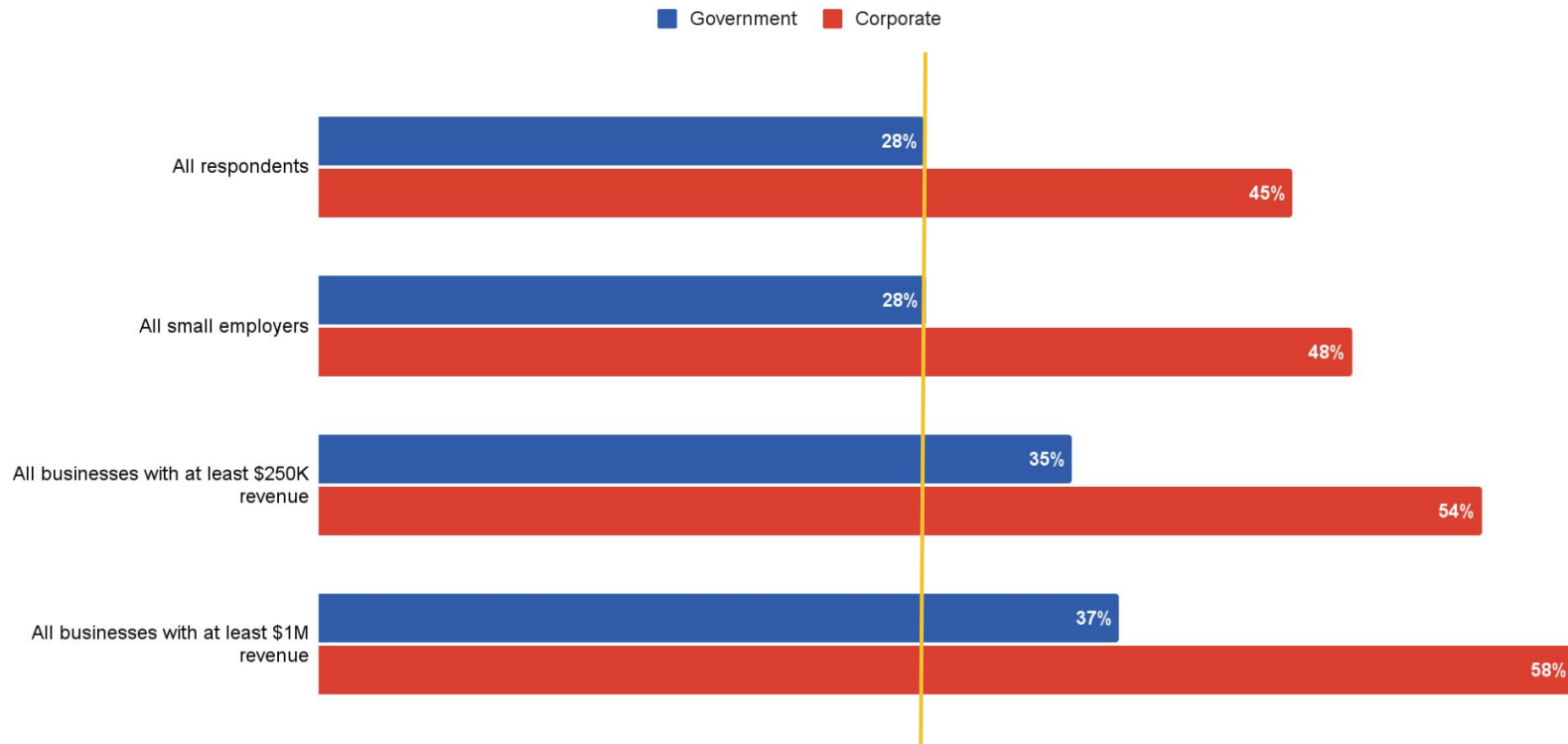
Small Employers Report More Likely to Generate Significant Share of Revenue from Corporate Contracting

Share that generates at least 1/3 of Revenue by Source



Respondents More Likely to Generate Material Share of Revenue from Corporate Contracting

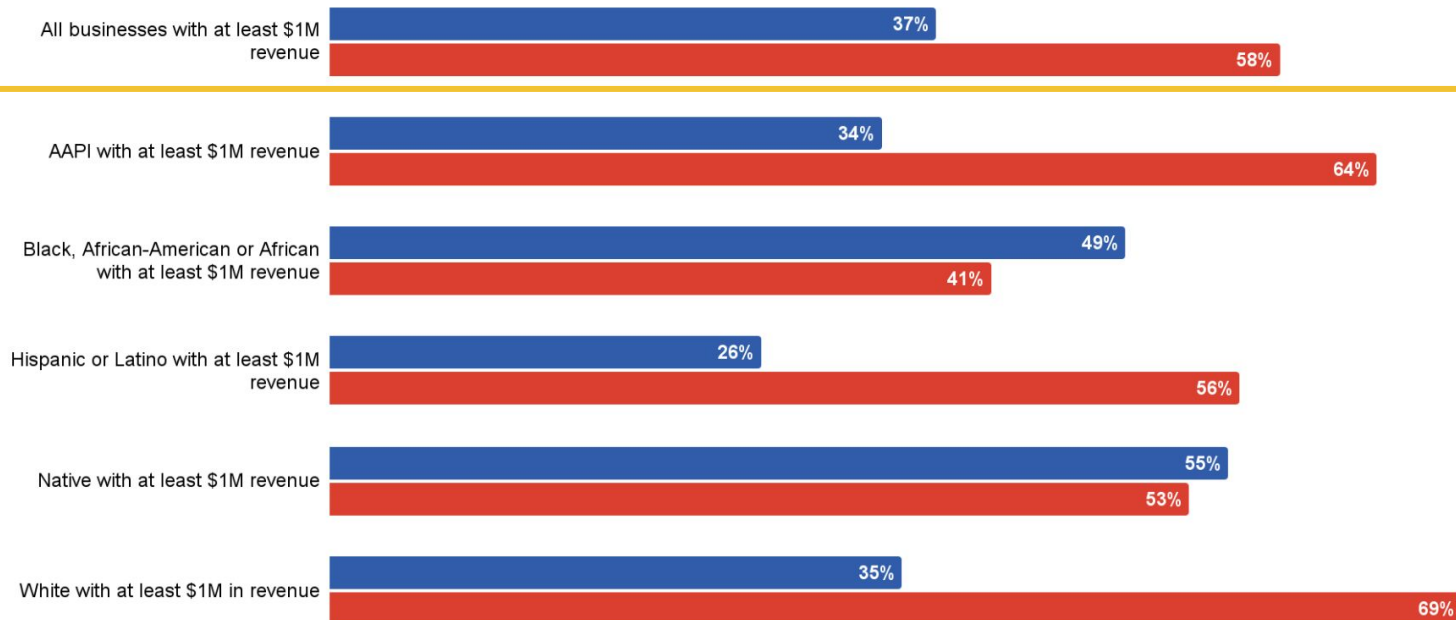
Share that generates at least 1/3 of Revenue by Source



Corporate Contracts Represent Greater Share of Revenue for Businesses with \$1M+ Revenue

Share that generates at least 1/3 of Revenue by Source

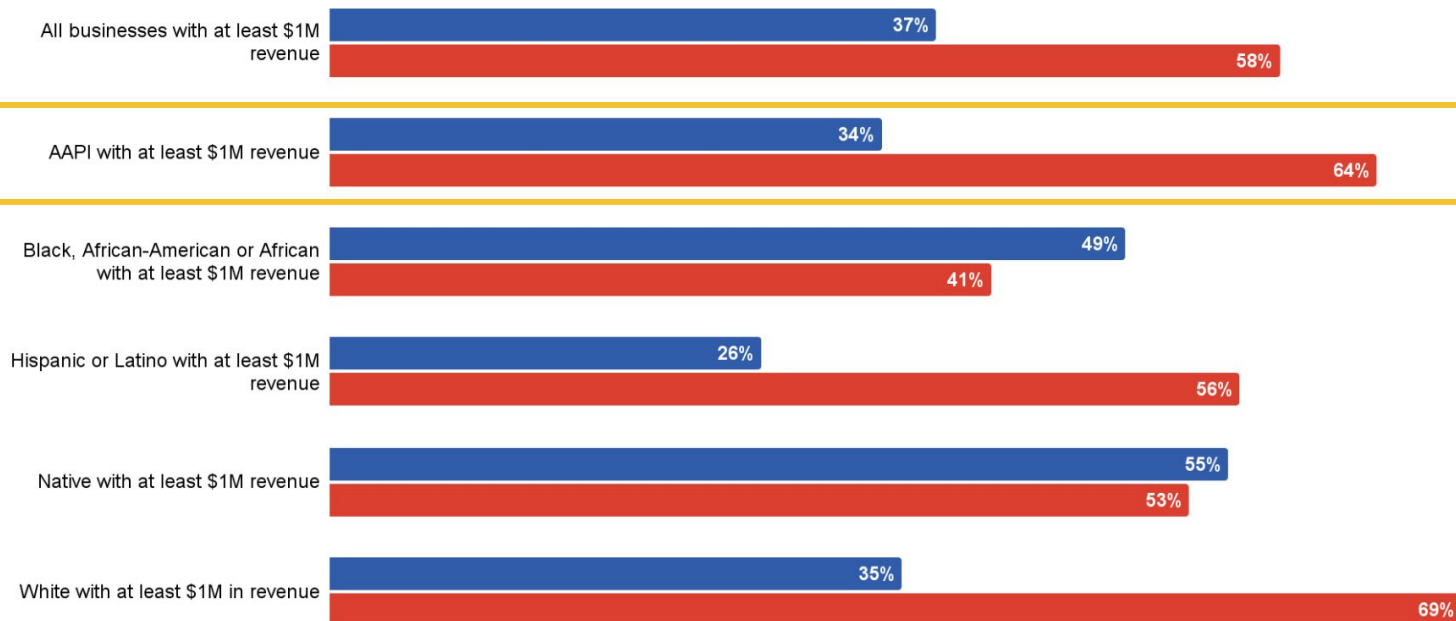
■ Government ■ Corporate



Corporate Contracts Represent Greater Share of Revenue for AAPI-Owned Business with \$1M+ Revenue

Share that generates at least 1/3 of Revenue by Source

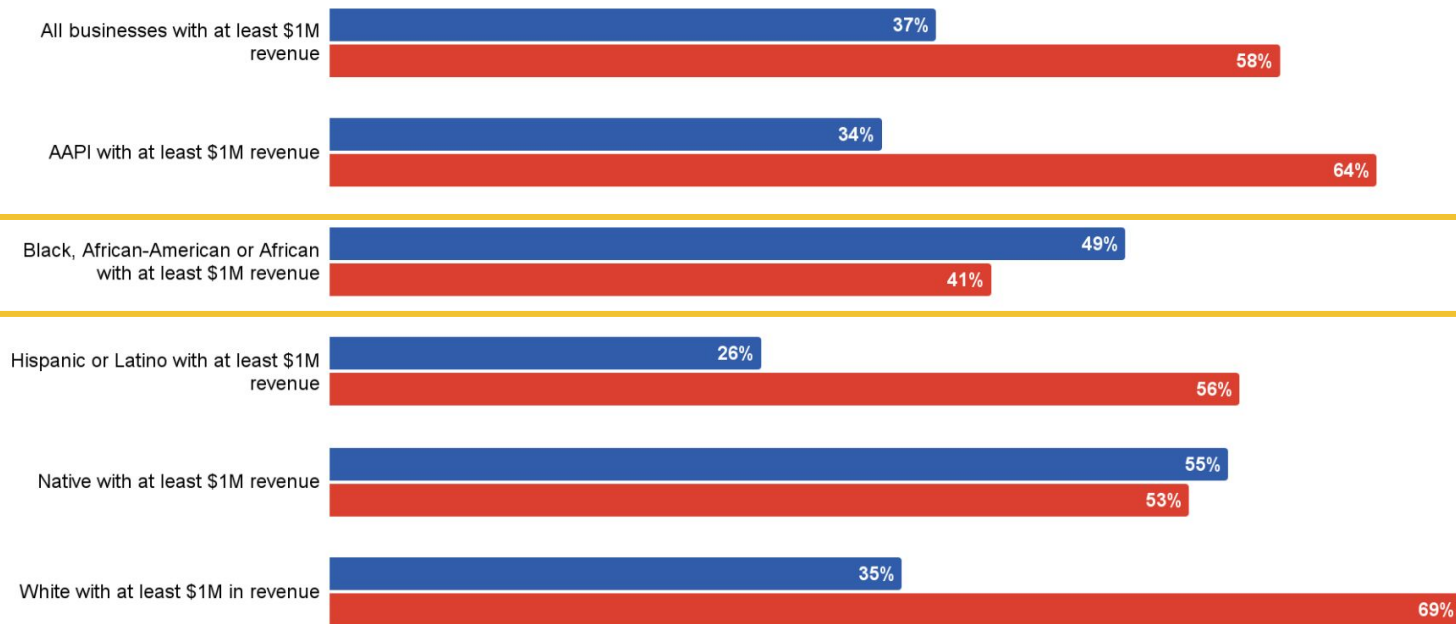
■ Government ■ Corporate



Government Contracts Represent Greater Share of Revenue for Black-Owned Business with \$1M+ Revenue

Share that generates at least 1/3 of Revenue by Source

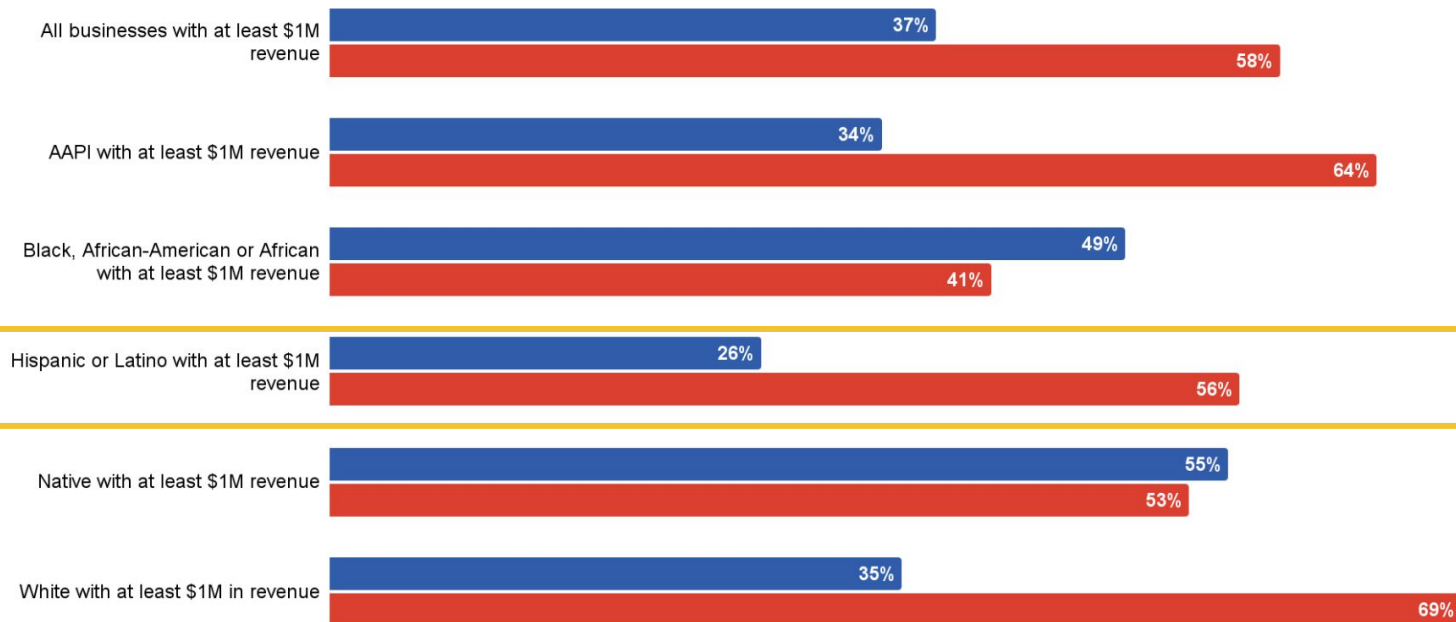
■ Government ■ Corporate



Corporate Contracts Represent Greater Share of Revenue for Hispanic/Latino(a)-Owned with \$1M+ Revenue

Share that generates at least 1/3 of Revenue by Source

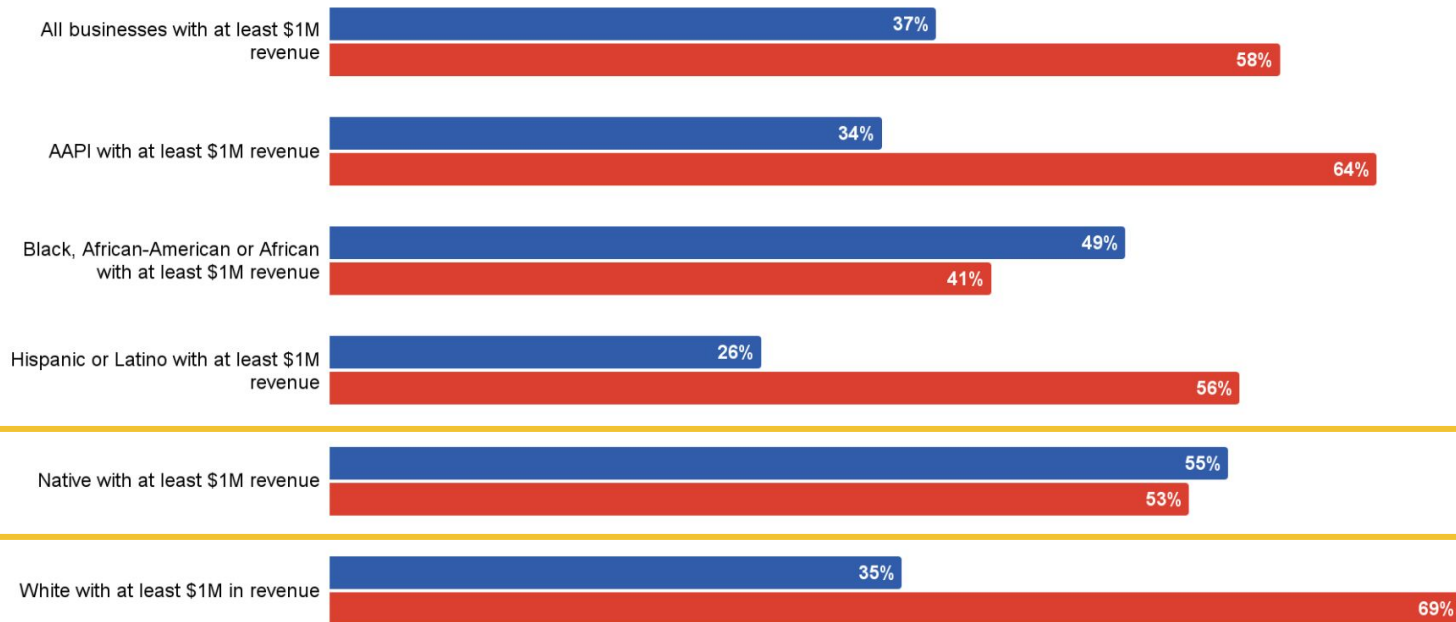
■ Government ■ Corporate



Contracting Represents Significant Share of Revenue for Native-Owned Business with \$1M+ Revenue

Share that generates at least 1/3 of Revenue by Source

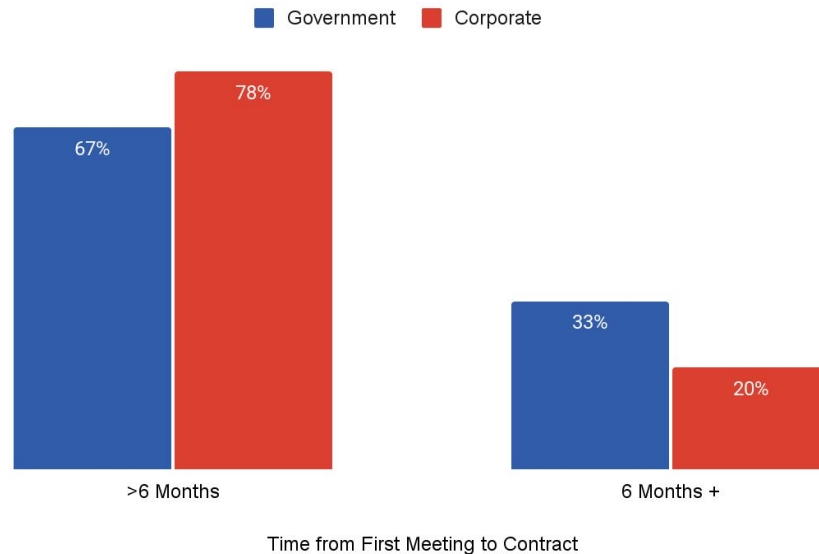
■ Government ■ Corporate



Corporate Contracts Typically Move Faster Than Government Contracts

Time from first meeting to government/corporate contract

% of respondents with at least \$1M in 2022 revenue and both government and corporate contracts
n= 184

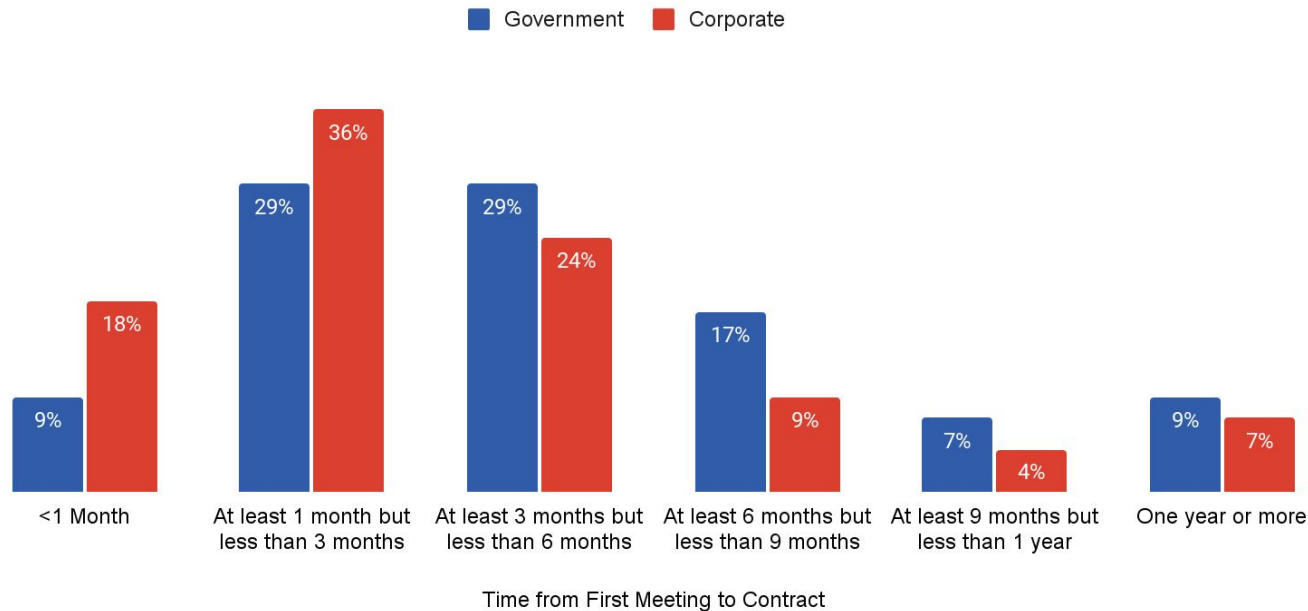


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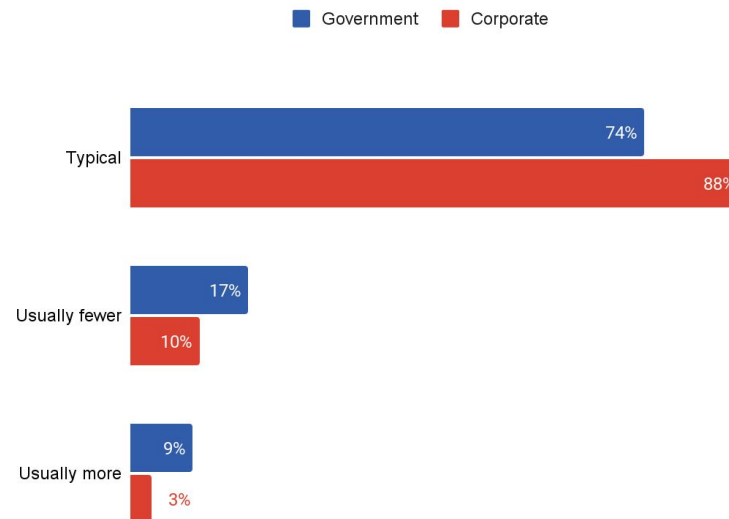
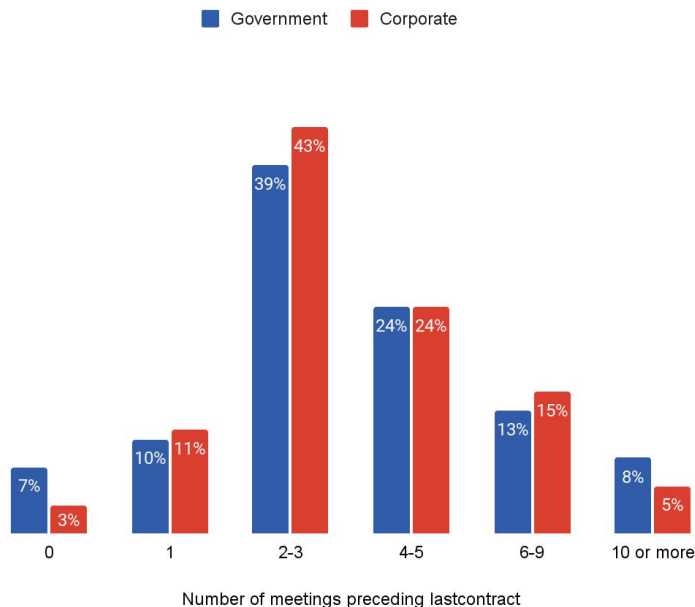


Typically Takes 2-5 Meetings for a Contract...

Number of meetings that preceded last government/corporate contract

% of respondents with at least \$1M in 2022 revenue and both government and corporate contracts

n= 184





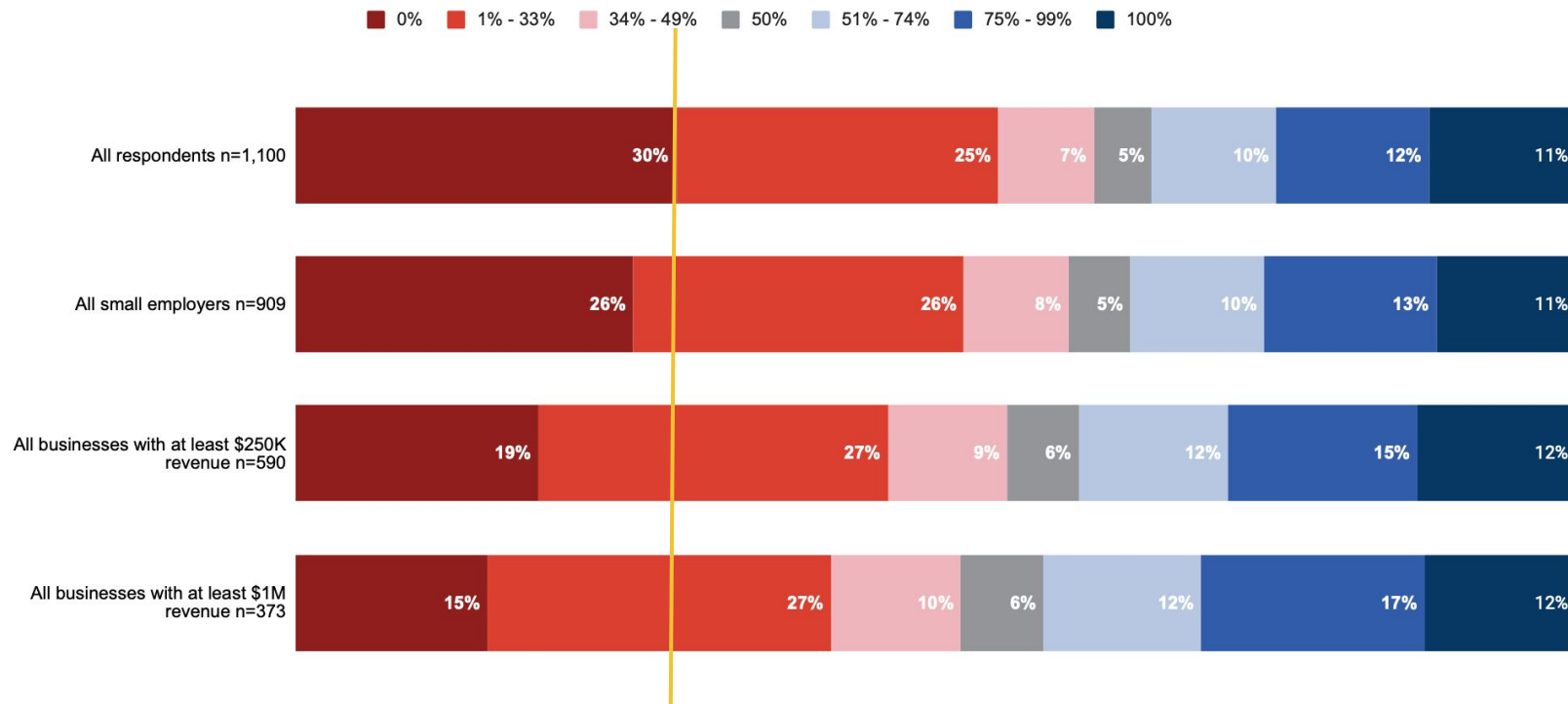
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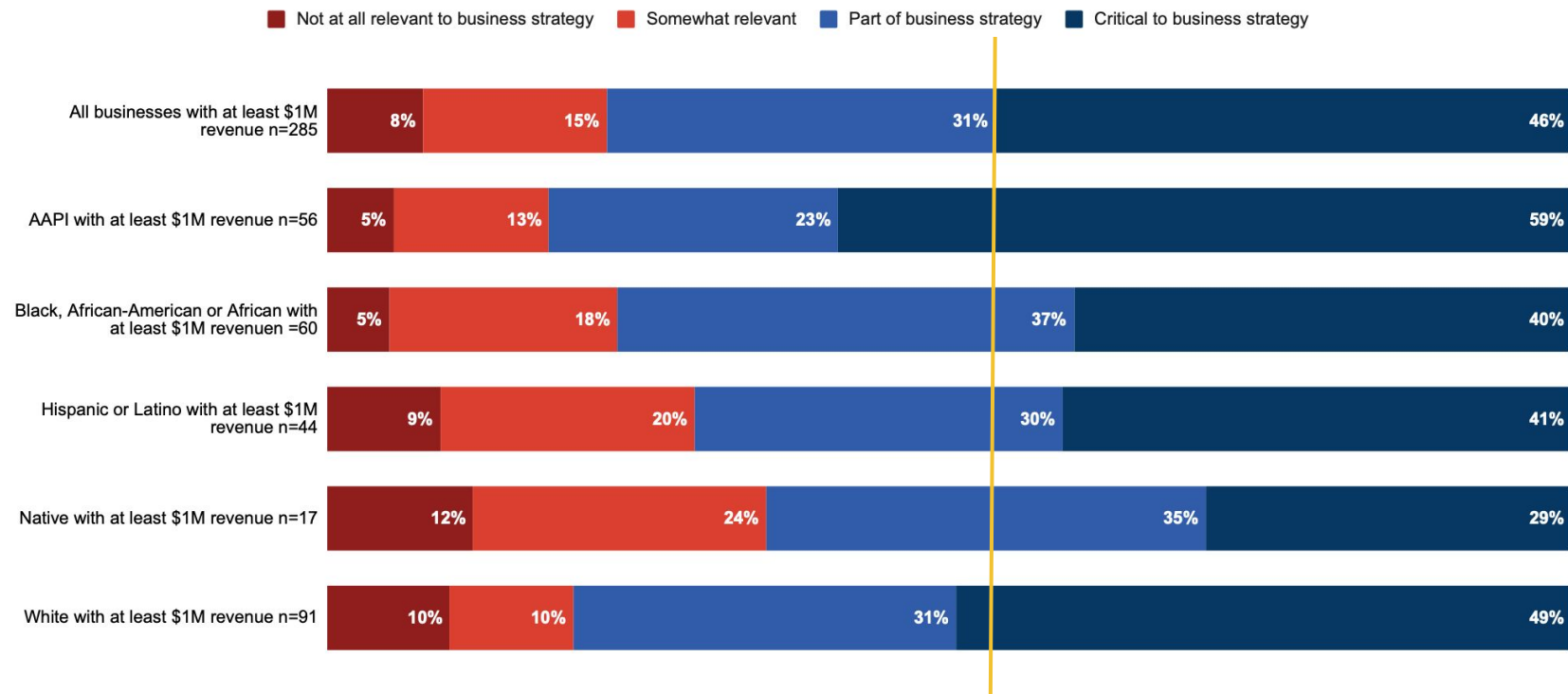
More than Two in Three Respondents Generate Some Revenue from Corporate Contracts

Share of revenue from corporate contracts



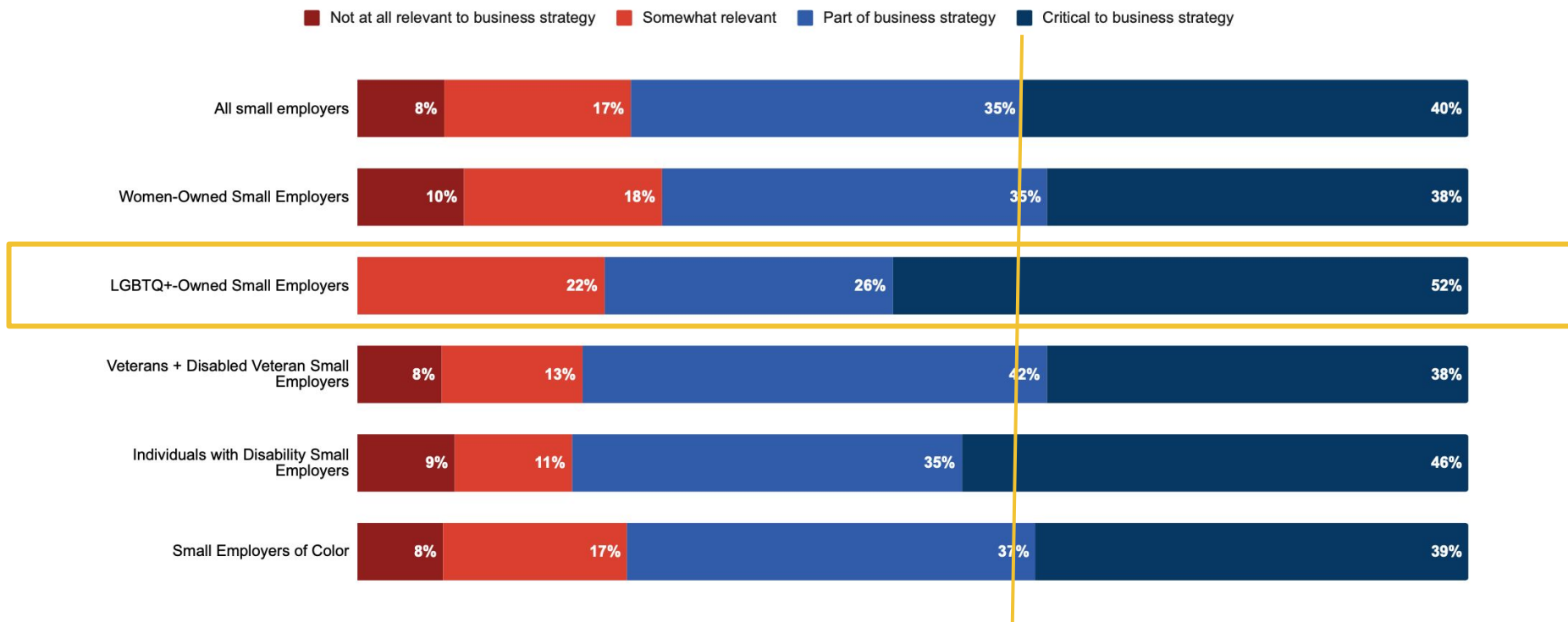
Nearly Half (46%) of Respondents with \$1M+ Revenue Report Corporate Contracting is Critical to Their Strategies

Share that reports contracting is “critical” to growth strategy



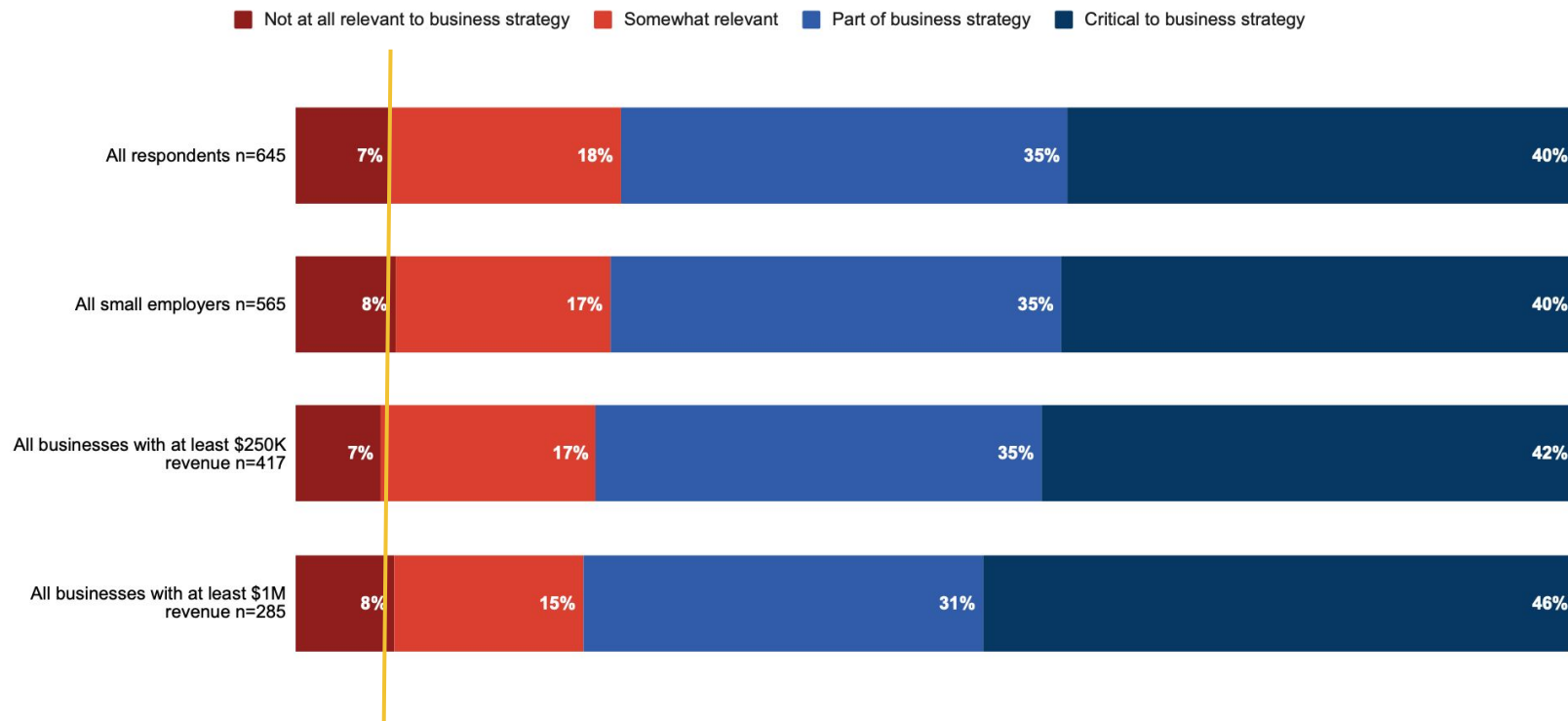
LGBTQ+ Small Employers Most Likely to Say Corporate Contracting is Critical to Strategy

Share that reports contracting is “critical”



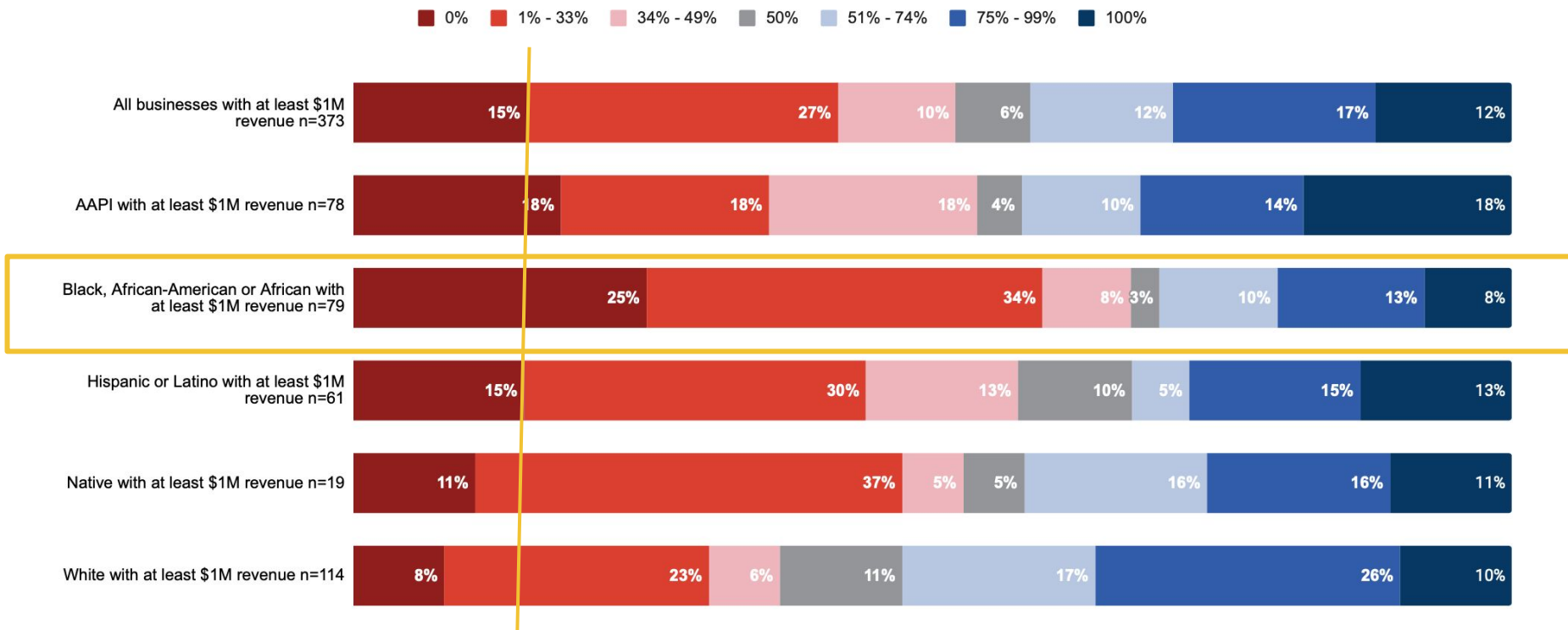
Most Respondents Say Corporate Contracting Relevant to Business Strategy

Share that reports contracting is “critical” to growth strategy



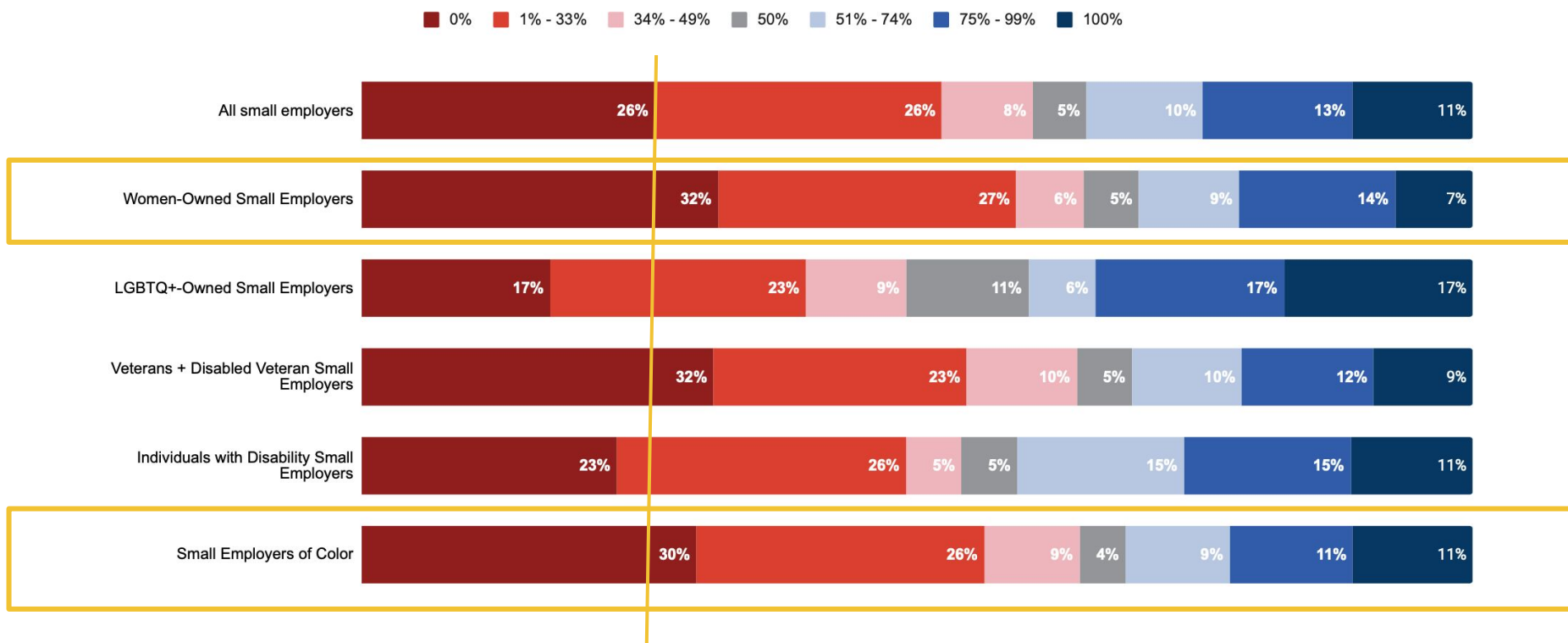
Black-Owned Businesses with \$1M+ Revenue Least Likely to Generate Revenue from Corporate Contracts

Share of revenue from corporate contracts

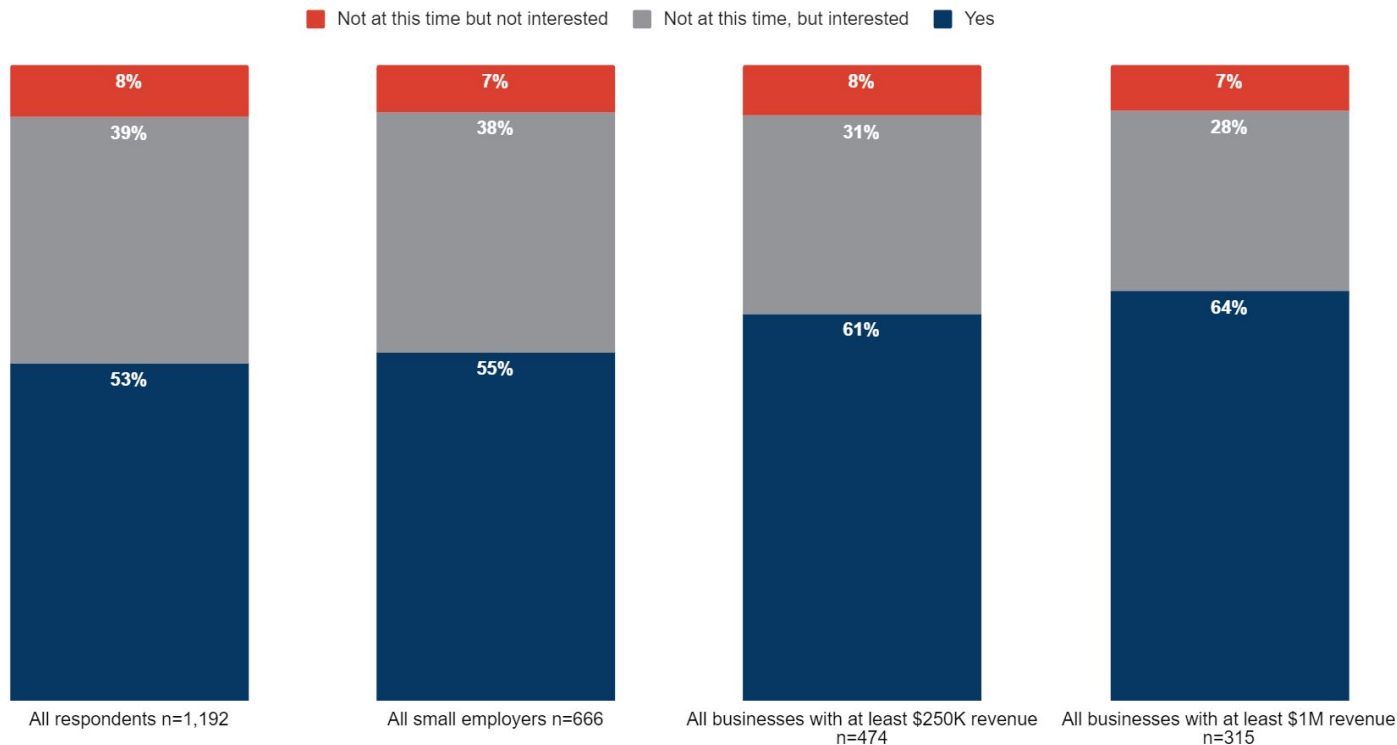


Small Employers Owned by Women and People of Color are Least Likely to Generate Revenue from Corporate Contracts

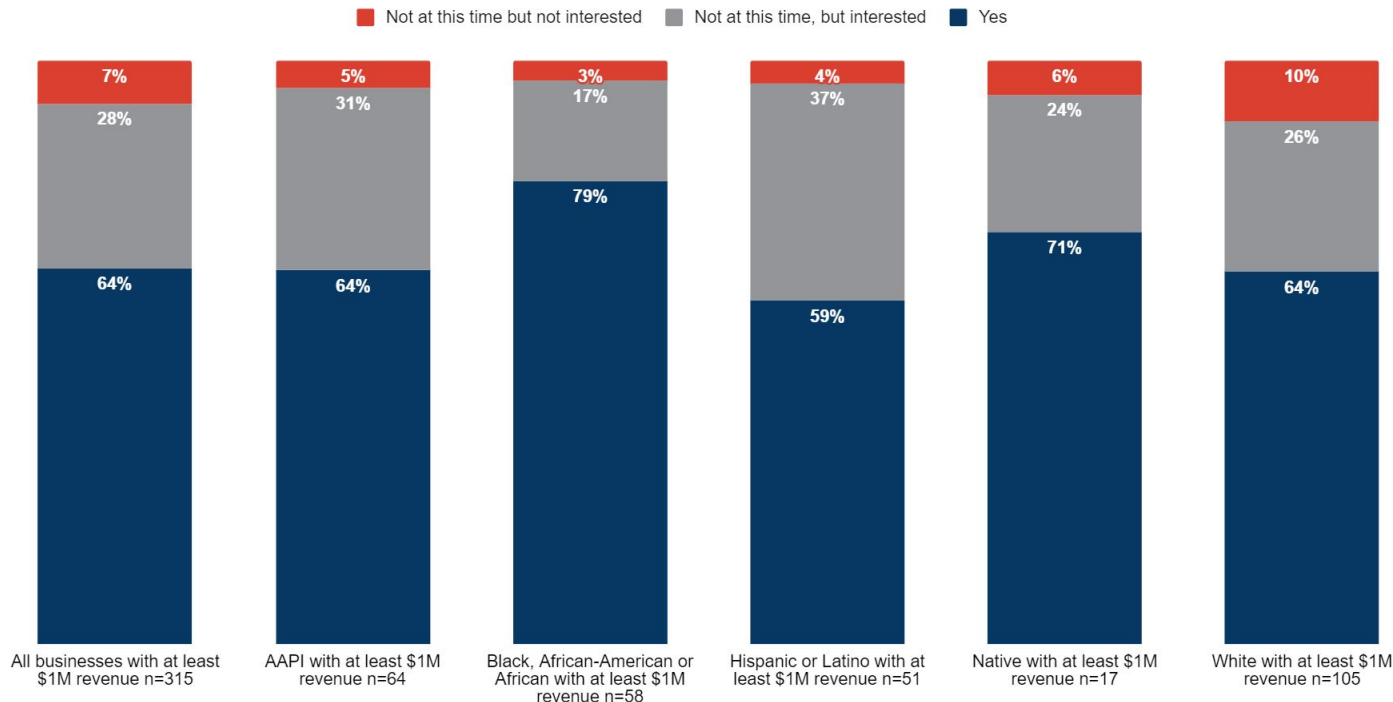
Share of revenue from corporate contracts



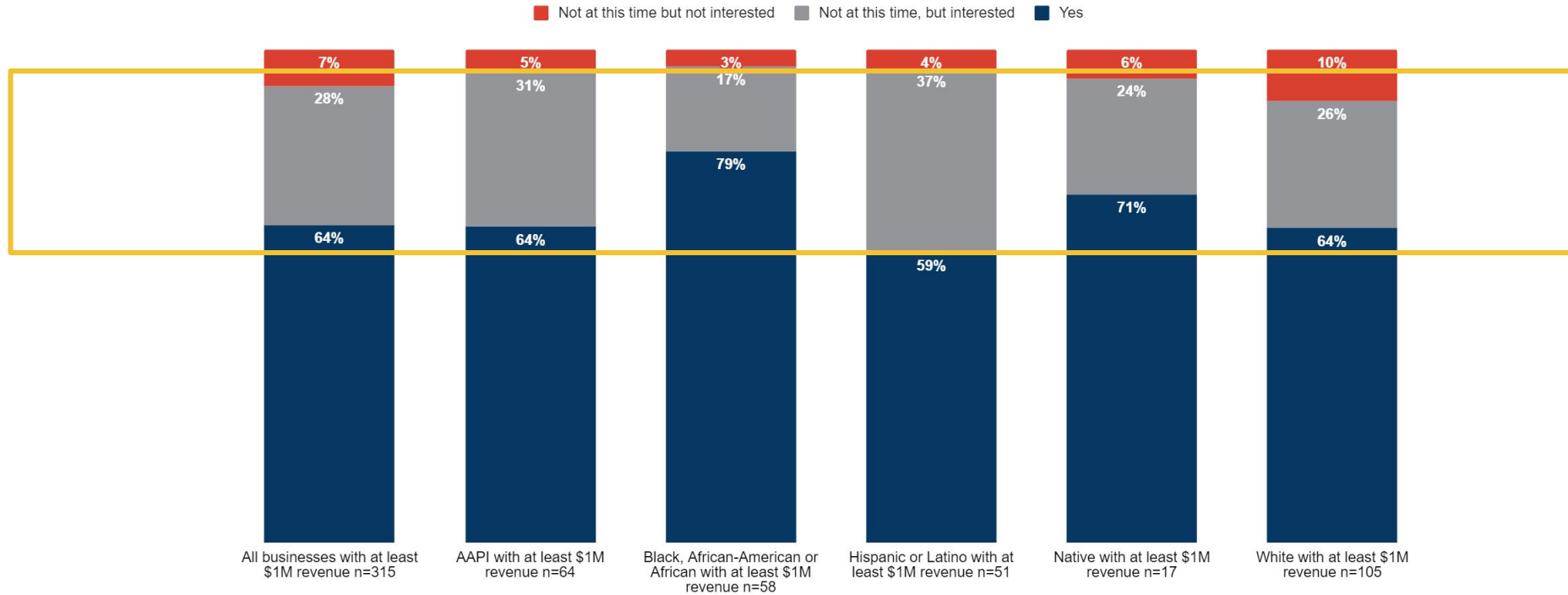
Most Respondents Participate in Corporate Supplier Diversity Programs



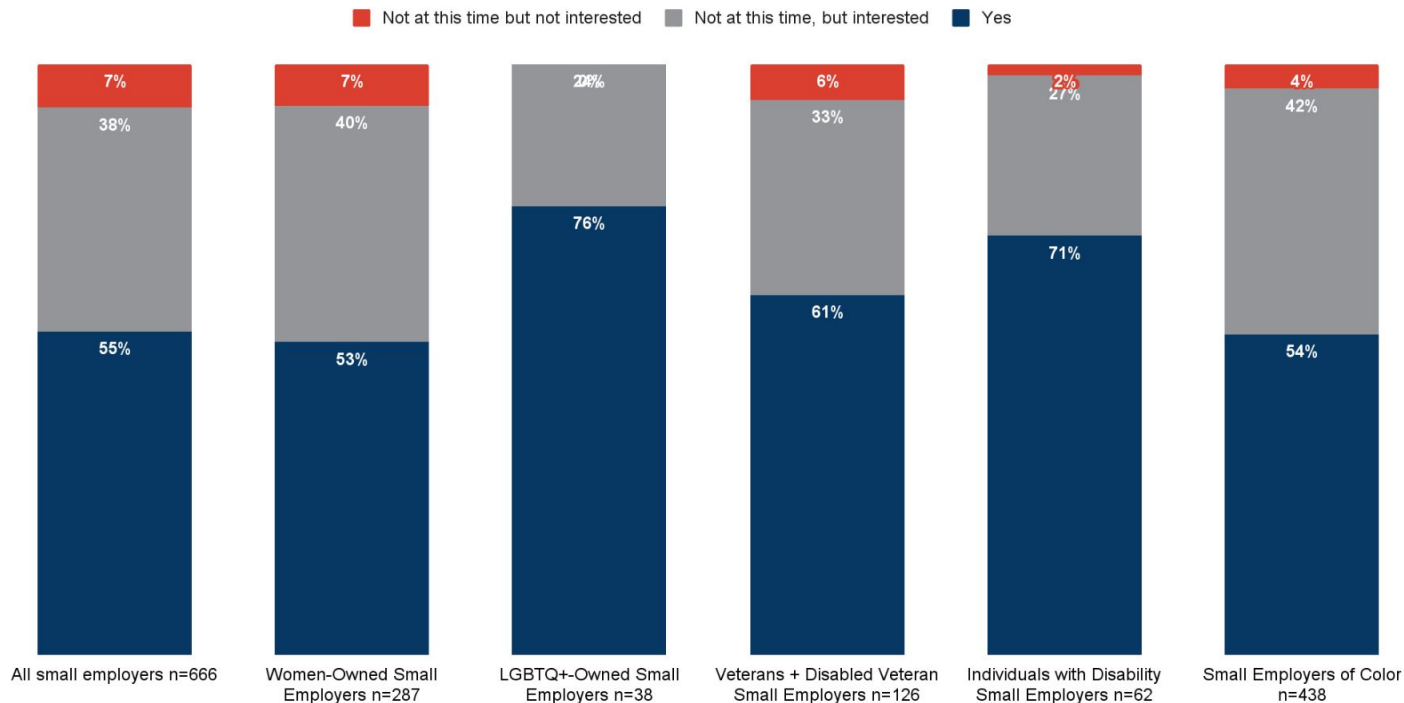
Most Respondents with \$1M+ Revenue Participate in Corporate Supplier Diversity Programs



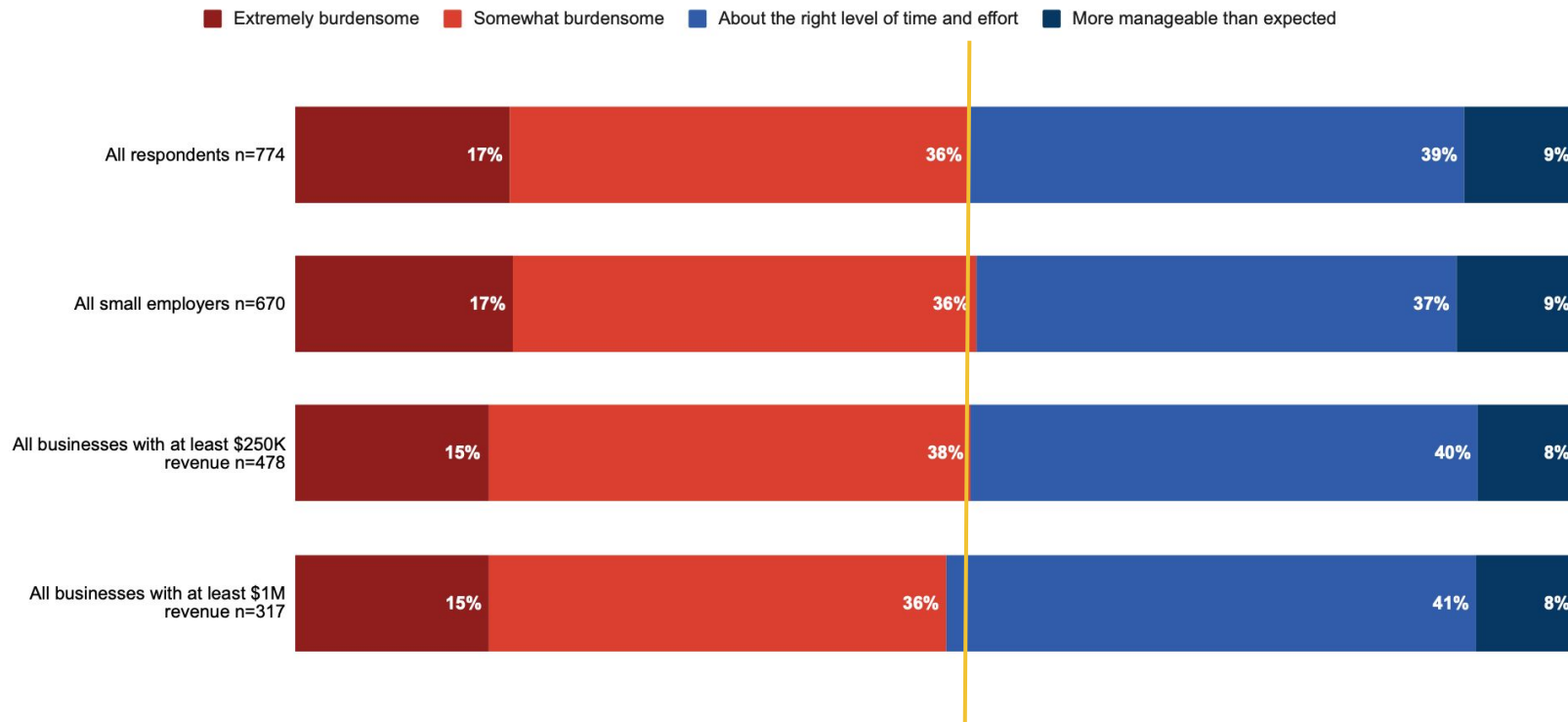
Opportunities to Grow Participation of Diverse Businesses with \$1M+ Revenue --Especially Hispanic-Owned -- in Corporate Supplier Diversity Programs



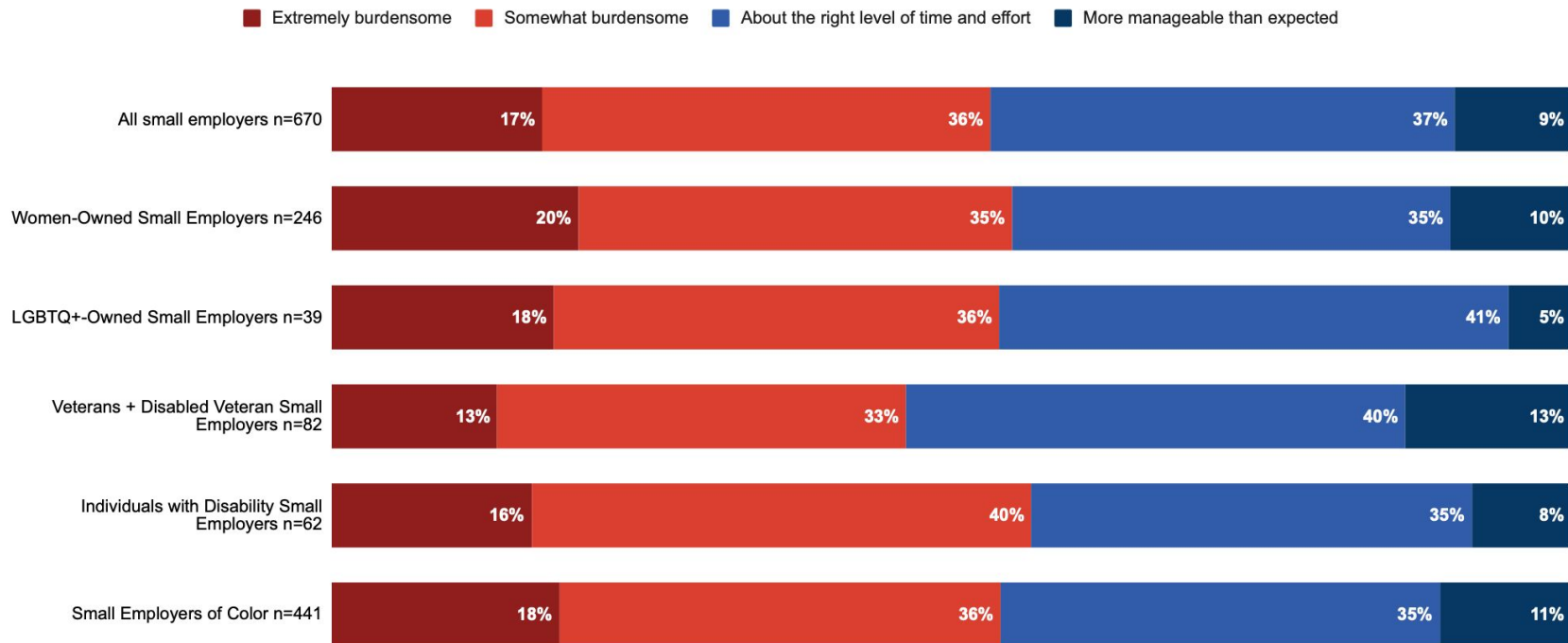
More than Half of the Small Employers in the Survey Participate in a Corporate Supplier Diversity Program



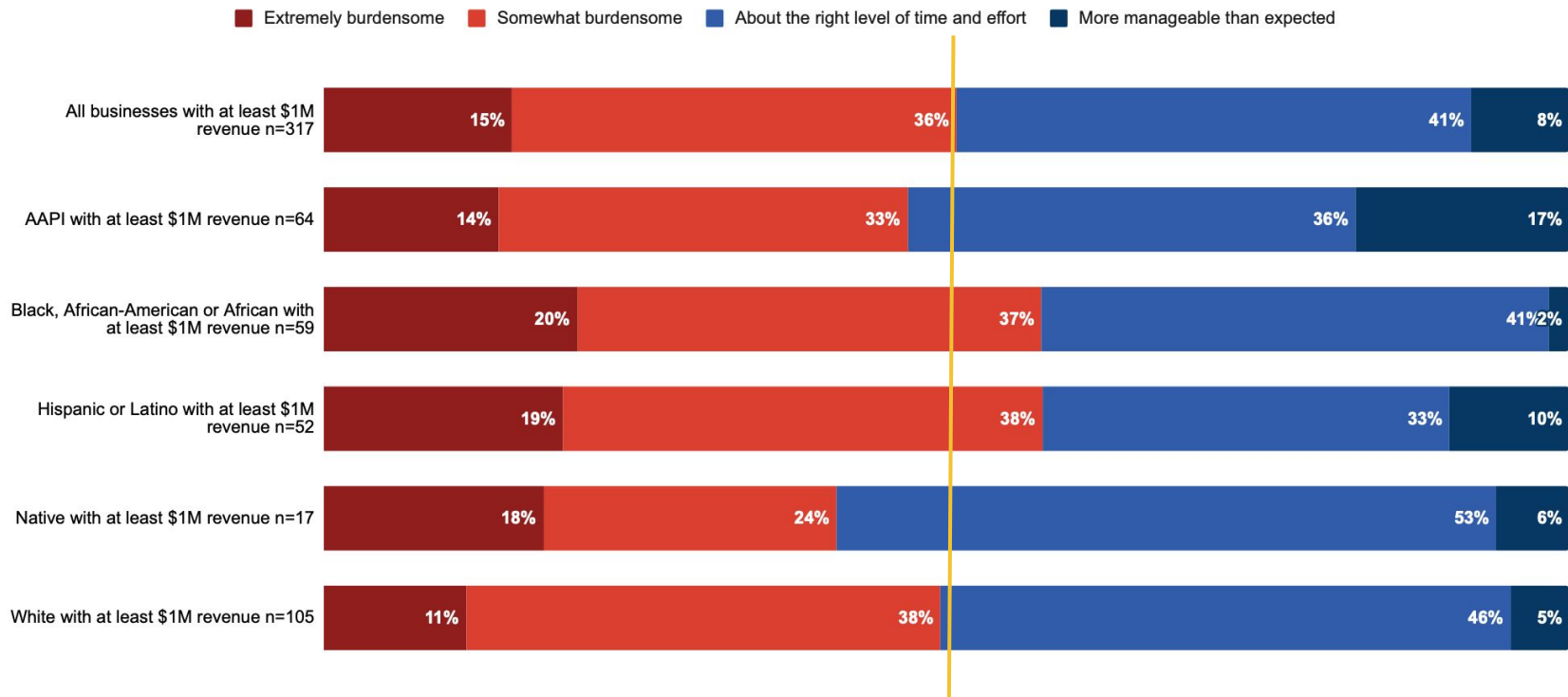
View on Burden of Corporate Contracting is Mixed



Small Employers Mixed on View of Efforts Needed to Win Corporate Contracts



Black-Owned and Latino-Owned Businesses with \$1M+ Revenue More Likely to Report Corporate Contracting Burdensome vs Peers





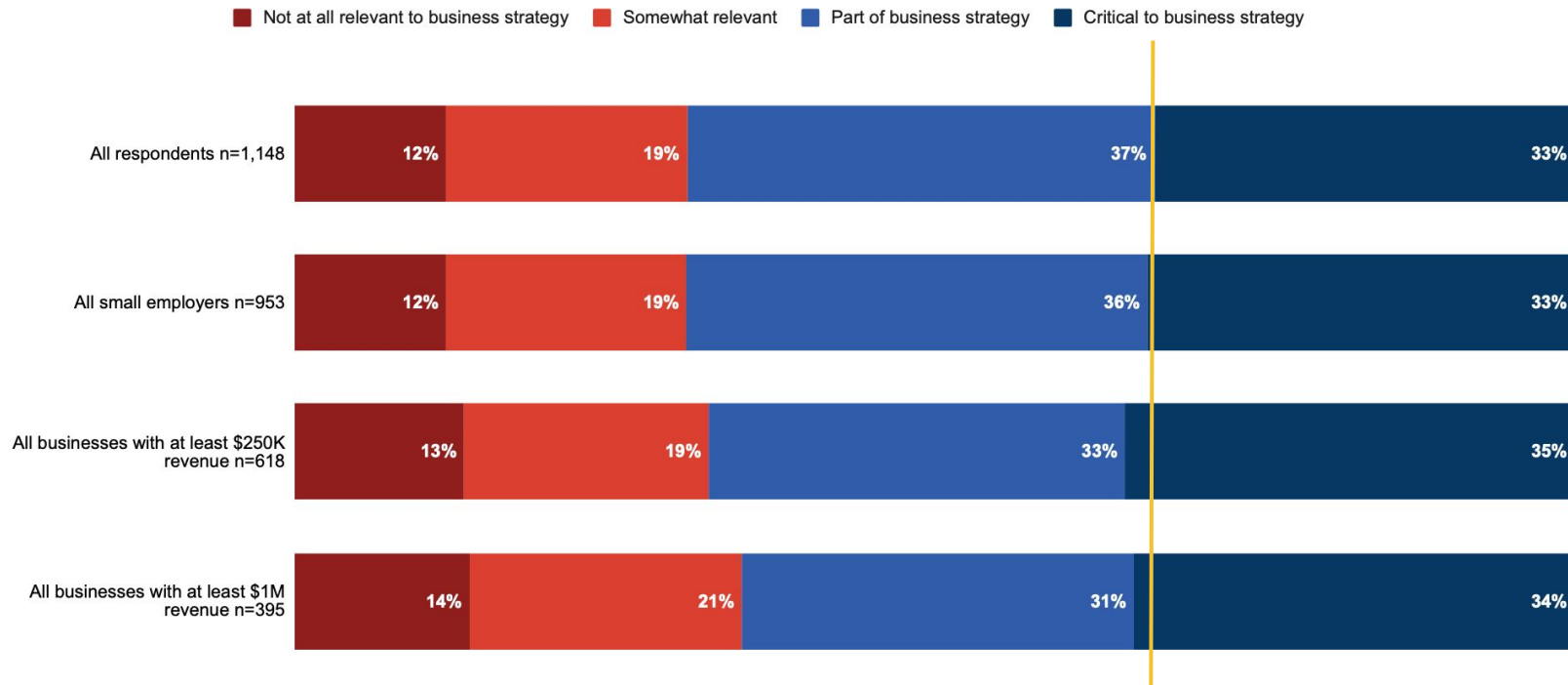
Government Contracting

Government Contracting

- One in three respondents report that government contracting is critical to their growth strategies and half of respondents generate some share of revenue from government contracting.
 - For Black-owned and Native-owned businesses with \$1M+ revenue, government contracting is critical part of growth strategy for more than half of respondents.
 - More than half (55%) of these Native-owned businesses generate at least $\frac{1}{3}$ of annual revenue from government contracting
 - 49% of Black-owned businesses with \$1M+ revenue derive more than $\frac{1}{3}$ of revenue from government contracting
 - Latino(a)-owned businesses least likely to generate revenue from government contracting
 - Among small employers, Veteran-owned businesses are most likely to generate revenue from government contracting
- Respondents generally report that government contracting is burdensome. This is true for all respondents and across segments and small employers as well as businesses with \$1M+ in annual revenue.

Government Contracting is Critical to One-Third of Respondents

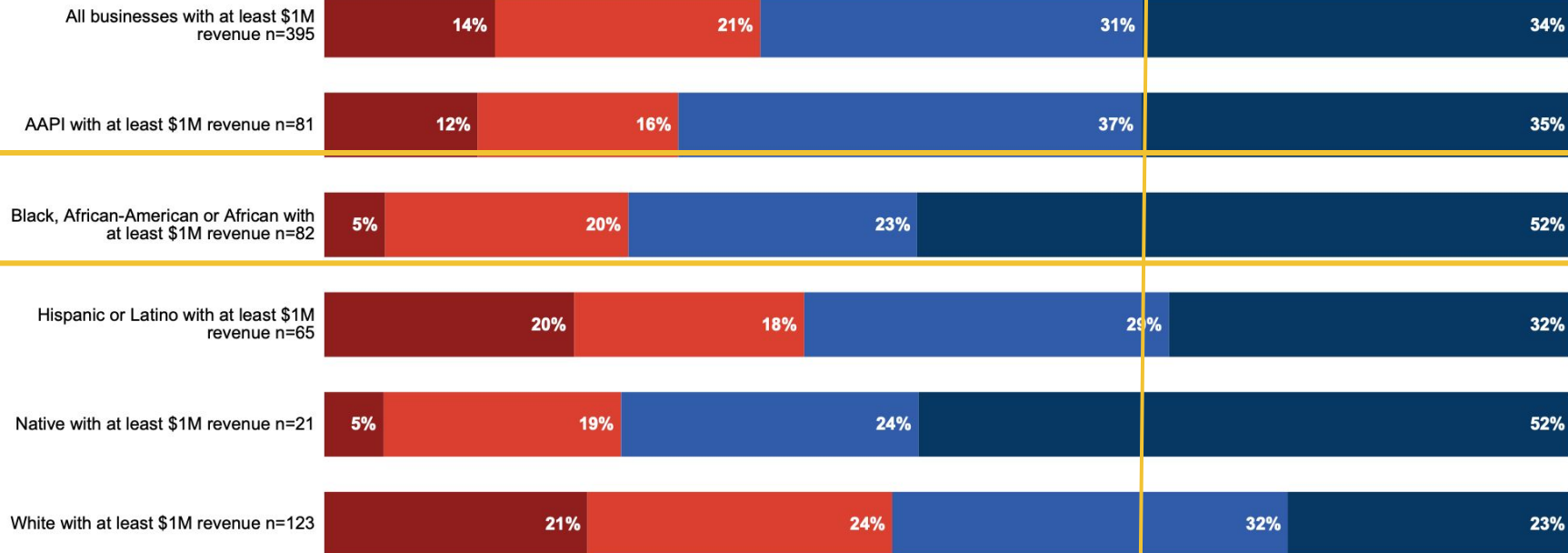
Share that reports contracting is “critical” to growth strategy



More than Half of Black-Owned and Native-Owned Businesses with \$1M+ Revenue in Sample Report Government Contracting is Critical to Strategy

Share that reports contracting is “critical” to growth strategy

■ Not at all relevant to business strategy ■ Somewhat relevant ■ Part of business strategy ■ Critical to business strategy



Women-, People of Color-, and Veteran-Owned Small Employers Most Likely to Say that Government Contracting is Relevant to Business Strategy

Share that reports contracting is “critical” to growth strategy

■ Not at all relevant to business strategy ■ Somewhat relevant ■ Part of business strategy ■ Critical to business strategy

All small employers n=953



Women-Owned Small Employers n=453



LGBTQ+-Owned Small Employers n=47



Veterans + Disabled Veteran Small Employers n=126



Individuals with Disability Small Employers n=86

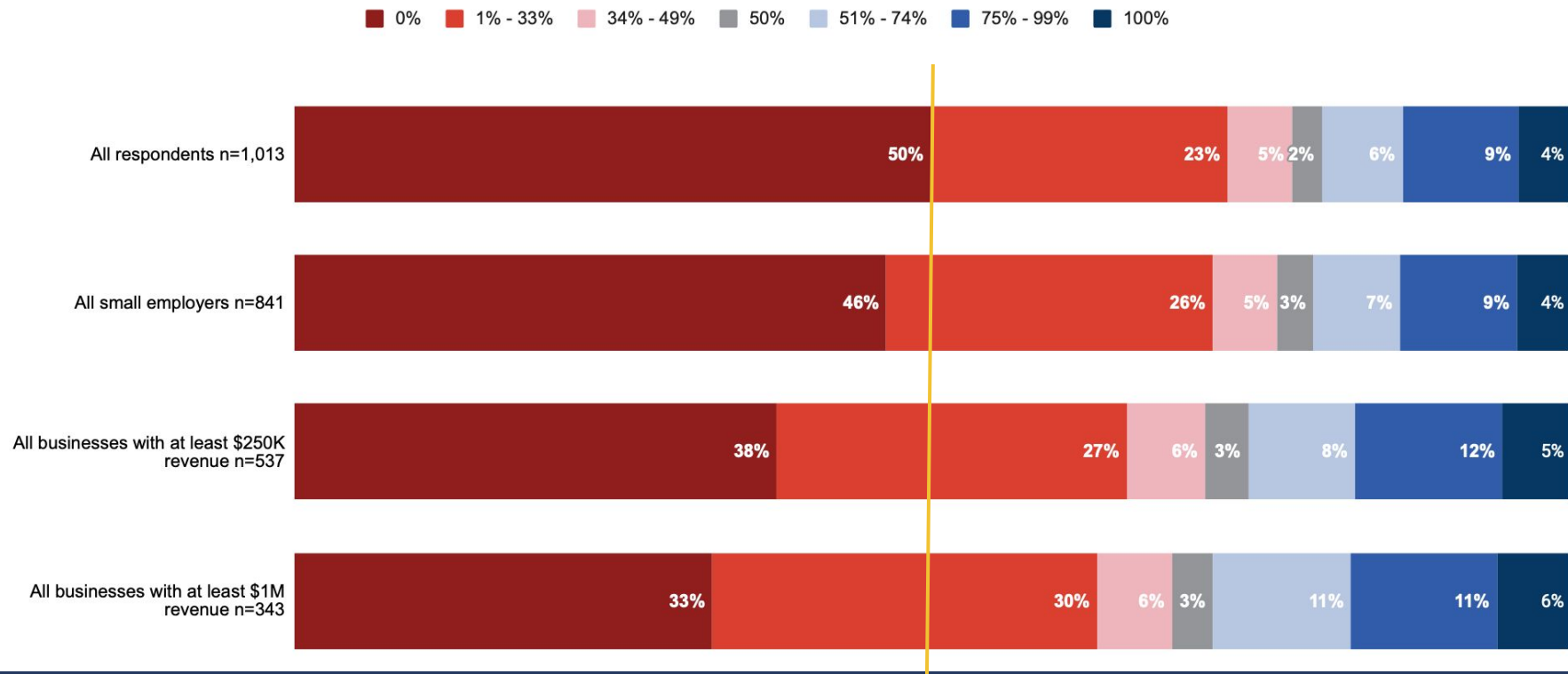


Small Employers of Color n=658



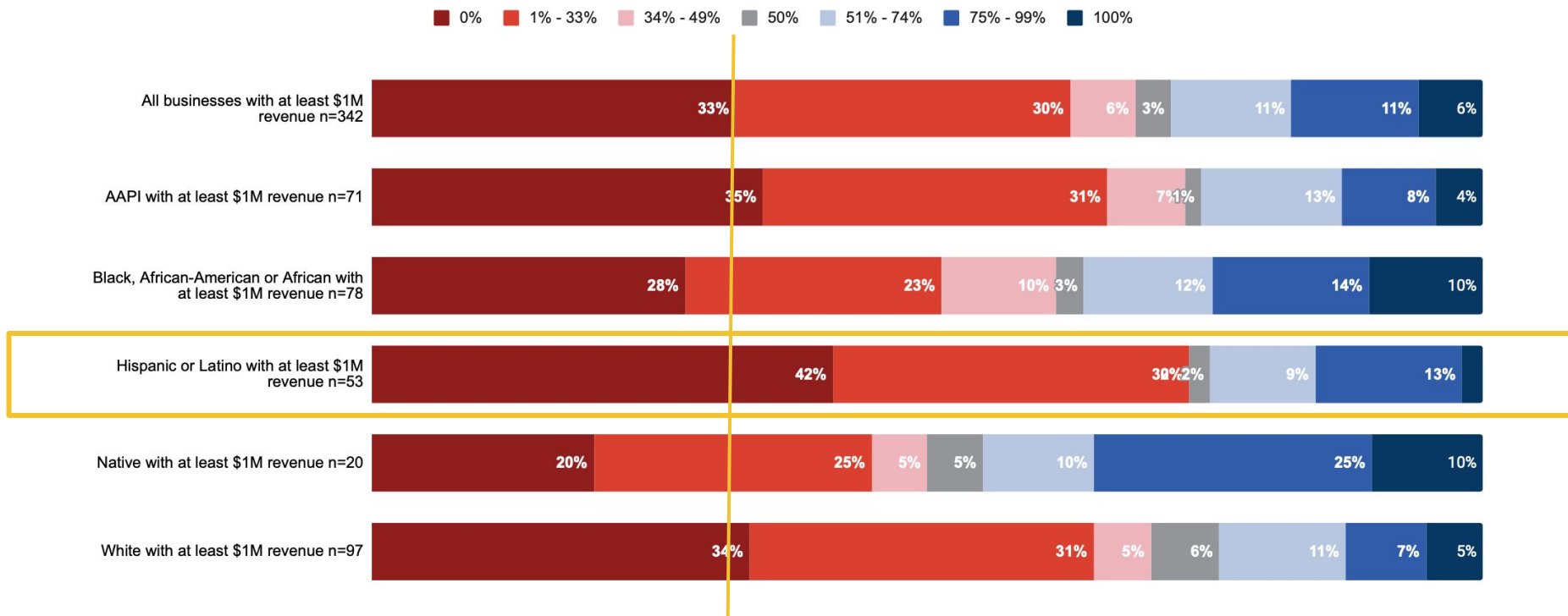
Half of the Full Sample Generates Some Revenue from Government Contracts

Share of revenue from corporate contracts



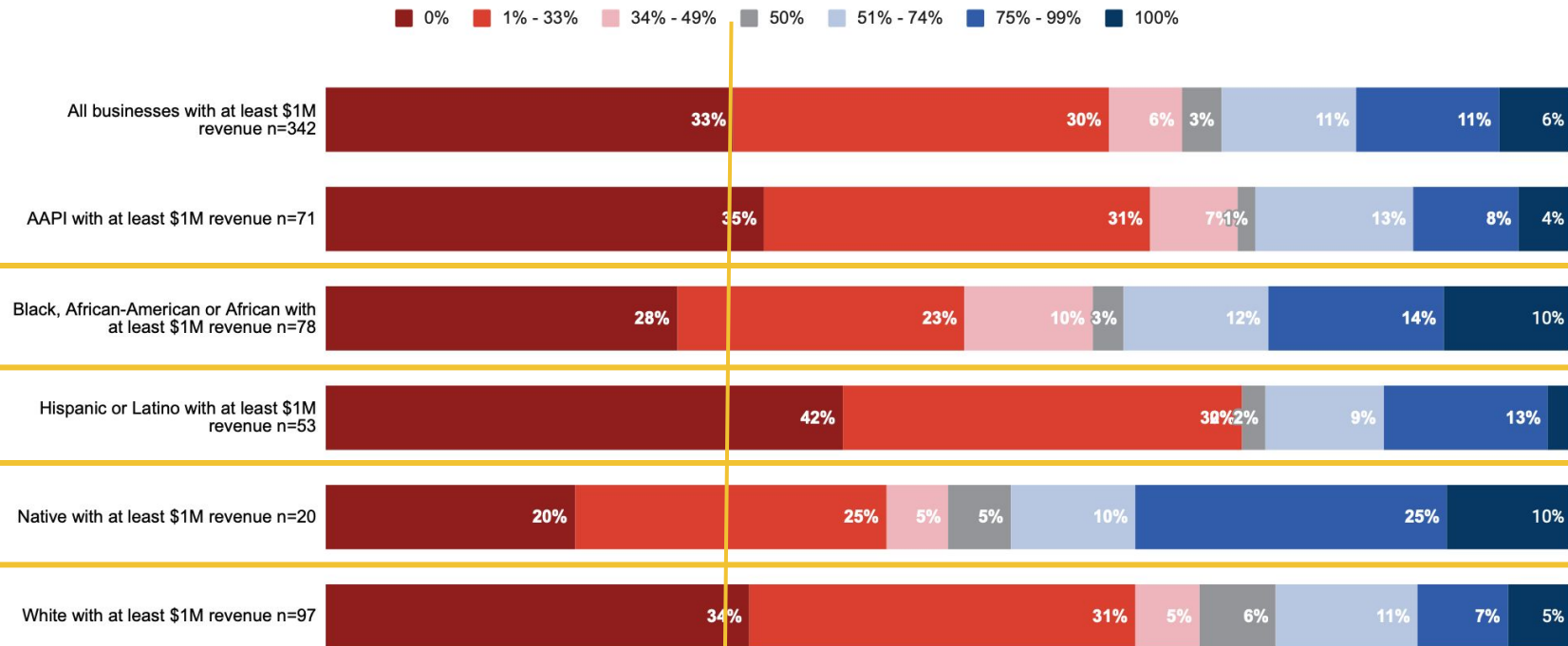
Hispanic-Owned Businesses are Least Likely to Generate Revenue from Government Contracting

Share of revenue from corporate contracts



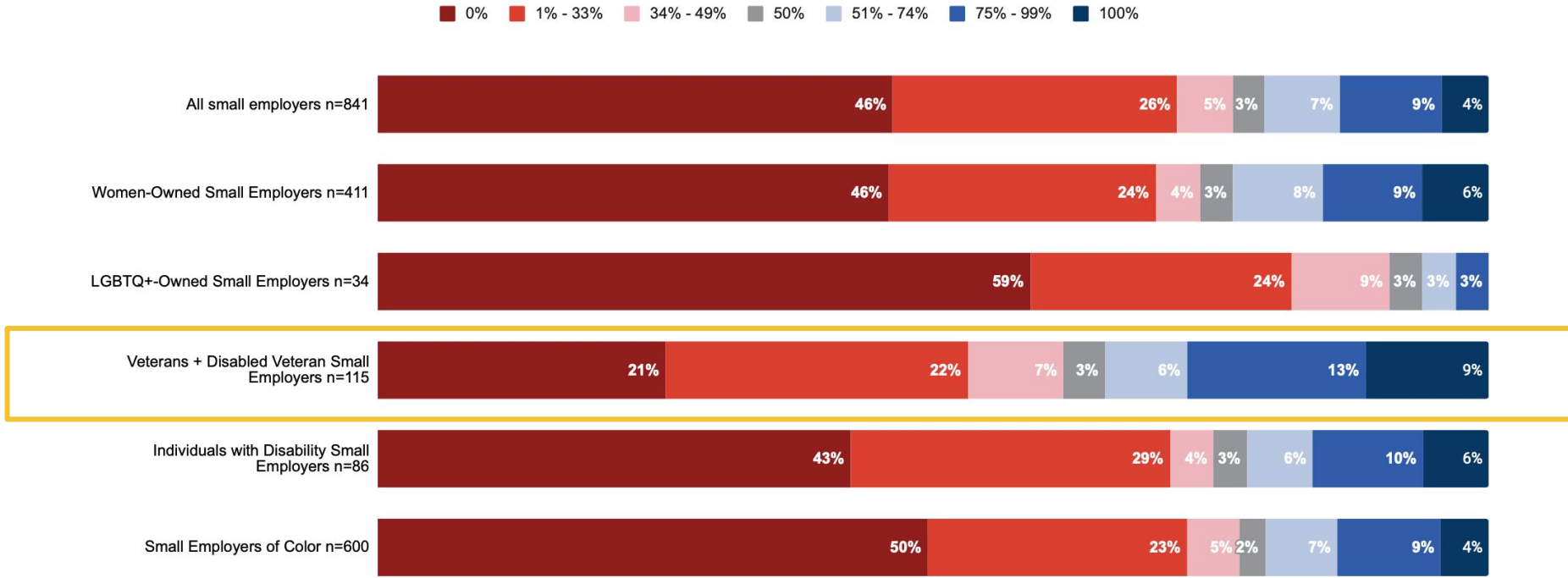
Black-Owned and Native-Owned Businesses with \$1M+ Revenue Most Likely to Contract with Government

Share of revenue from corporate contracts

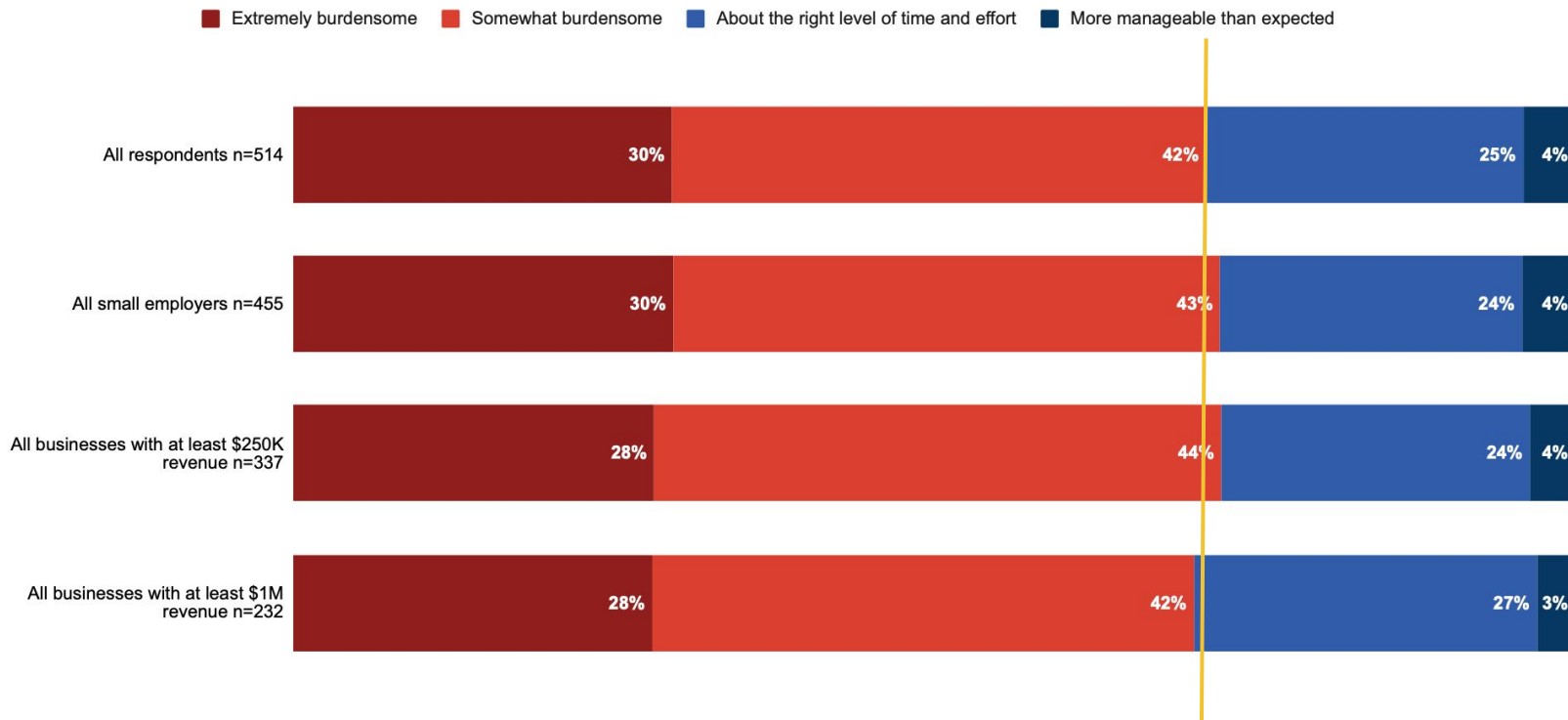


Veteran-Owned Small Employers Most Likely to Report Revenue from Government Contracting

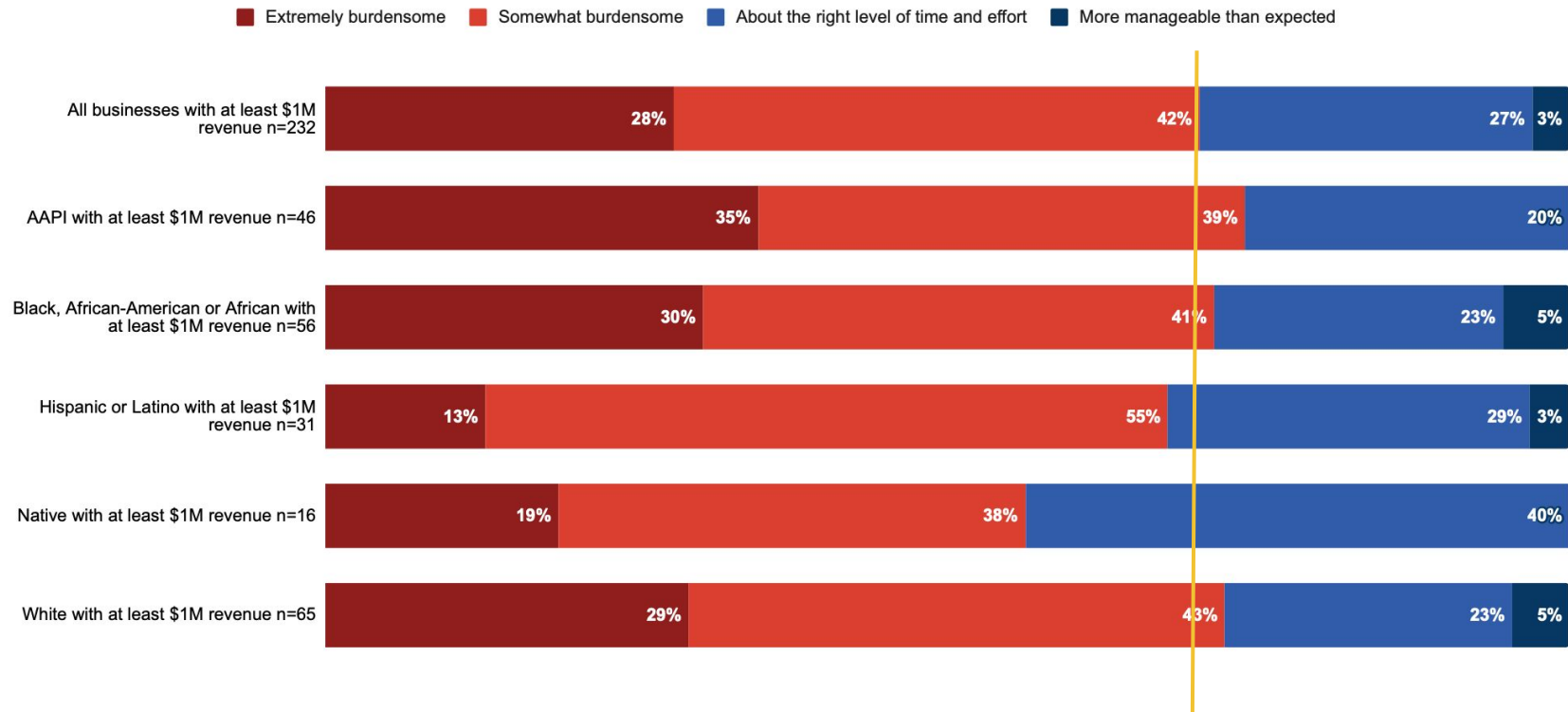
Share of revenue from corporate contracts



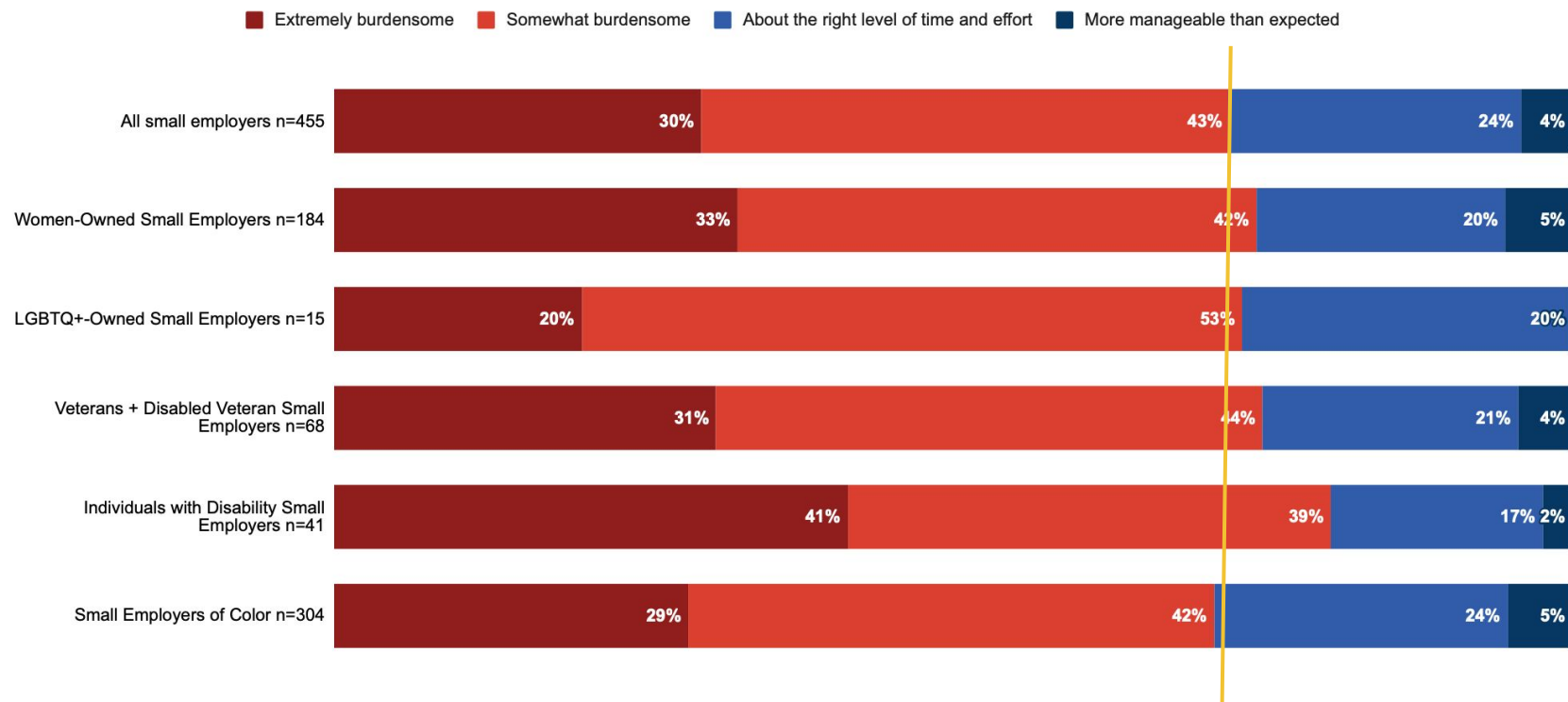
Government Contracting Likely to Be Experienced as Burdensome



Businesses with \$1M+ Revenue Say Government Contracting is Burdensome



Small Employers Likely to Say Government Contracting is Burdensome

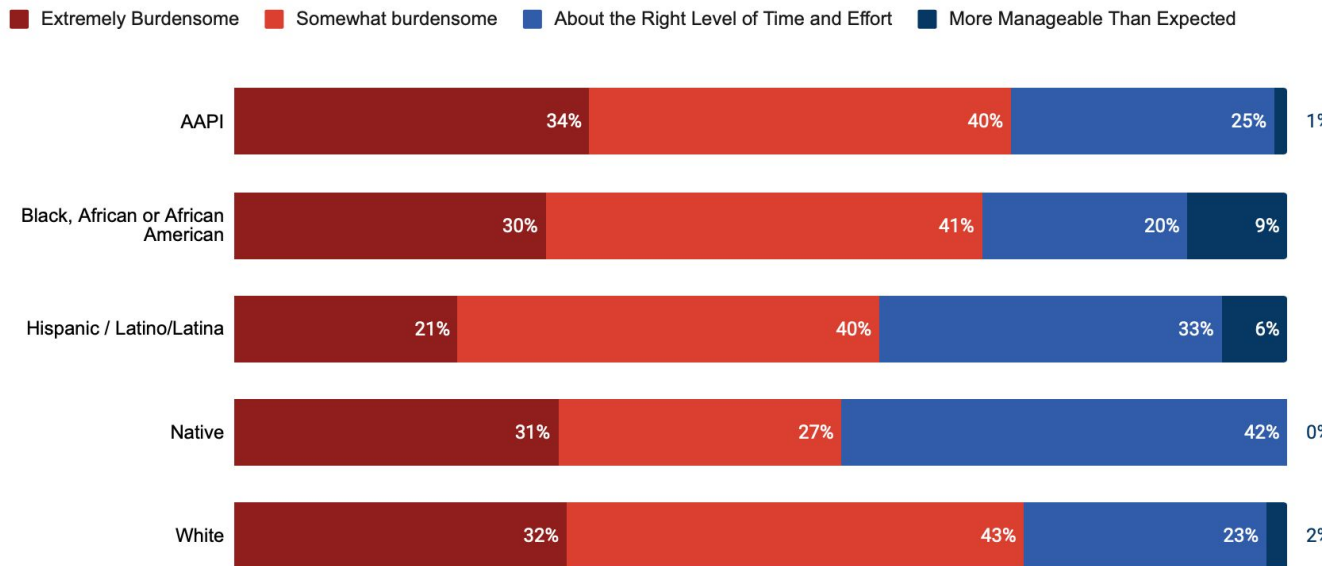


Businesses Report Majority Report that Competing for Government Contracts is Burdensome

Characterization of Effort

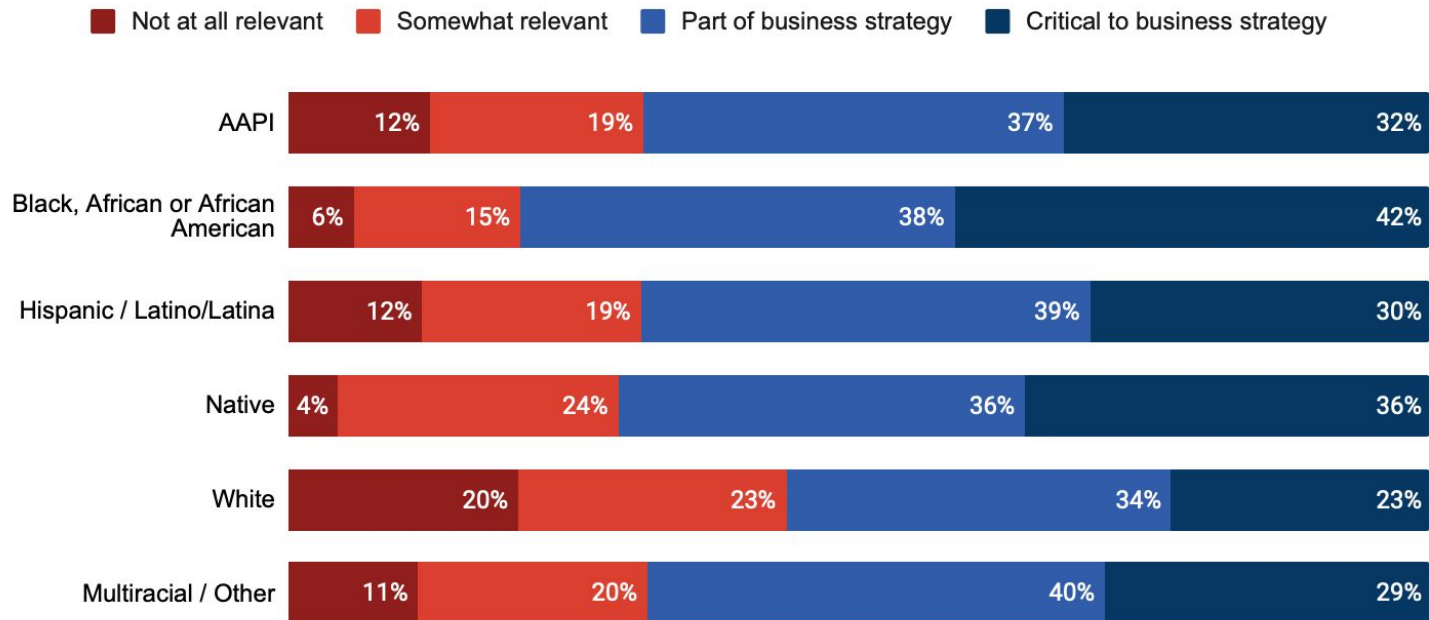
% of respondents who have competed for government contract in last 3 years

n= 521



Respondents Rely on Government Contracting

Among respondents who have competed in last three years





Certification

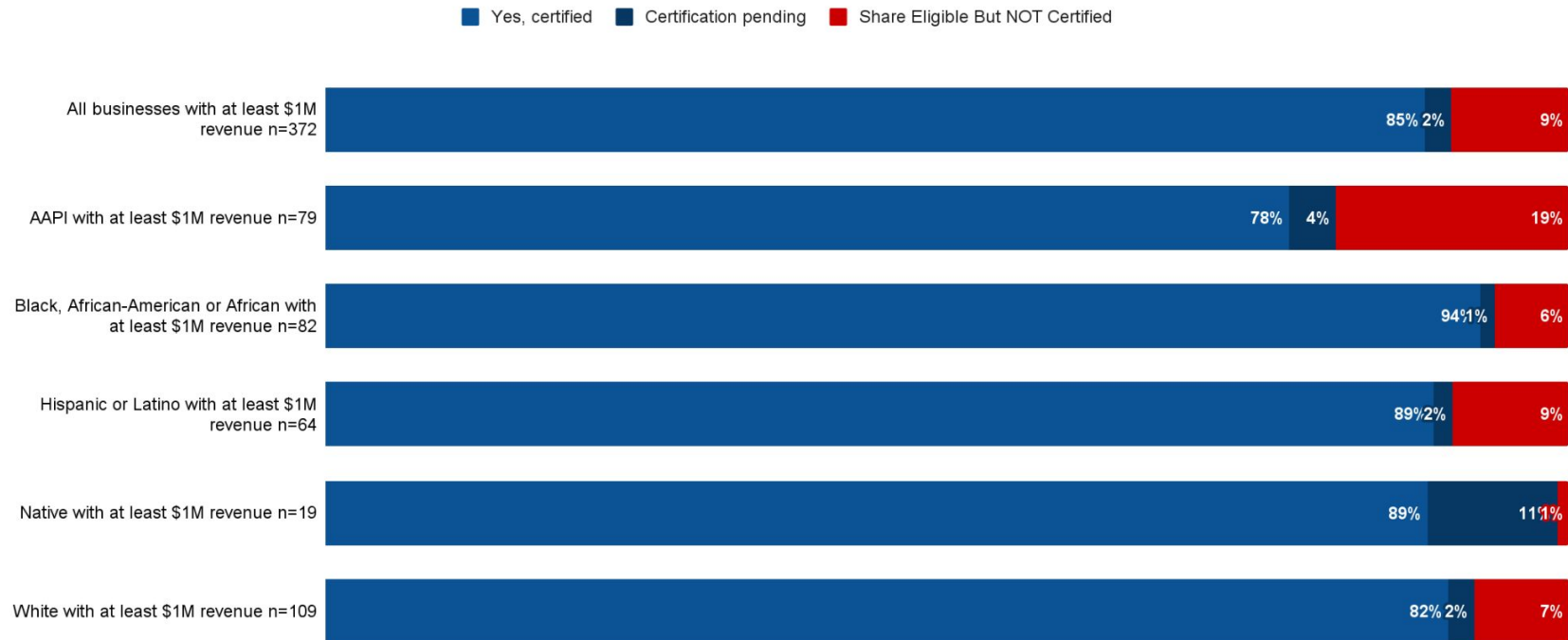
Certification

- Most eligible businesses in the sample are certified.
More than 80% of eligible businesses with \$1M+ revenue are certified.
- Where businesses are not certified, awareness and understanding of the value proposition are the primary barriers.
- Certification is helpful, but not sufficient, to win contracts

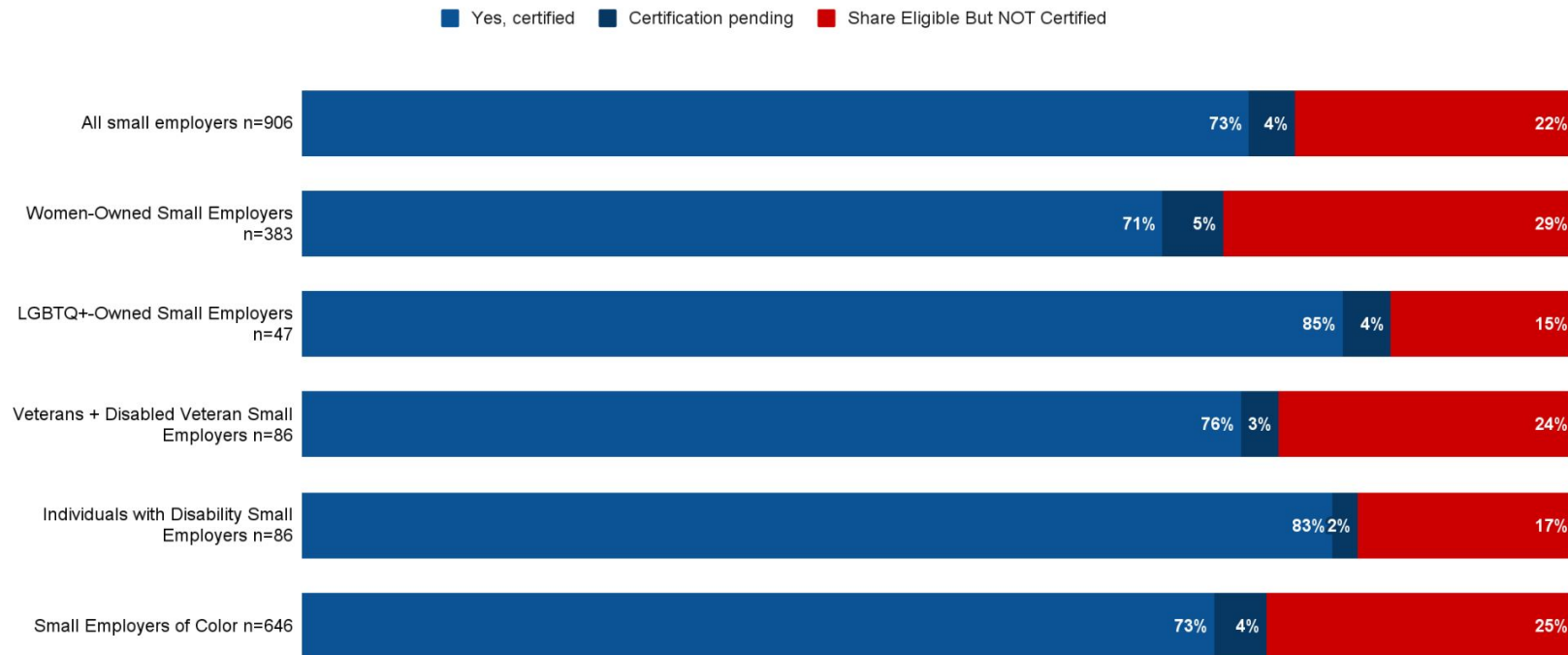
Most Eligible Businesses Are Certified



Most Eligible Businesses with \$1M+ Revenue are Certified



Most Eligible Small Employers are Certified



Most Eligible Respondents Have at Least One Certification

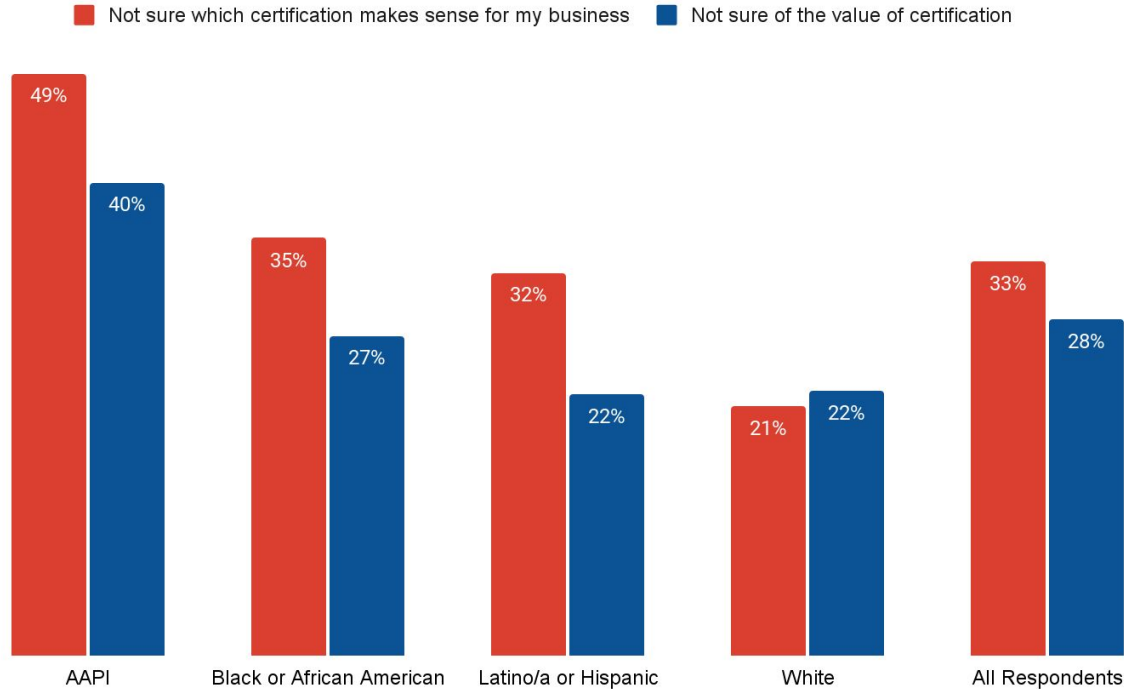
Share of businesses eligible for certification that are certified, by category

All respondents



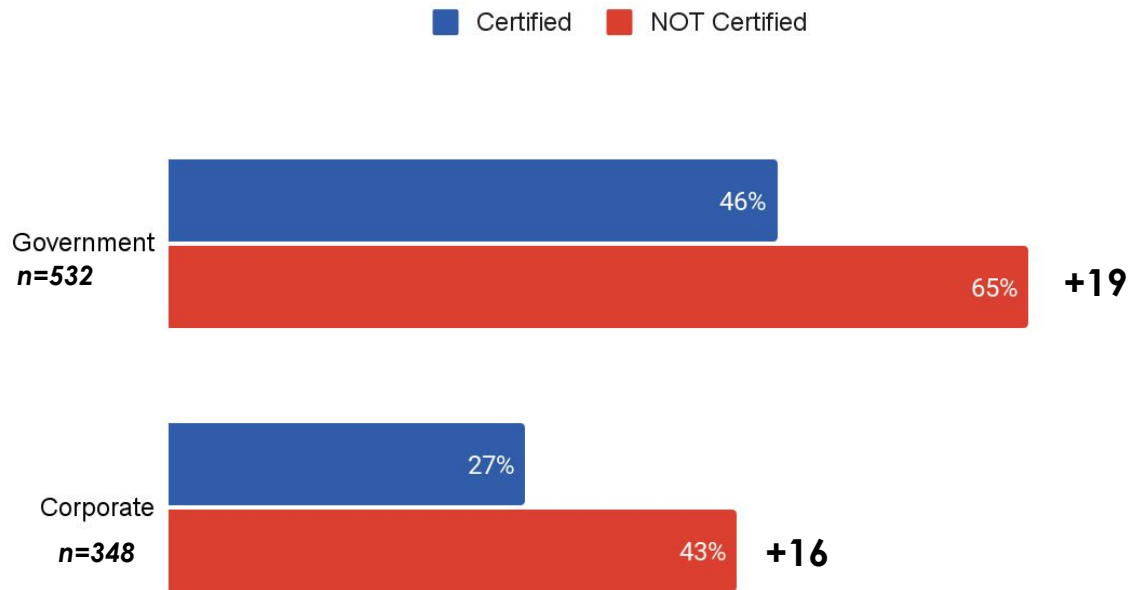
Awareness & Complexity are Barriers for Eligible Businesses that are Not Certified

Respondents whose businesses are not certified



Certification Helpful, But Not Sufficient to Win Contracts

Share of Respondents with \$0 in 2022 Revenue from Contracting
Including Self-employed



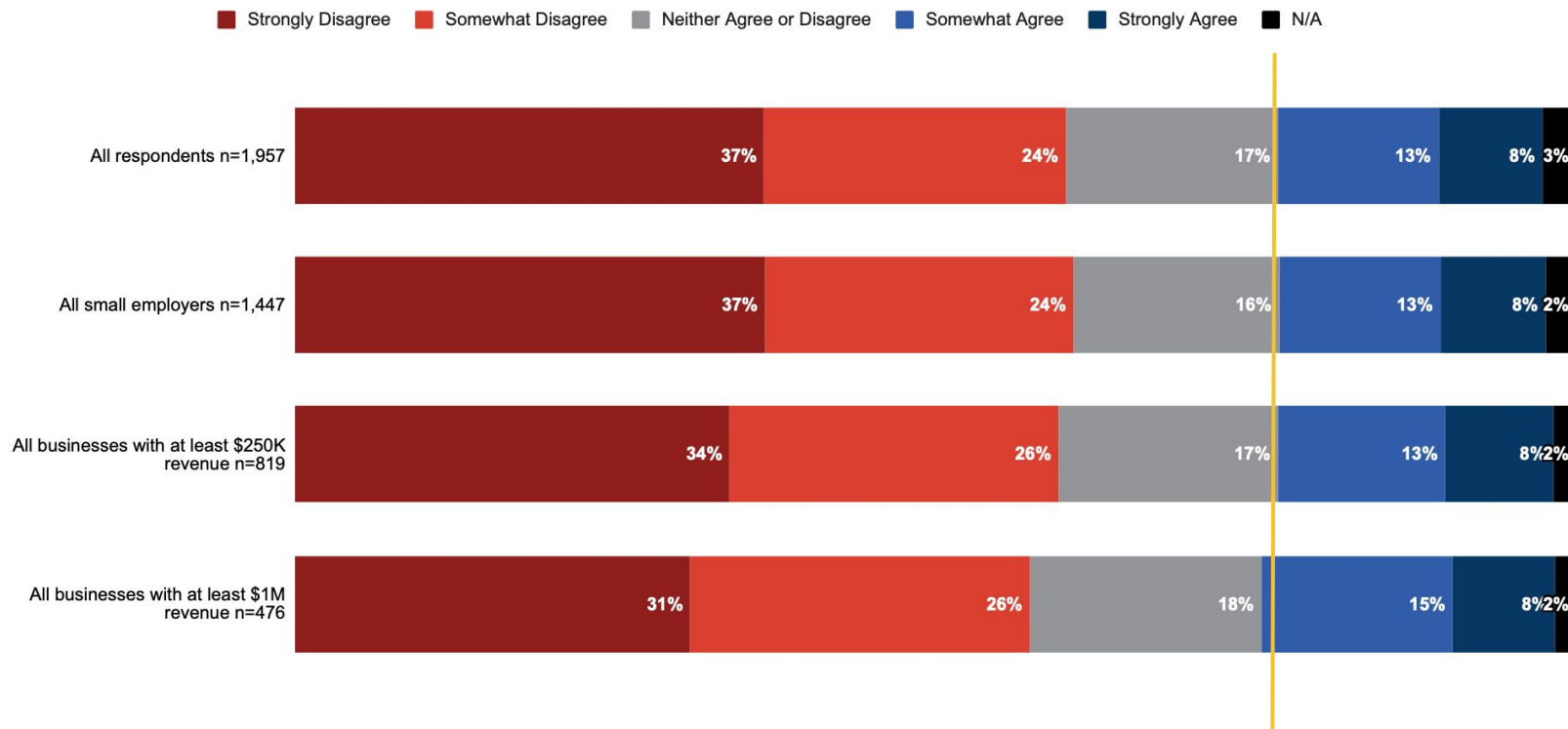


Confidence and Beliefs

Confidence and Beliefs

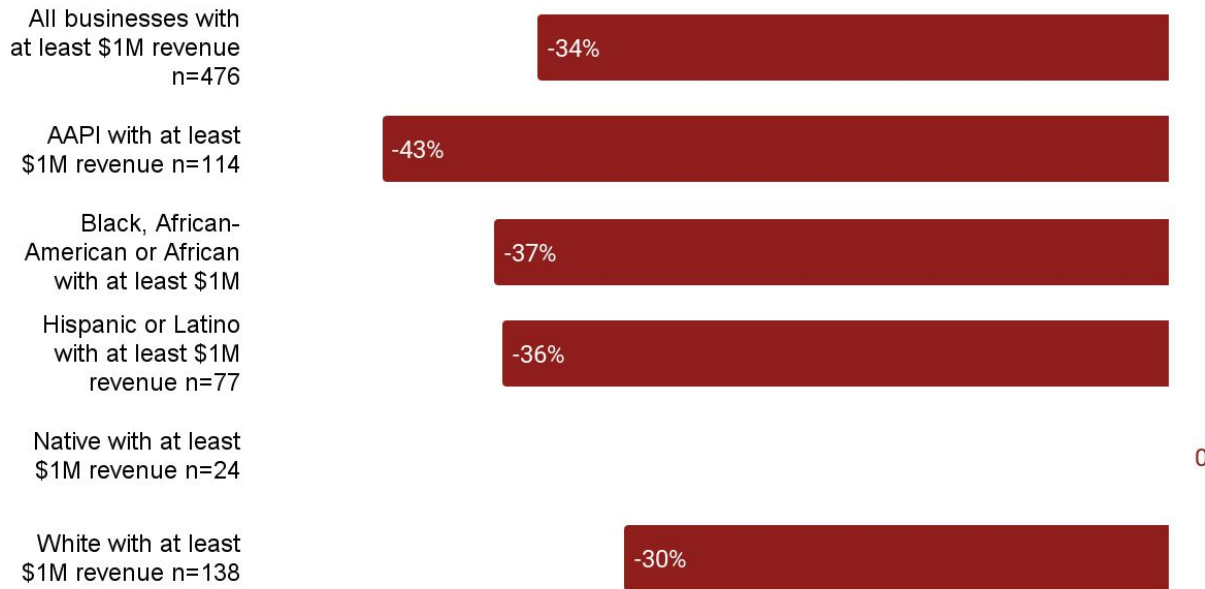
- Most respondents do not believe that the playing field is level when they compete for contracts, LGBTQ+-owned businesses and businesses owned by people with disabilities are the least confident. However, businesses still believe that the effort required to prepare a bid or RFP response is a worthwhile investment. Veteran-owned businesses and Black-owned businesses most likely to report that the effort is worth the return.
- Confidence in ability to win both corporate and government contracts grows as the capacity of the business increases. Black-owned businesses are among the most confident and AAPI-owned businesses are least confident.
- Confidence in ability to access capital to fund an RFP, contract, or purchase order varies across segments. Black-owned businesses express confidence at parity with their white-owned peers. Women-owned small employers are least confident in their ability to access capital for contracting. Among businesses with \$1M+ revenue, Latino(a)-owned and AAPI-owned businesses are least confident.

Most Respondents Do Not Think There is a Level Playing Field for their Businesses When Bidding for Contracts

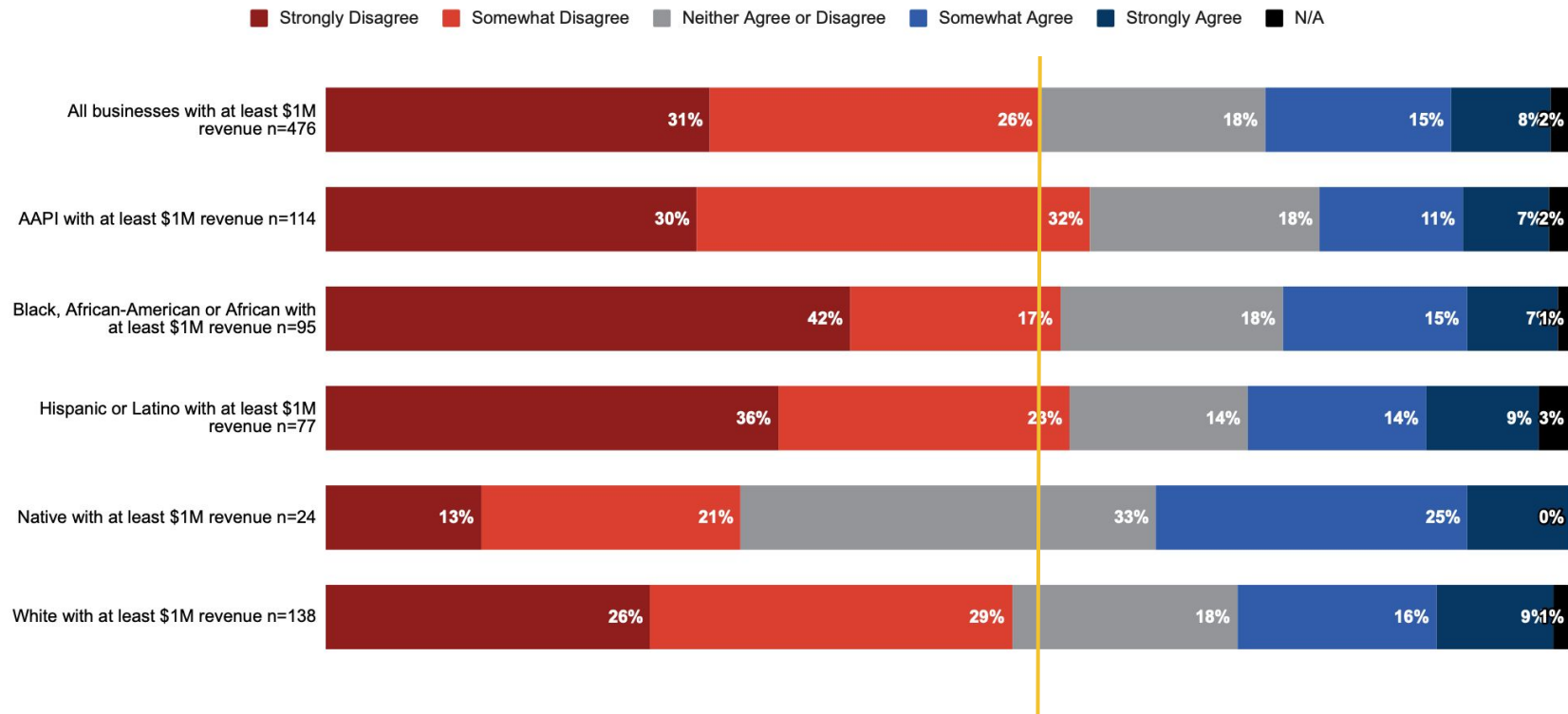


Businesses with \$1M+ in Revenue -- Especially AAPI-Owned Businesses -- Do Not Believe the Playing Field is Level

Net Confidence*



Businesses with \$1M+ in Revenue -- Especially AAPI-Owned Businesses -- Do Not Believe the Playing Field is Level



Small Employers -- Especially LGBTQ-Owned and Businesses Owned by People with a Disability -- Do Not Believe the Playing Field is Level

■ Strongly Disagree
 ■ Somewhat Disagree
 ■ Neither Agree or Disagree
 ■ Somewhat Agree
 ■ Strongly Agree
 ■ N/A

All small employers n=1,447



Women-Owned Small Employers n=746



LGBTQ+-Owned Small Employers n=47



Veterans + Disabled Veteran Small Employers n=125



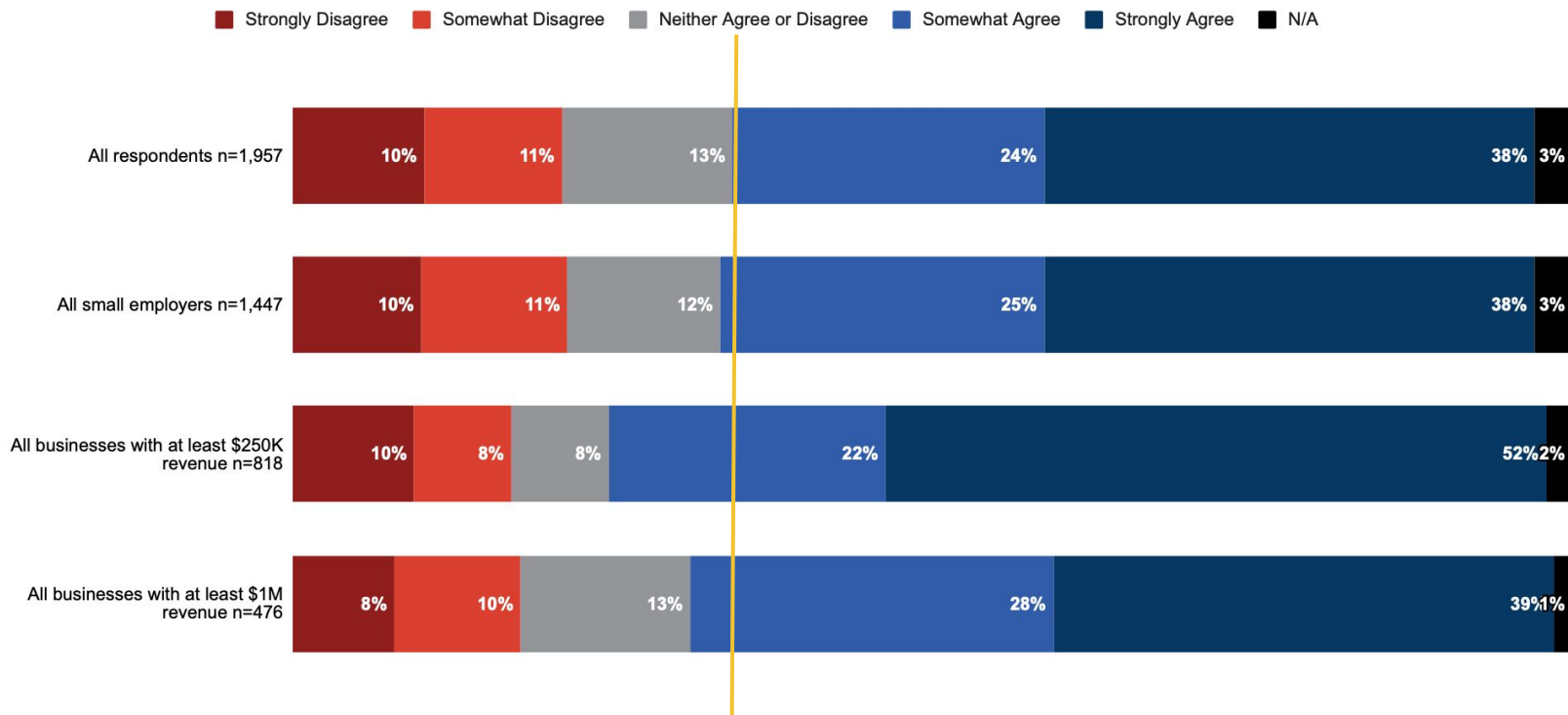
Individuals with Disability Small Employers n=85



Small Employers of Color n=1,061



Most Respondents Report Effort to Prepare Bid is Worthwhile Investment



2 in 3 Businesses with at Least \$1M in Annual Revenue Say Time and Effort to Respond to RFP/Tender is Worthwhile Investment

Strongly Disagree Somewhat Disagree Neither Agree or Disagree Somewhat Agree Strongly Agree N/A

All respondents n=1,957



All small employers n=1,447



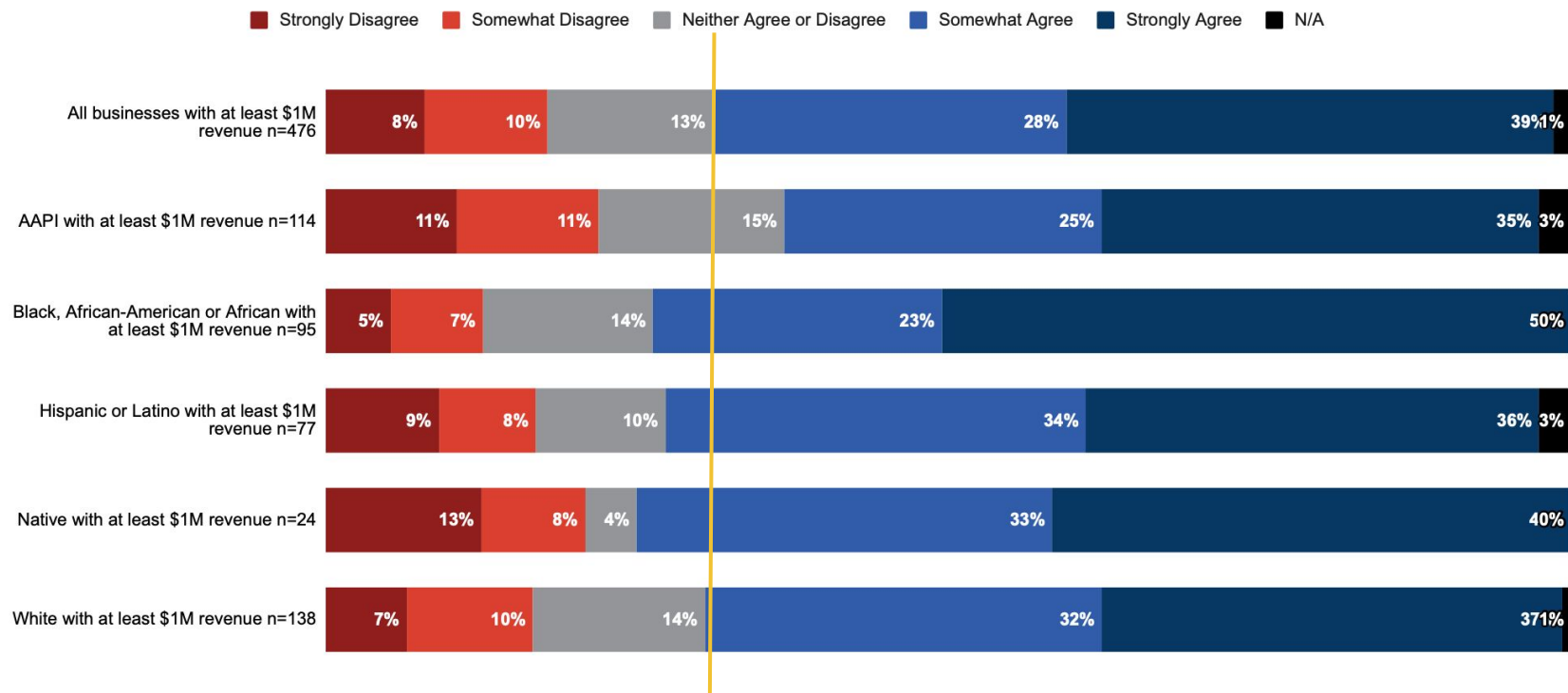
All businesses with at least \$250K revenue n=819



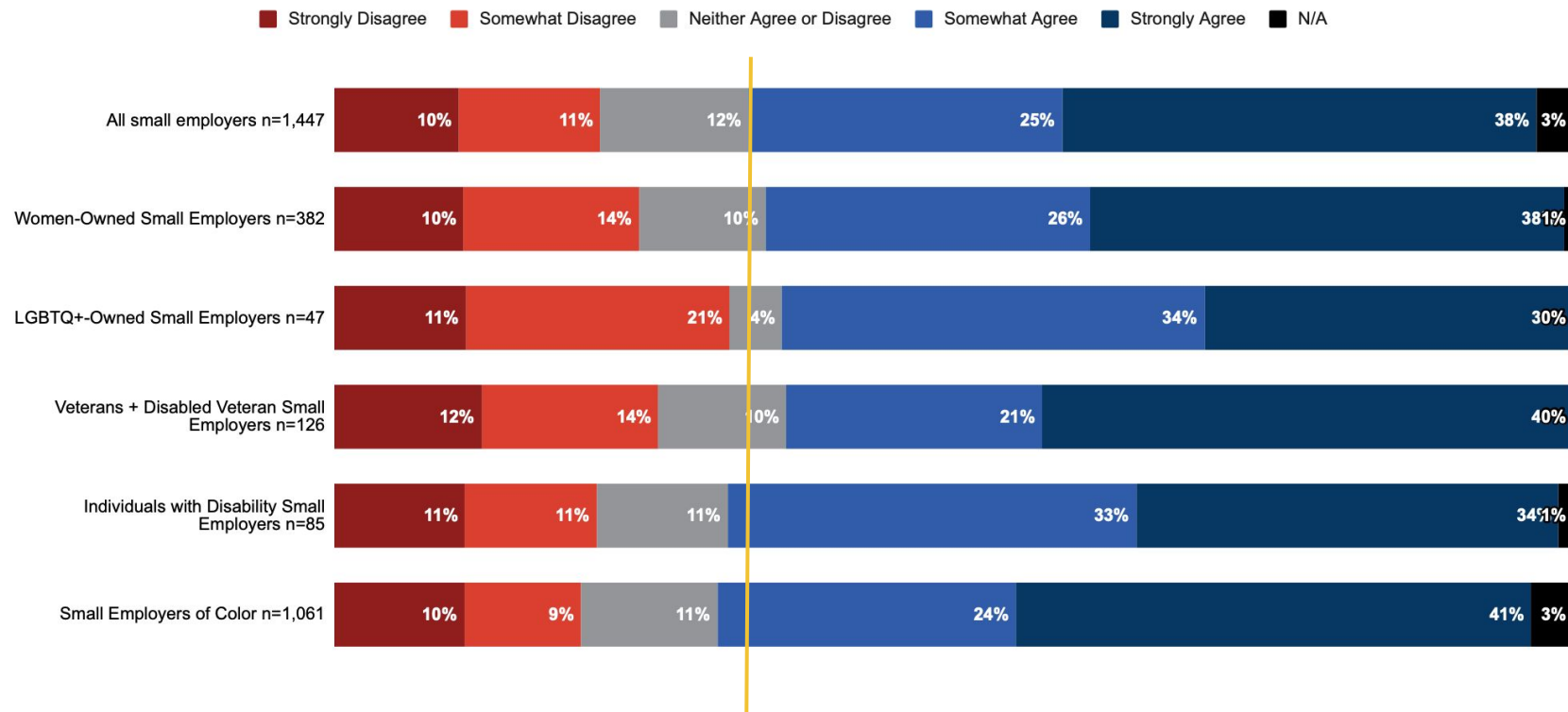
All businesses with at least \$1M revenue n=476



Businesses with \$1M+ Revenue Generally Report that Effort to Compete is Worthwhile Investment

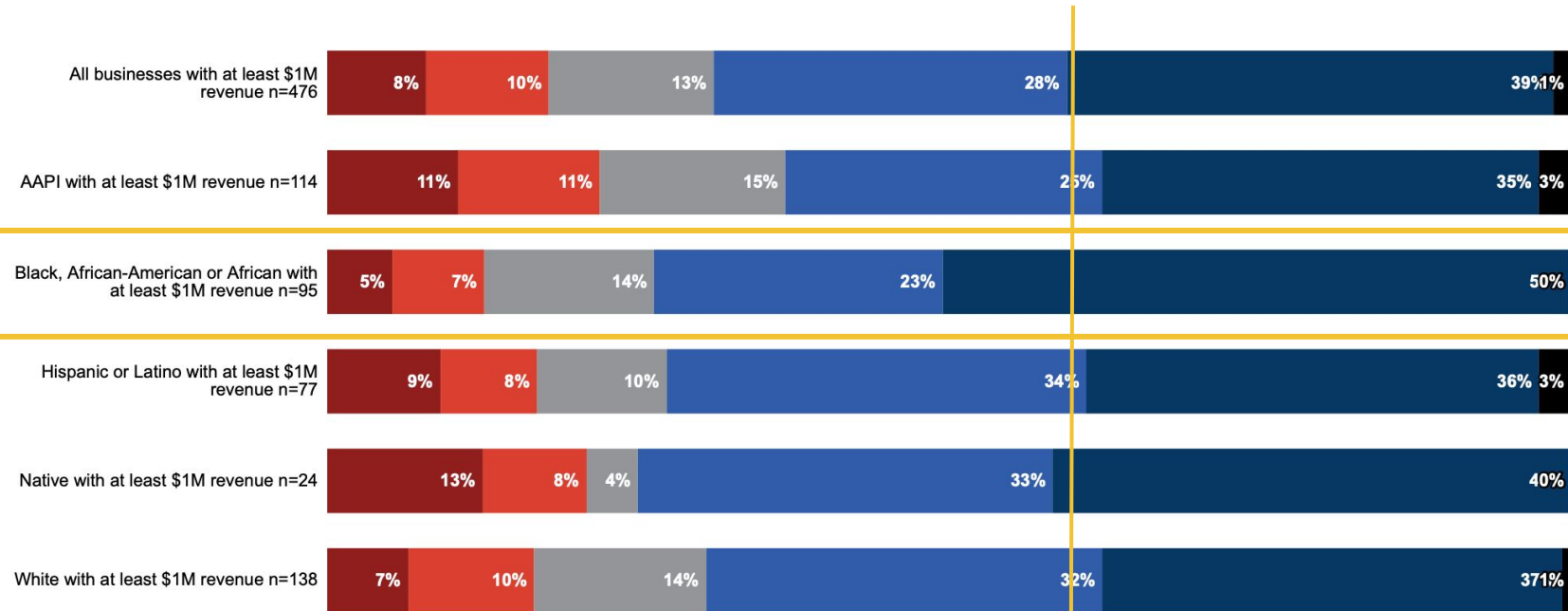


Small Employers Generally Say Effort to Compete is Worthwhile Investment



Black-Owned Businesses with \$1M+ Revenue Most Likely to Say Time and Effort to Respond to RFP/Tender is Worthwhile Investment

■ Strongly Disagree
 ■ Somewhat Disagree
 ■ Neither Agree or Disagree
 ■ Somewhat Agree
 ■ Strongly Agree
 ■ N/A



Veteran-Owned and BIPOC-Owned Small Employers Most Likely to Say Time and Effort to Respond to RFP/Tender is Worthwhile Investment

■ Strongly Disagree
 ■ Somewhat Disagree
 ■ Neither Agree or Disagree
 ■ Somewhat Agree
 ■ Strongly Agree
 ■ N/A

All small employers n=1,447



Women-Owned Small Employers n=746



LGBTQ+-Owned Small Employers n=47



Veterans + Disabled Veteran Small Employers n=126



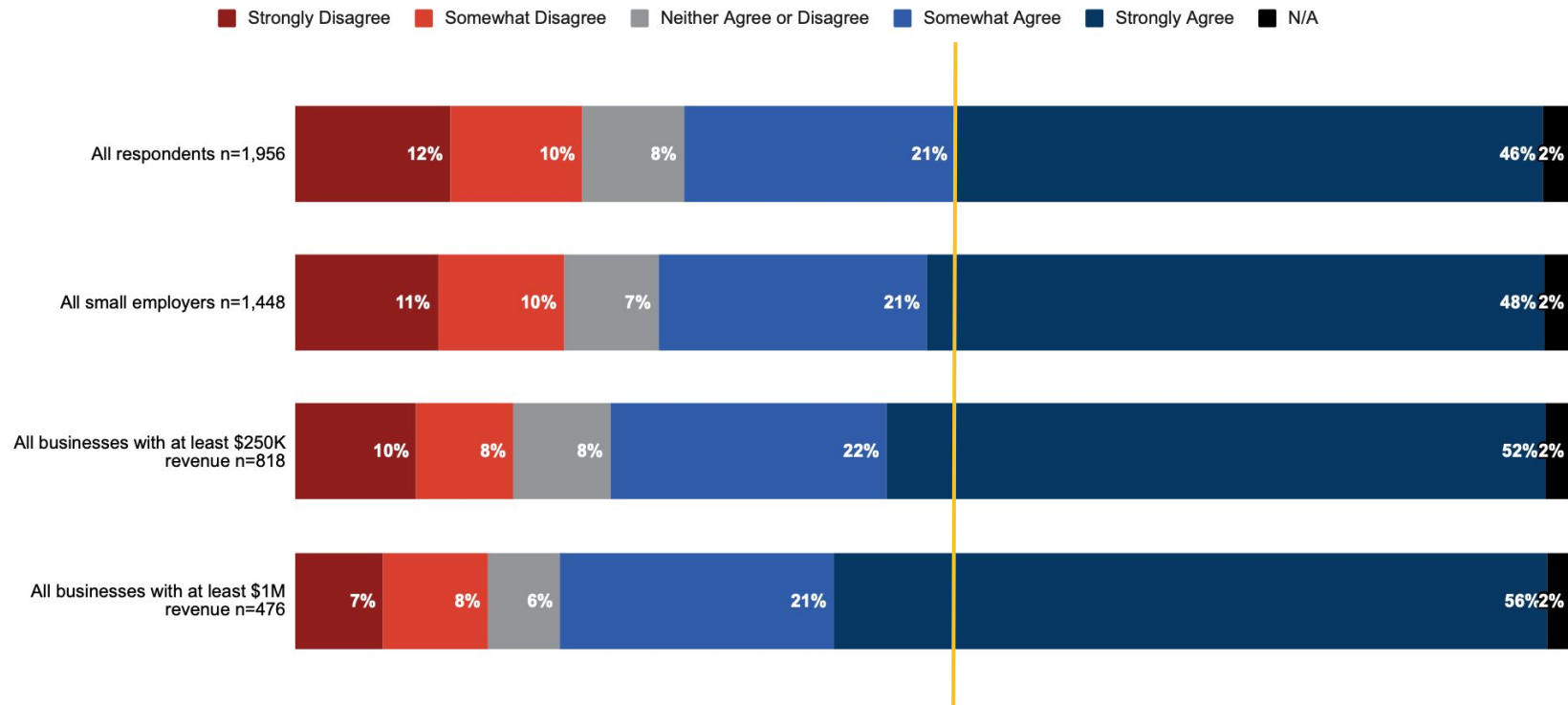
Individuals with Disability Small Employers n=86



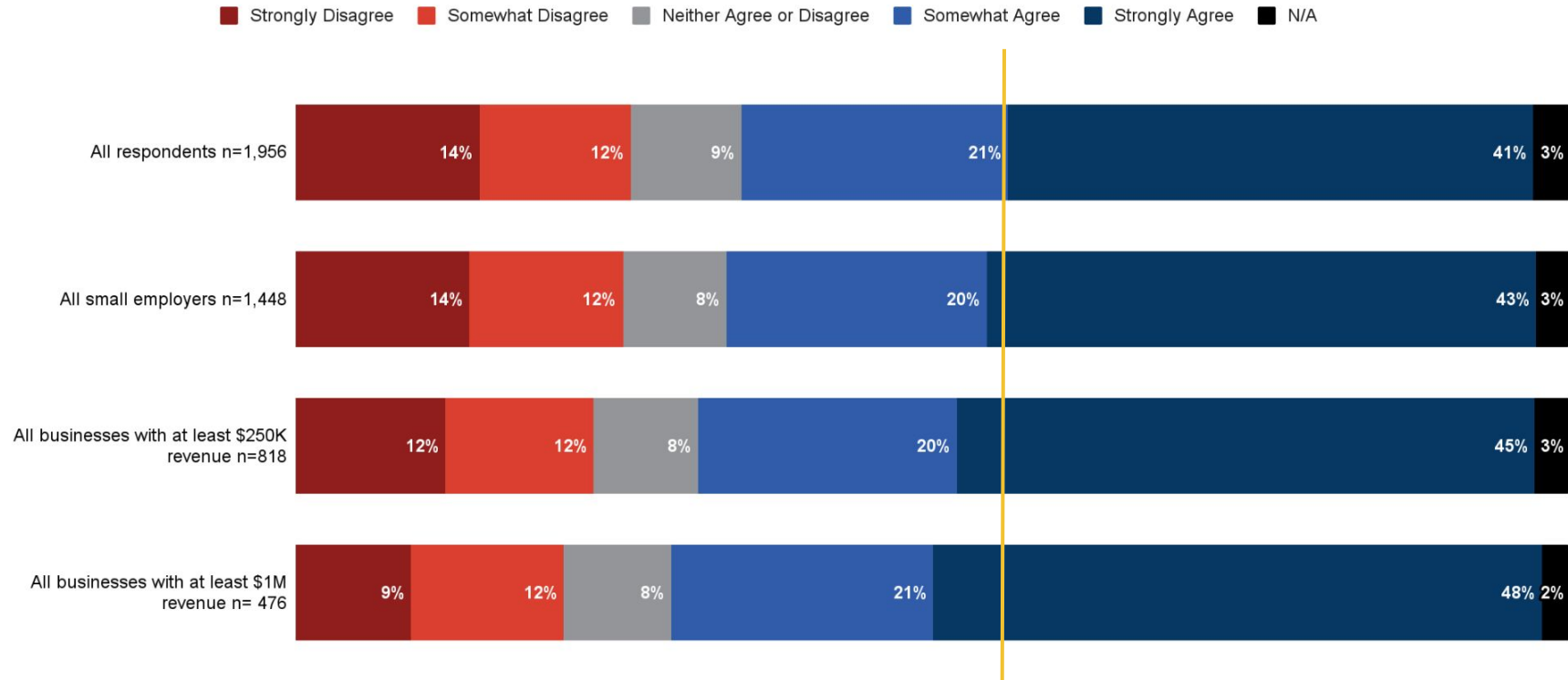
Small Employers of Color n=1,061



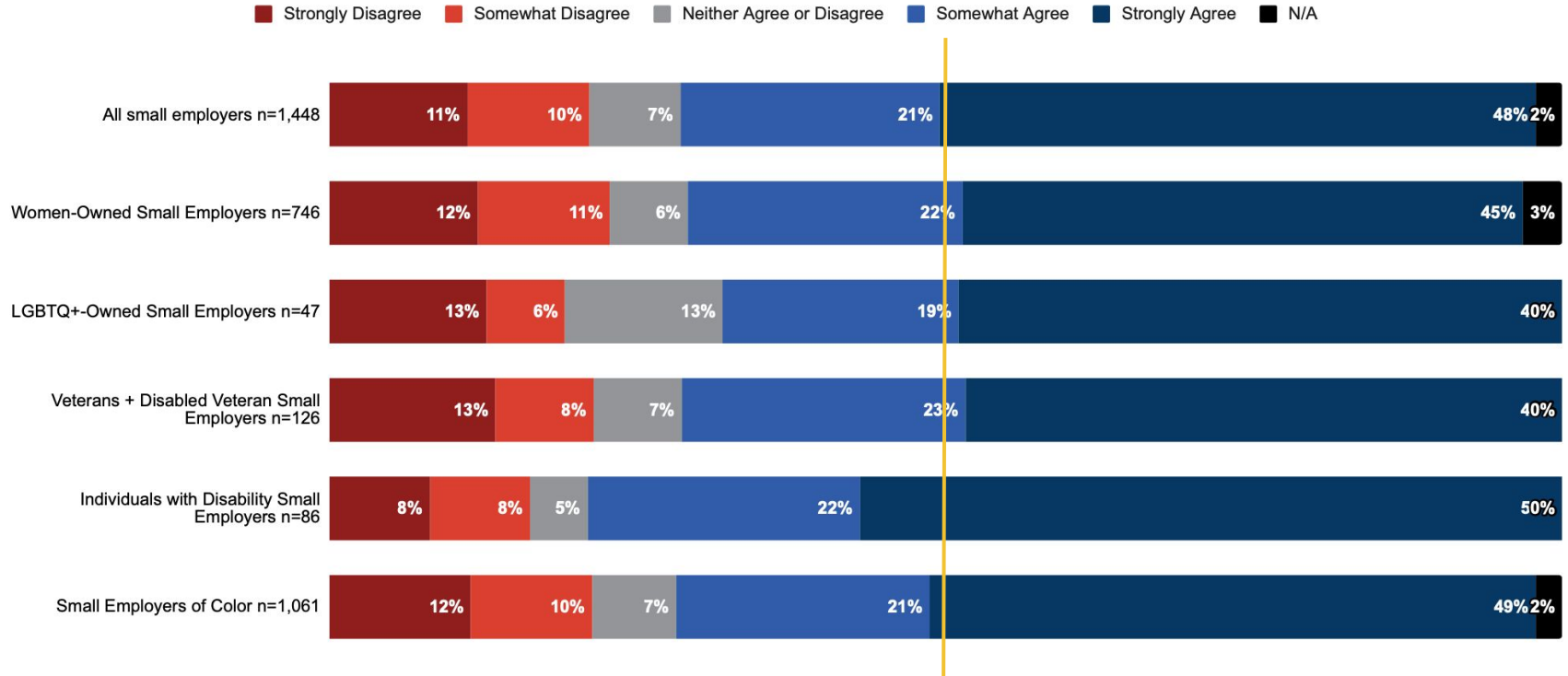
Confidence in Ability to Win Corporate Contracts Generally Strong - Especially for Higher Capacity Businesses



Confidence in Ability to Compete for and Win Government Contracts Grows with Capacity

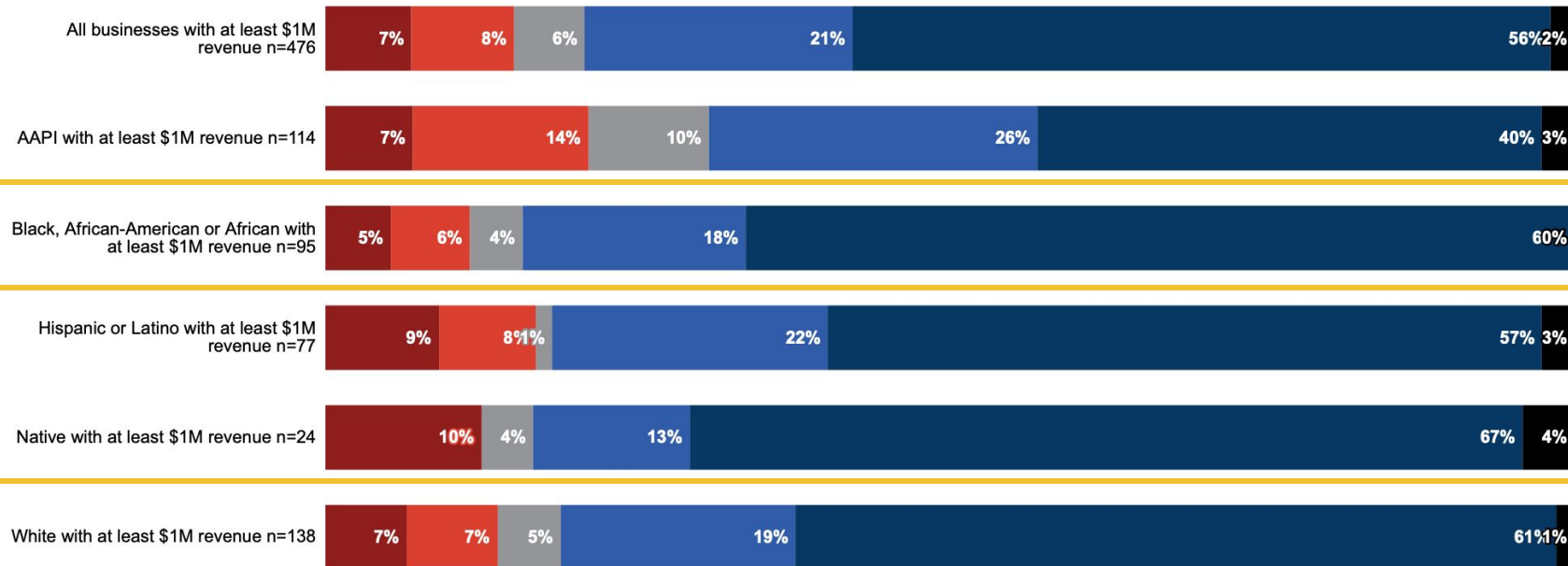


Confidence in Ability to Compete for and Win Generally Strong Among Small Employers

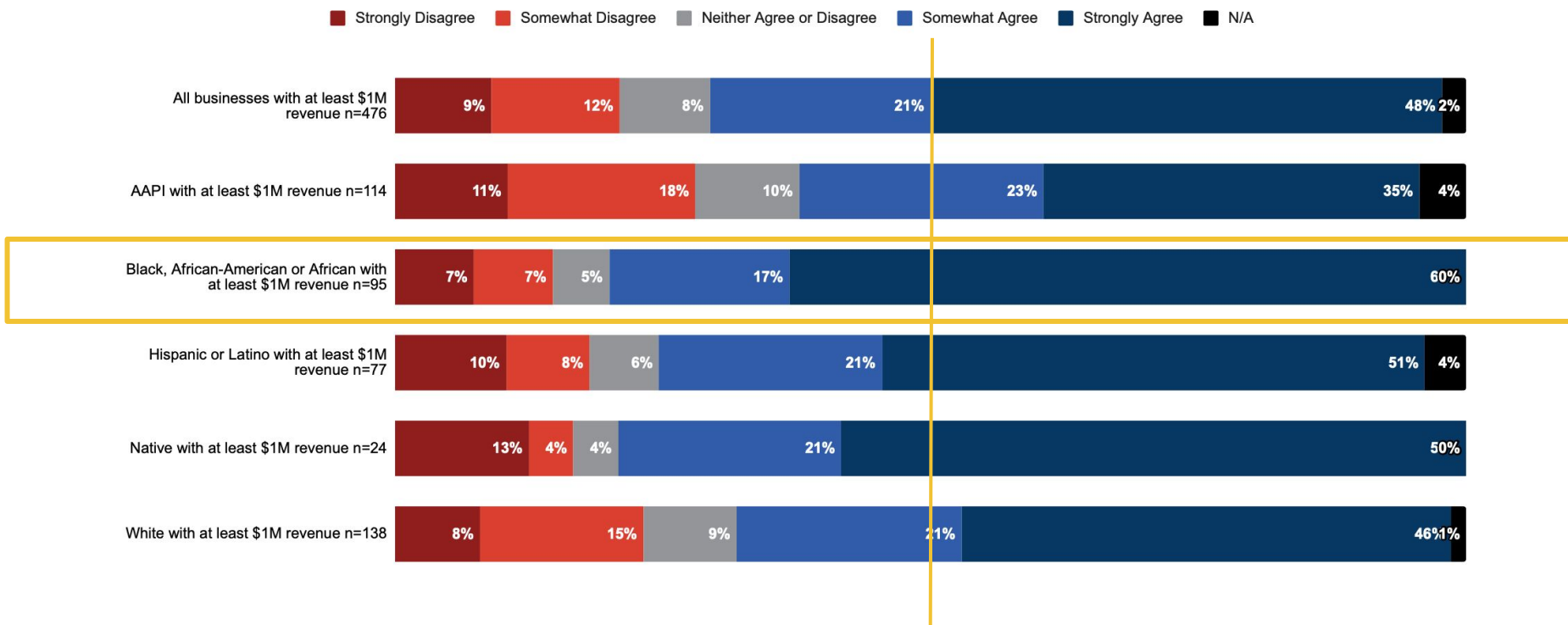


Confidence in Ability to Compete for and Win Corporate Contracts at Parity for Black-Owned and White-Owned Businesses

Strongly Disagree Somewhat Disagree Neither Agree or Disagree Somewhat Agree Strongly Agree N/A

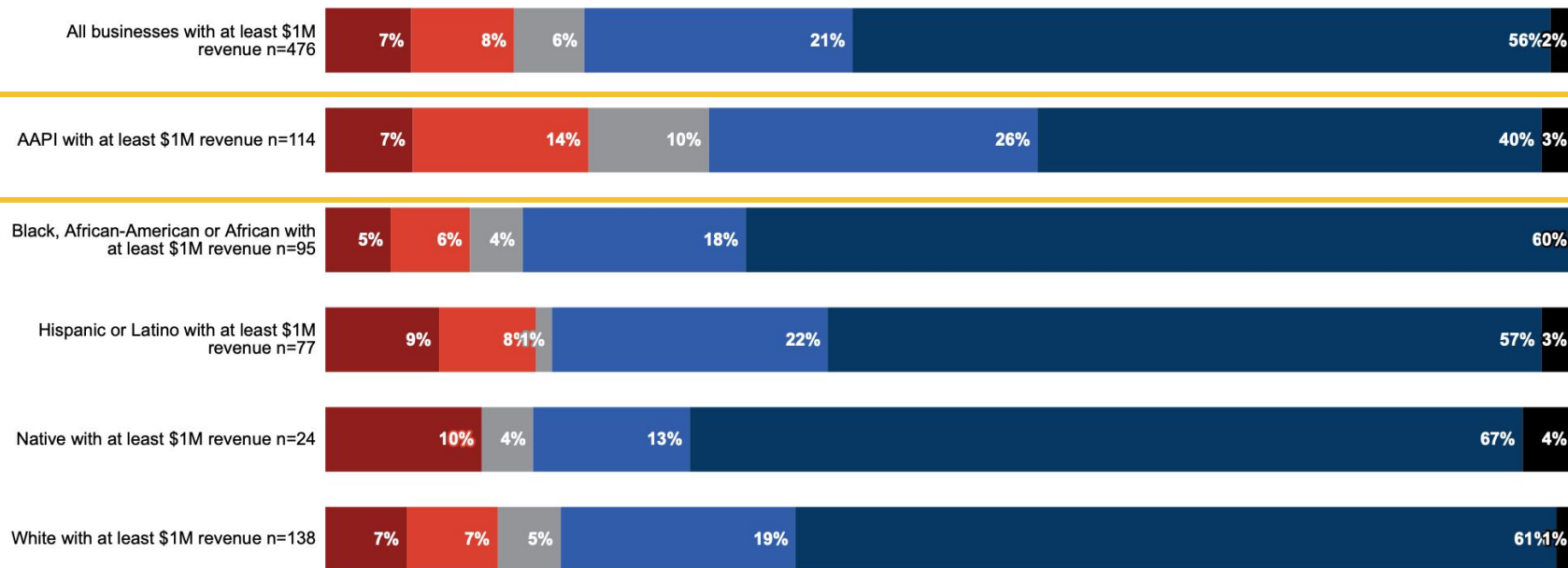


Black-Owned Businesses Most Confident in their Ability to Compete for and Win Government Contracts



AAPI-Owned Businesses Least Confident They Can Compete for and Win Corporate Contracts

Strongly Disagree Somewhat Disagree Neither Agree or Disagree Somewhat Agree Strongly Agree N/A



Women- and BIPOC-Owned Employers Most Confident in their Ability to Compete for and Win Government Contracts

■ Strongly Disagree
 ■ Somewhat Disagree
 ■ Neither Agree or Disagree
 ■ Somewhat Agree
 ■ Strongly Agree
 ■ N/A

All small employers n=1,448



Women-Owned Small Employers n=747



LGBTQ+-Owned Small Employers n=47



Veterans + Disabled Veteran Small Employers n=126



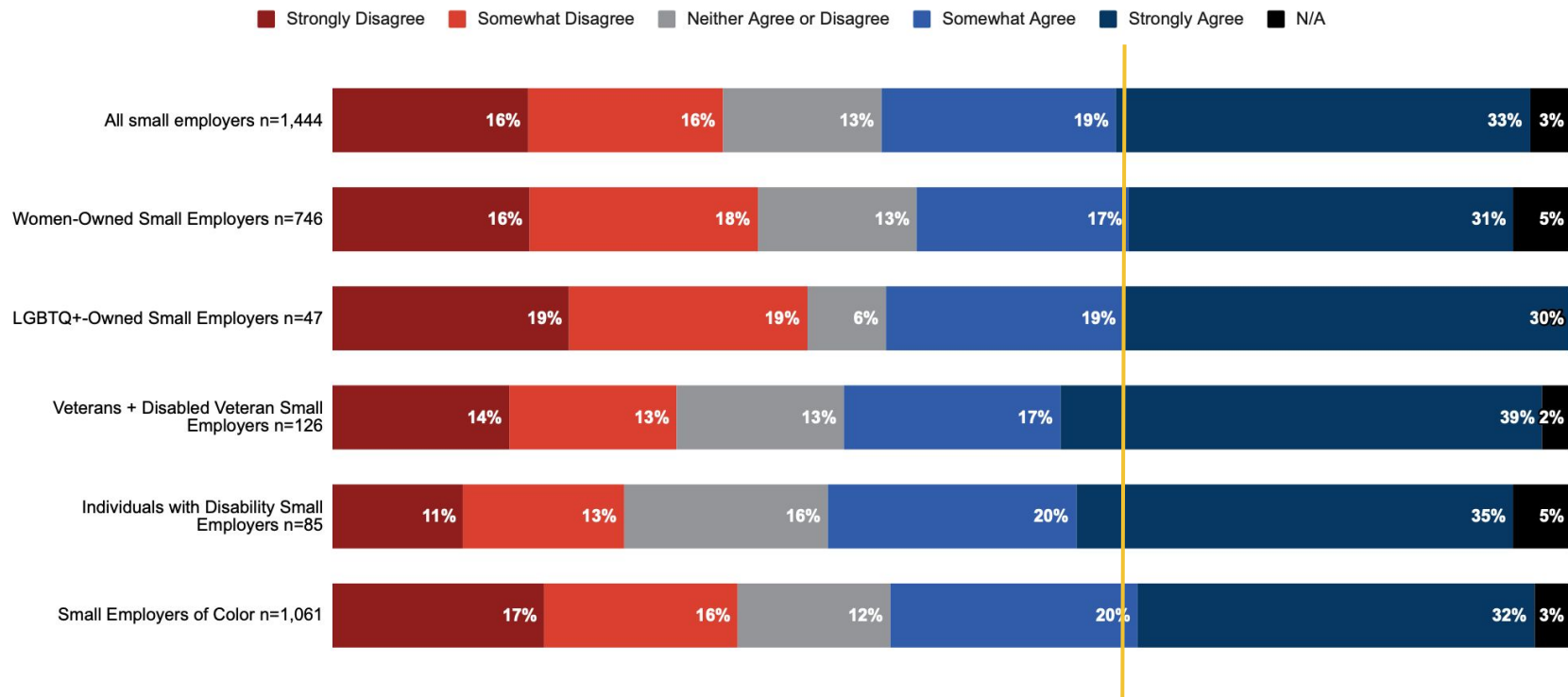
Individuals with Disability Small Employers n=86



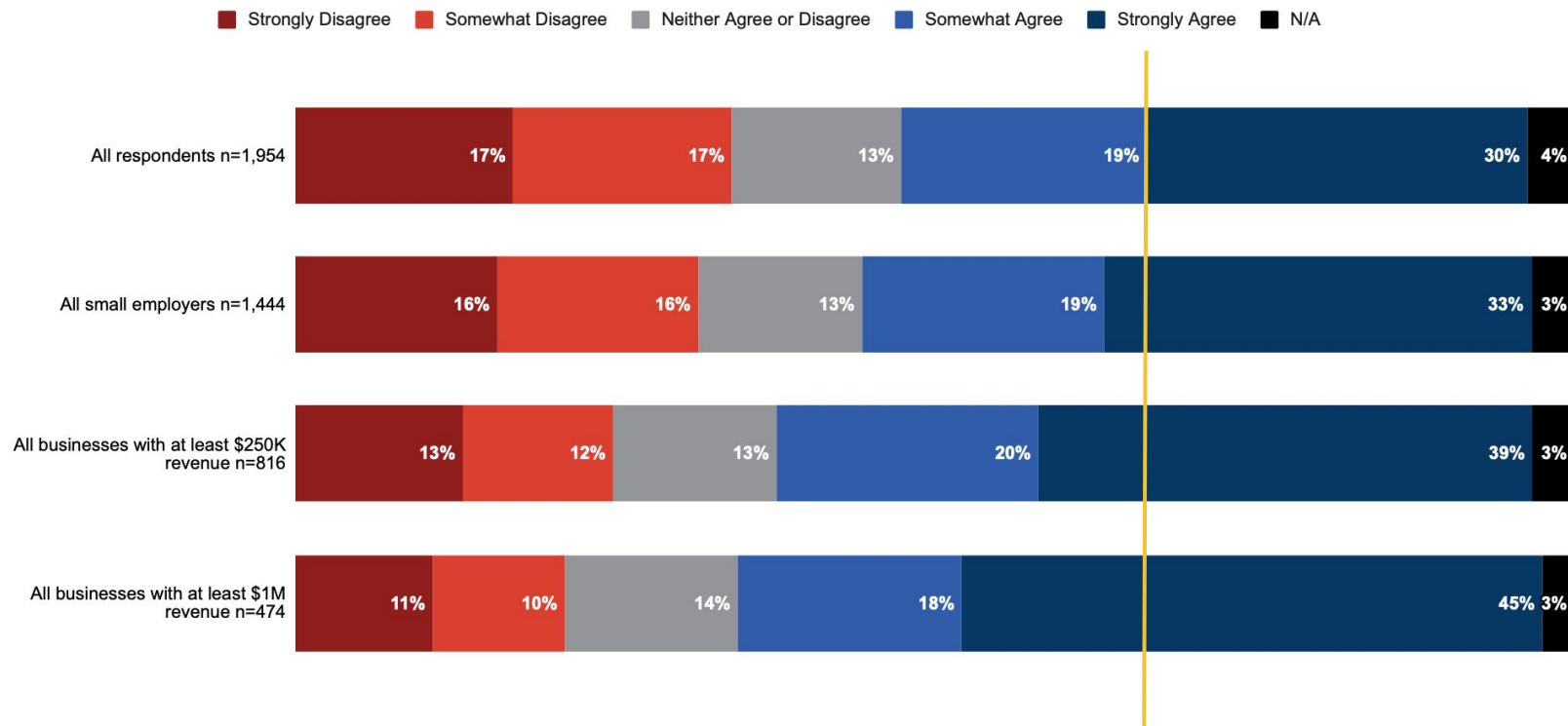
Small Employers of Color n=1,061



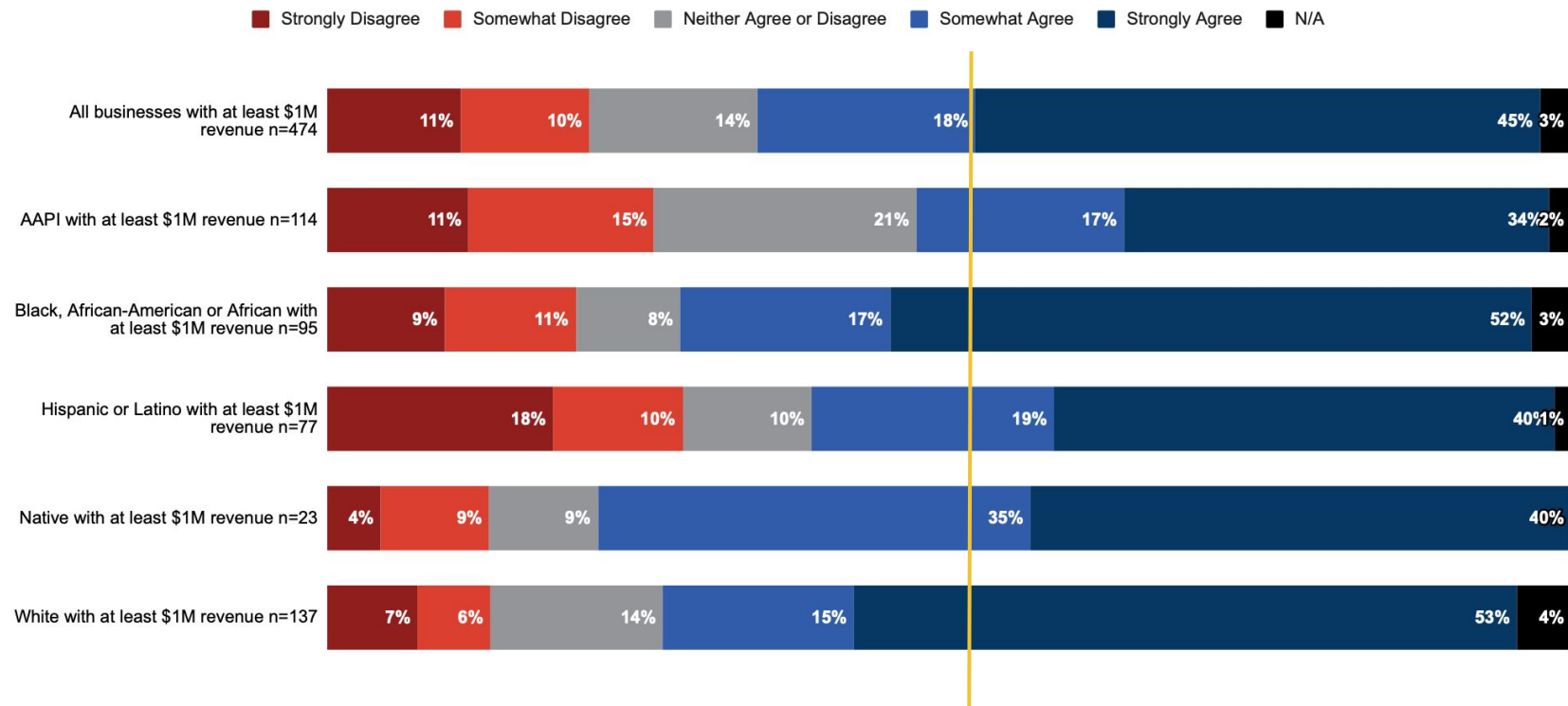
Confidence in Ability to Access Capital to Fund a Bid, Purchase Order or Contract Differs Slightly Across Segments of Small Employers



Confidence the Business Can Access Capital to Fund Bid, Contract or Purchase Order Grows with Capacity

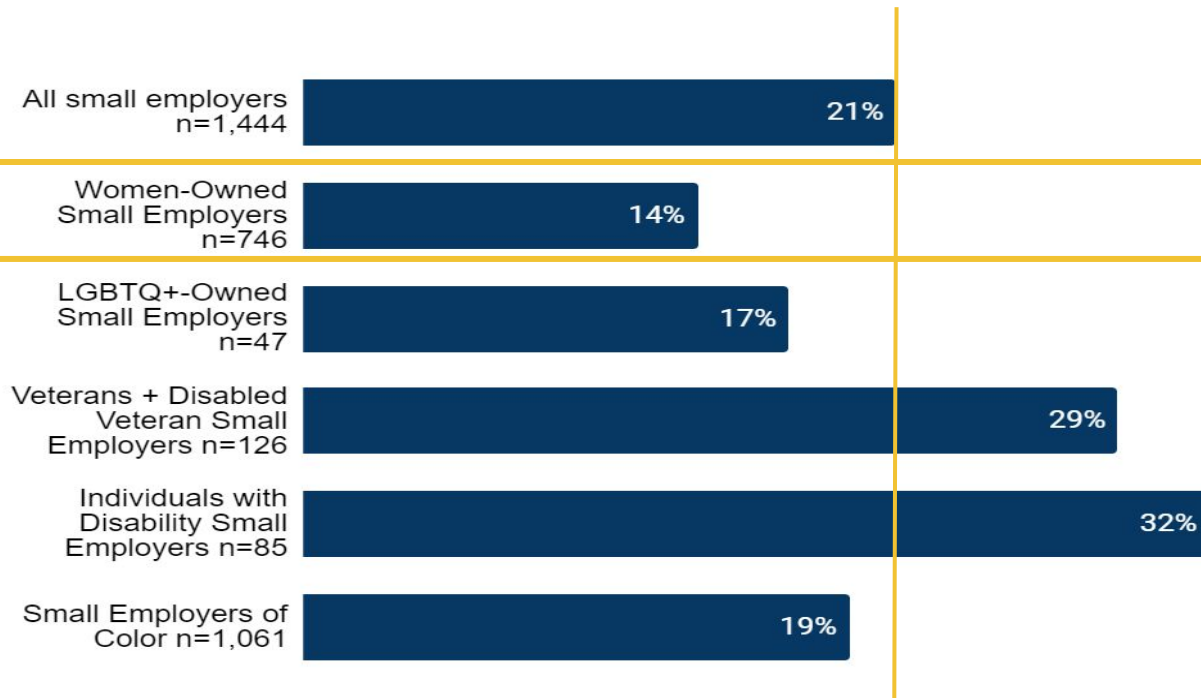


Among Businesses with Revenue \$1M+, Confidence in Ability to Access Capital Differs



Women-Owned Small Employers Least Confident in Ability to Access Capital to Fund Bids, Purchase Orders or Contracts

Net Confidence*



AAPI and Latino/a Businesses with \$1M+ Revenue Least Confident in Ability to Access Capital to Fund Bid, Purchase Order or Contract

Net Confidence*

All businesses with at least \$1M revenue n=474 42%

AAPI with at least \$1M revenue n=114 25%

Black, African-American or African with at least \$1M revenue n=95 48%

Hispanic or Latino with at least \$1M revenue n=77 31%

Native with at least \$1M revenue n=23 65%

White with at least \$1M revenue n=137 55%

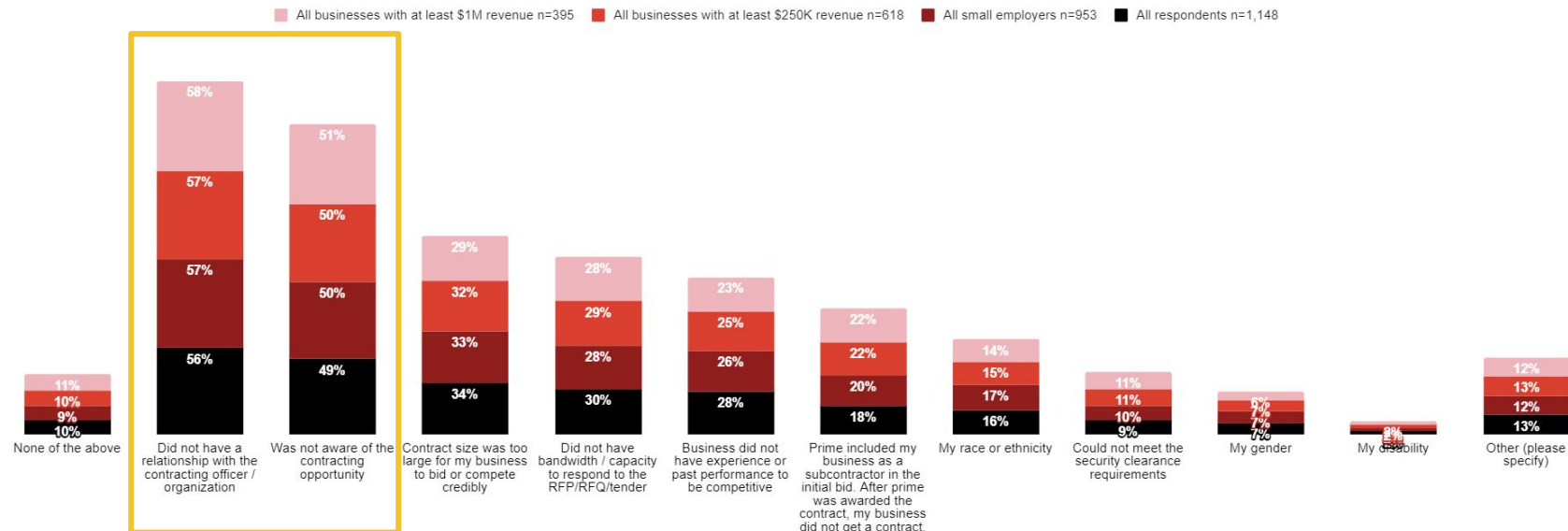


Barriers

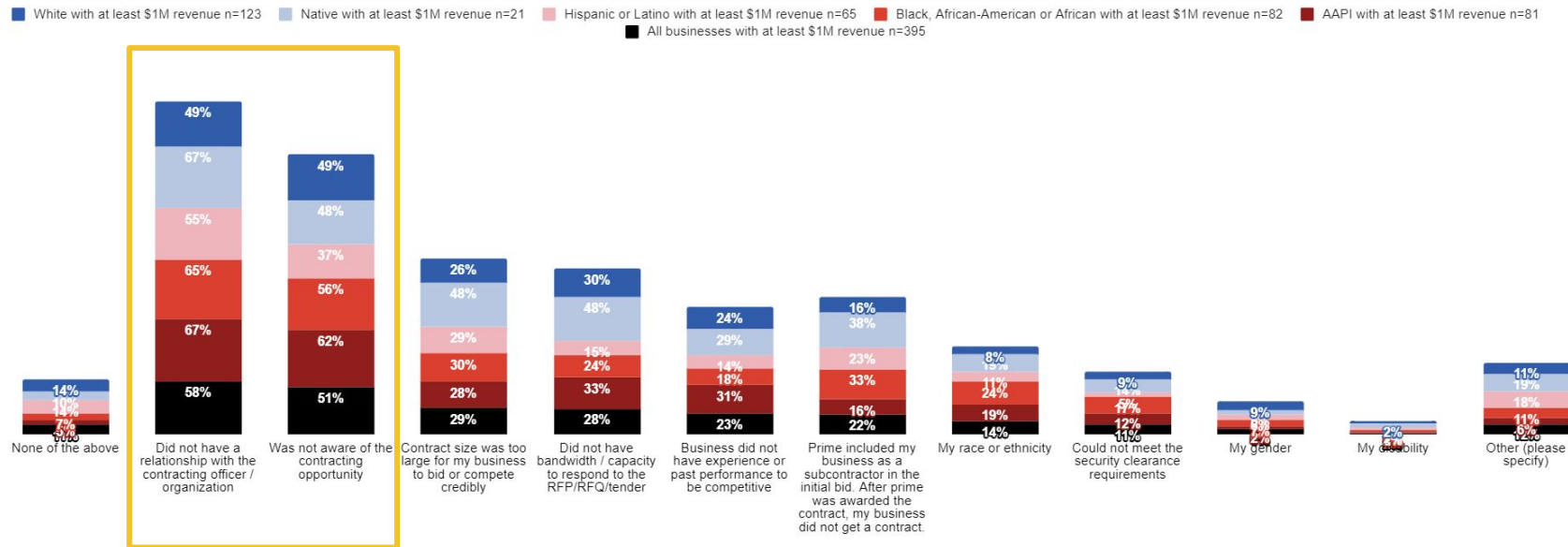
Barriers

- Lack of relationships and limited awareness of contracting opportunities are most frequently cited as primary barriers to winning contracts. Respondents also frequently cite contract size as a barrier.
- For most respondents, access to capital is not itself a barrier to contracting, however for businesses that report it is a barrier, it is a persistent barrier. Latino(a)-owned businesses with \$1M+ revenue are most likely --at almost 30%-- to report access to capital is a barrier. Although most respondents do not report capital access as a barrier, respondents do cite the timing of payments as a challenge. This challenge is most acute for Black-owned businesses with \$1M+ revenue.
- Bonding and insurance requirements generally present challenges for diverse and small businesses. This challenge is more acute for businesses with \$1M+ in revenue.
- About one in four respondents with \$1M+ revenue said that requirements related to IT standards and cyber security discouraged them from competing for contracts.

Lack of Relationships & Awareness of Opportunities Most Frequently Cited Barriers for Businesses

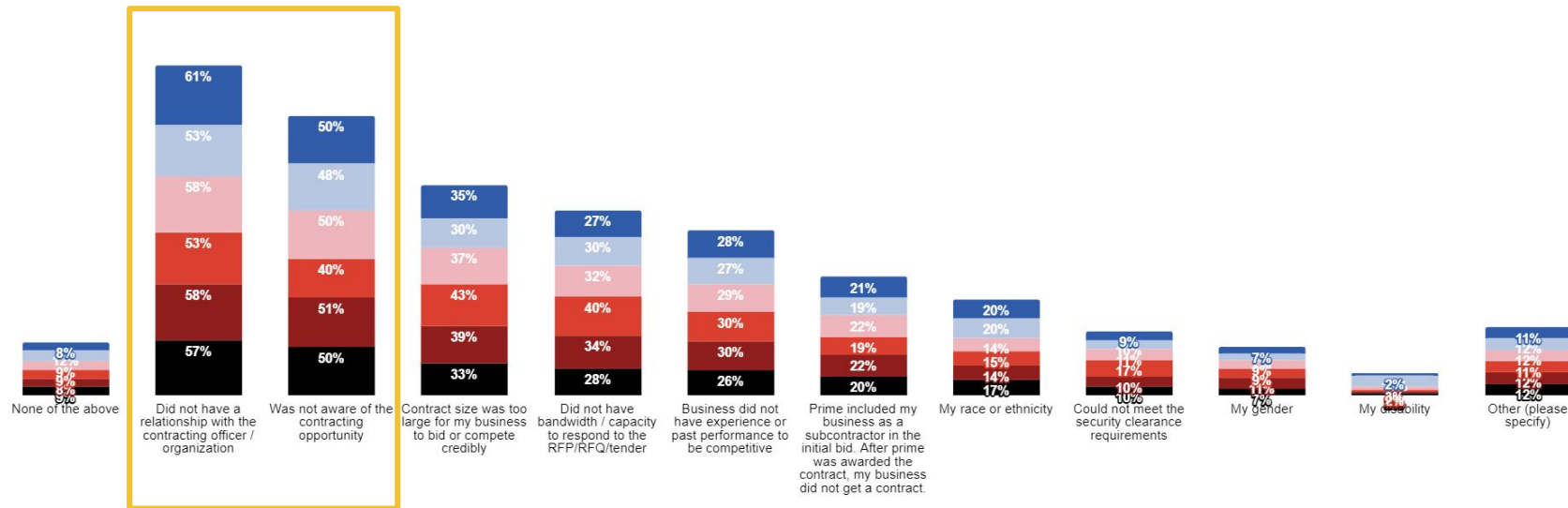


Lack of Relationships & Awareness of Opportunities Most Frequently Cited Barriers for Businesses with \$1M+ Revenue

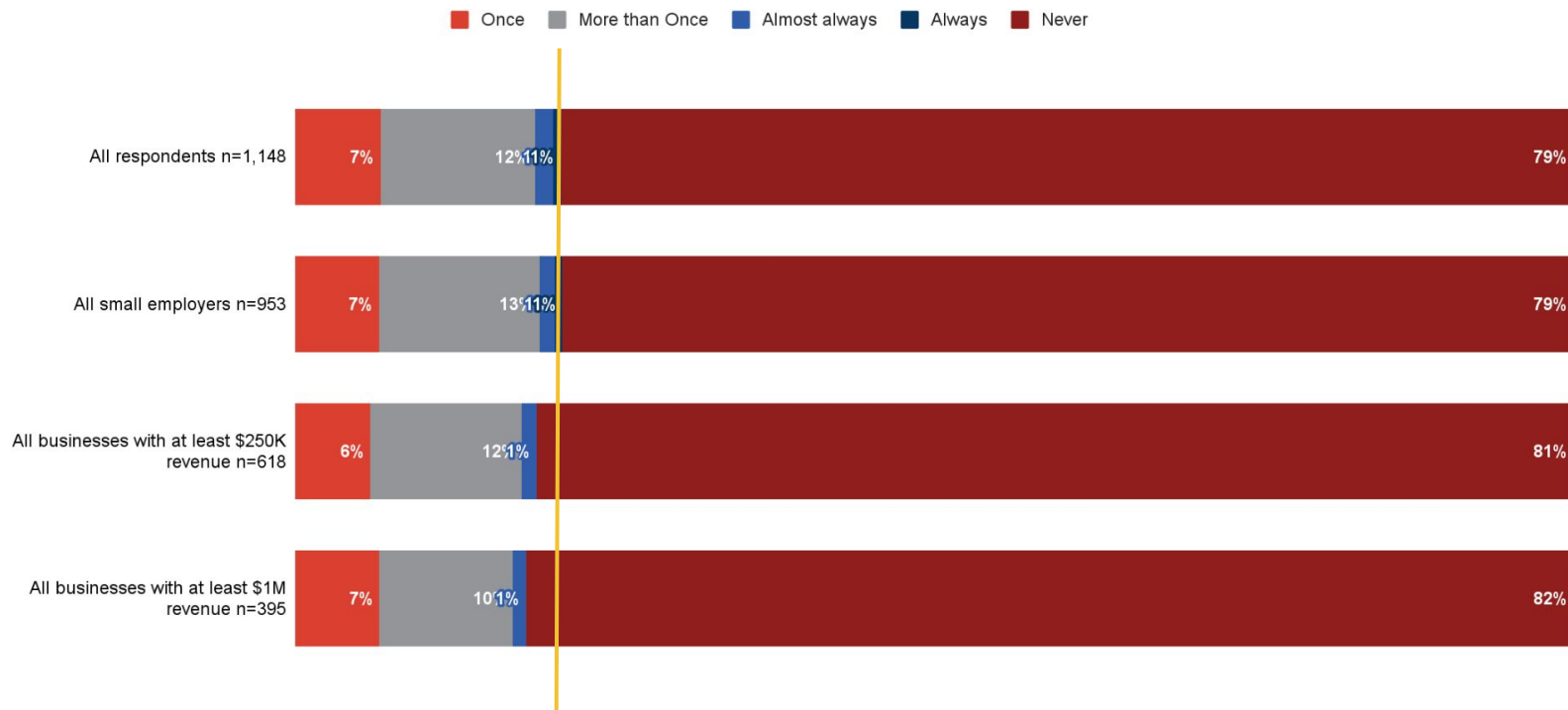


Lack of Relationships & Awareness of Opportunities Most Frequently Cited Barriers for Small Employers

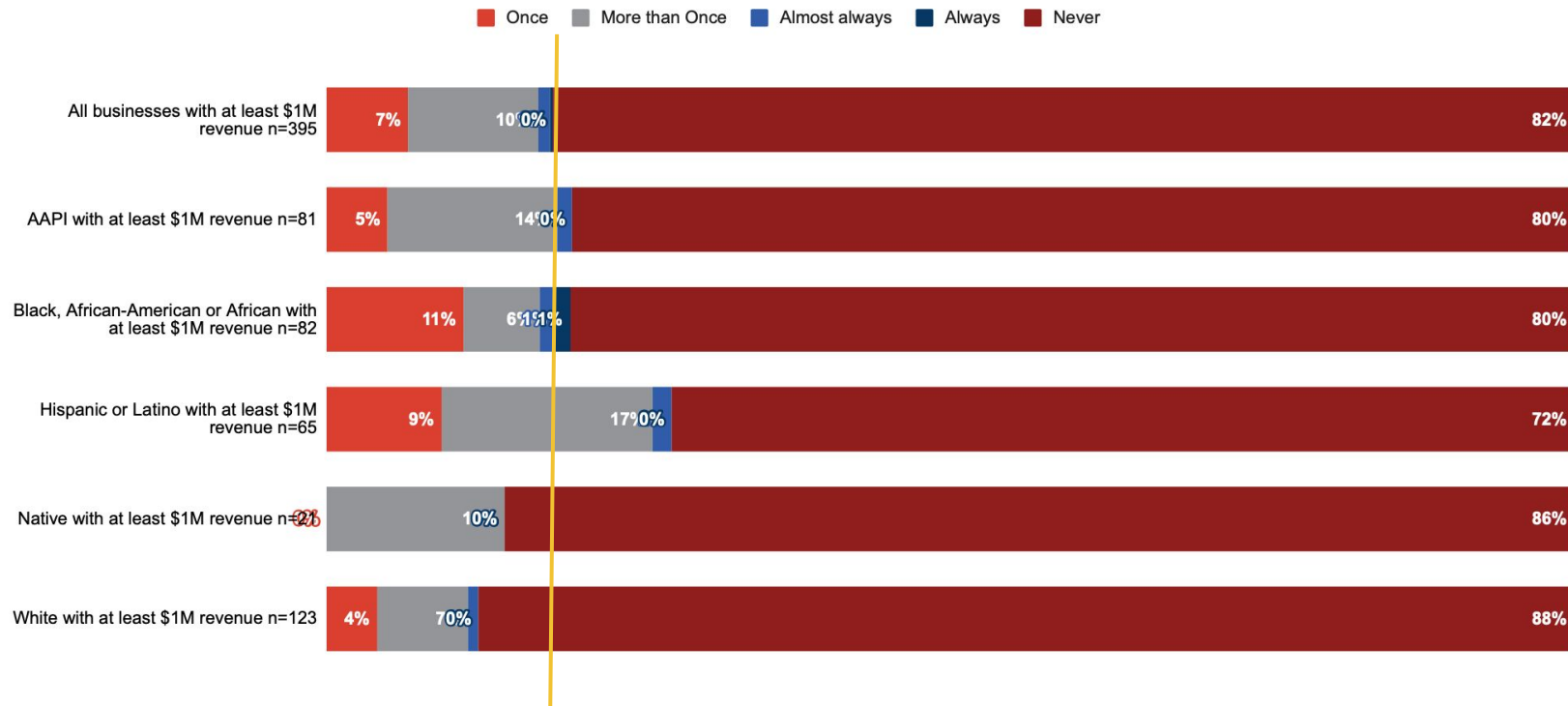
■ Small Employers of Color n=658 ■ Individuals with Disability Small Employers n=126 ■ Veterans + Disabled Veteran Small Employers n=486 ■ LGBTQ+-Owned Small Employers n=47 ■ Women-Owned Small Employers n=383 ■ All small employers n=953



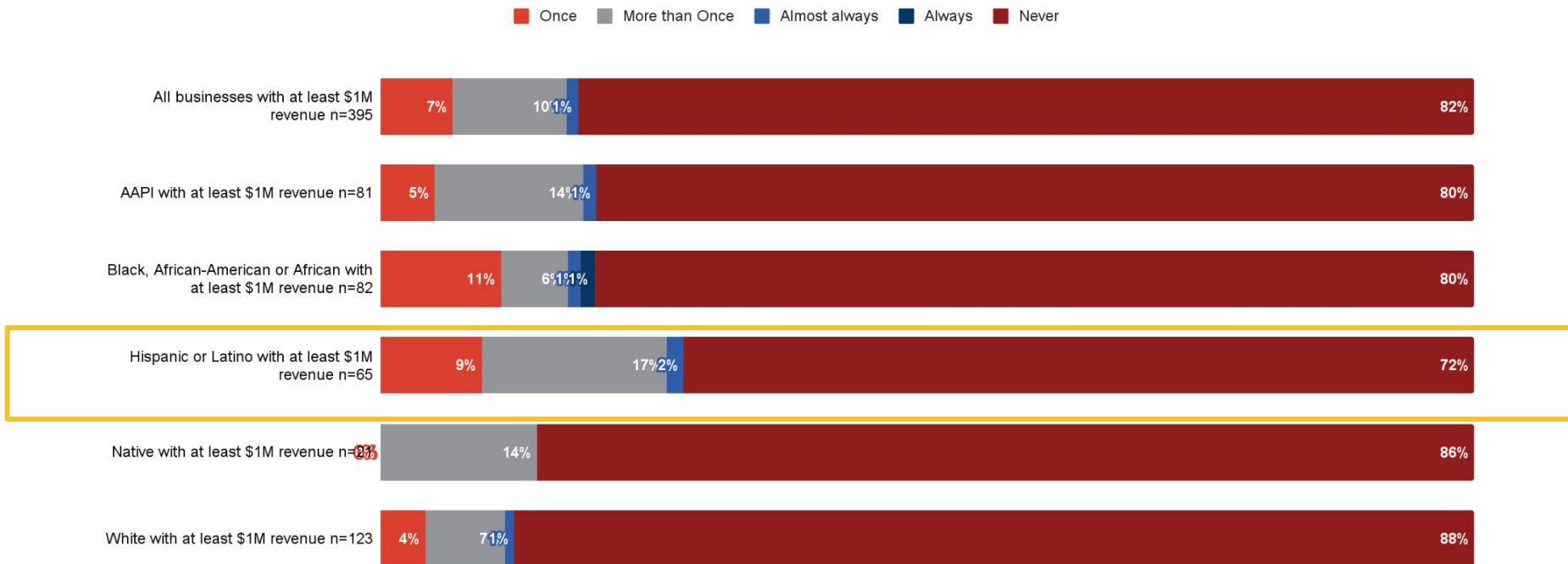
For Most Respondents, Access to Capital is Not a Barrier to Contracting



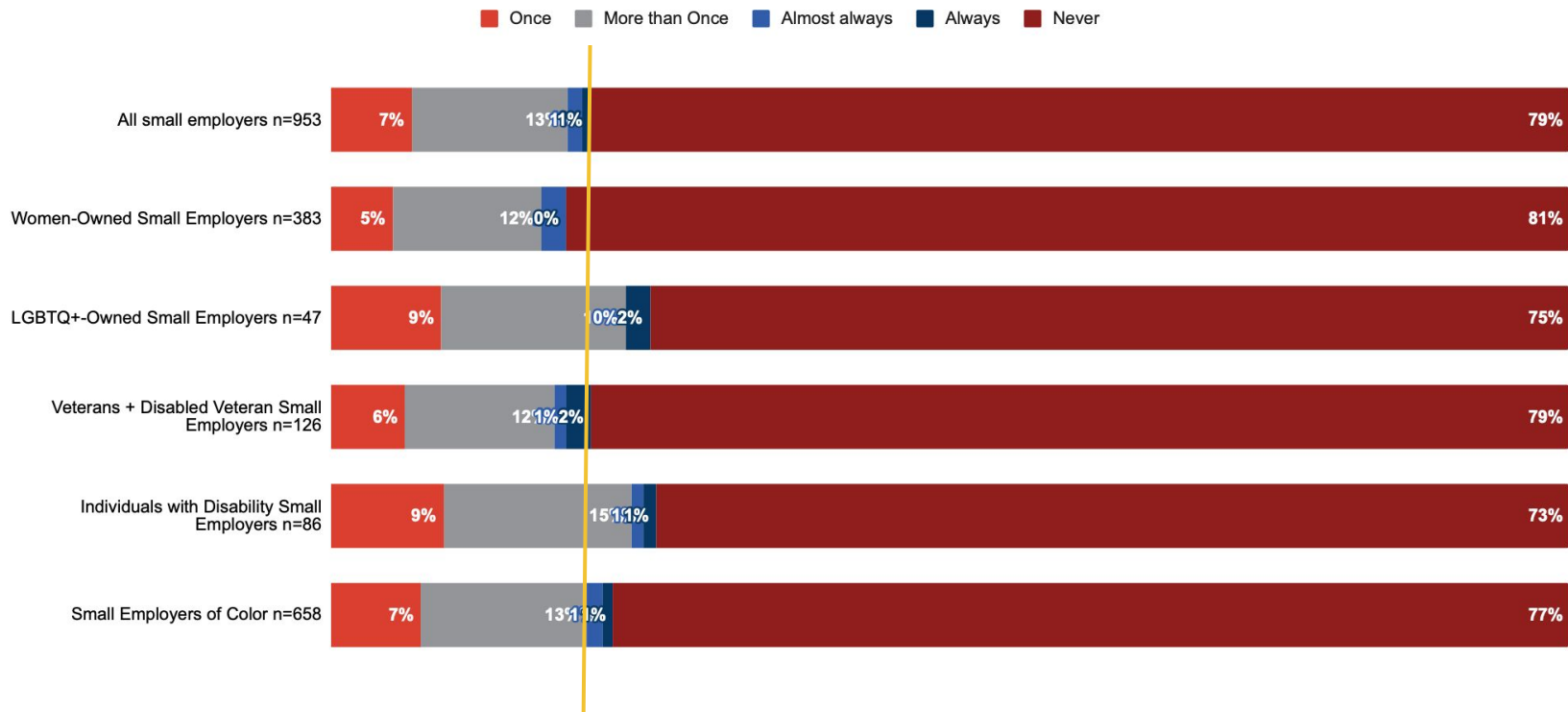
For Most Respondents with \$1M+ Revenue, Access to Capital is Not a Barrier to Contracting



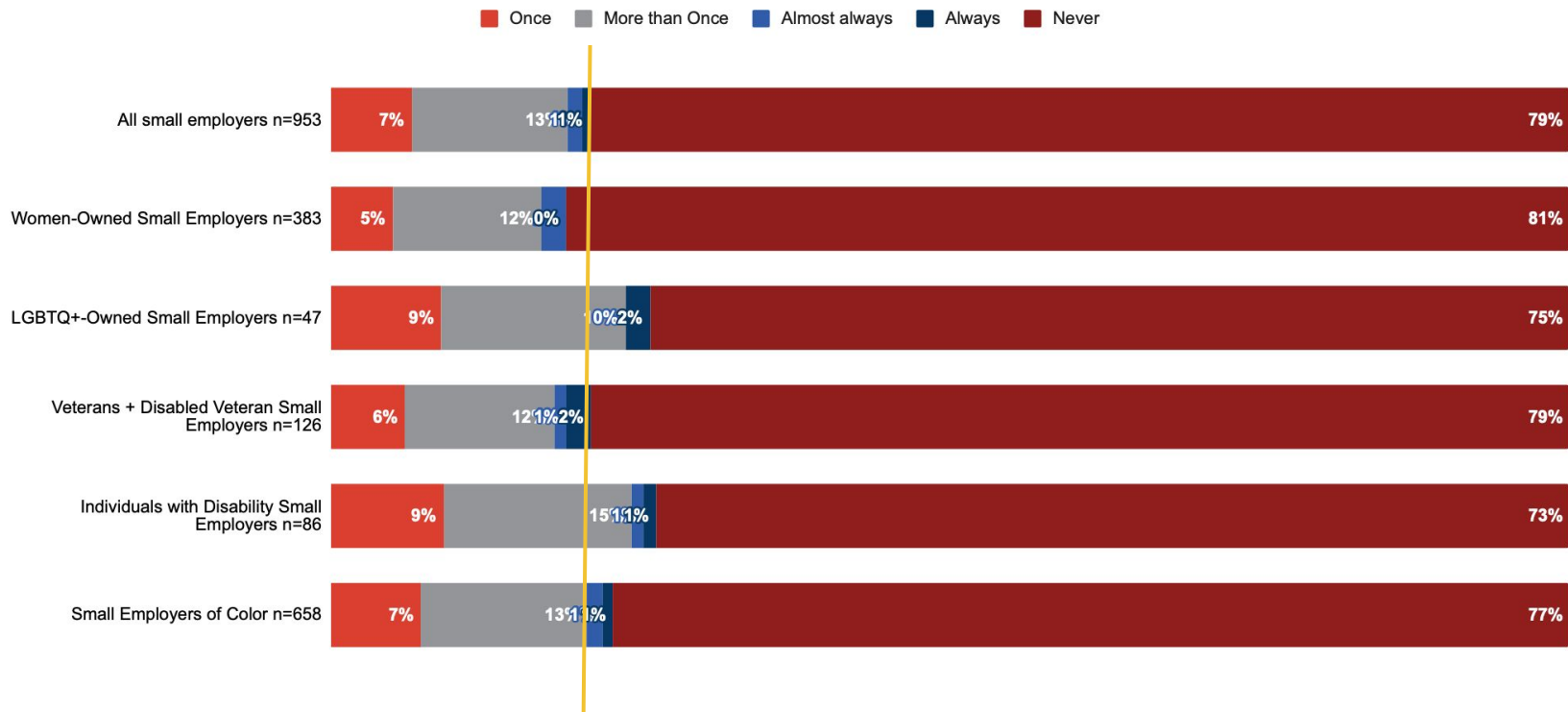
Access to Capital is a Barrier to Contracting for Nearly 3 in 10 Hispanic-Owned Businesses with \$1M+ Revenue



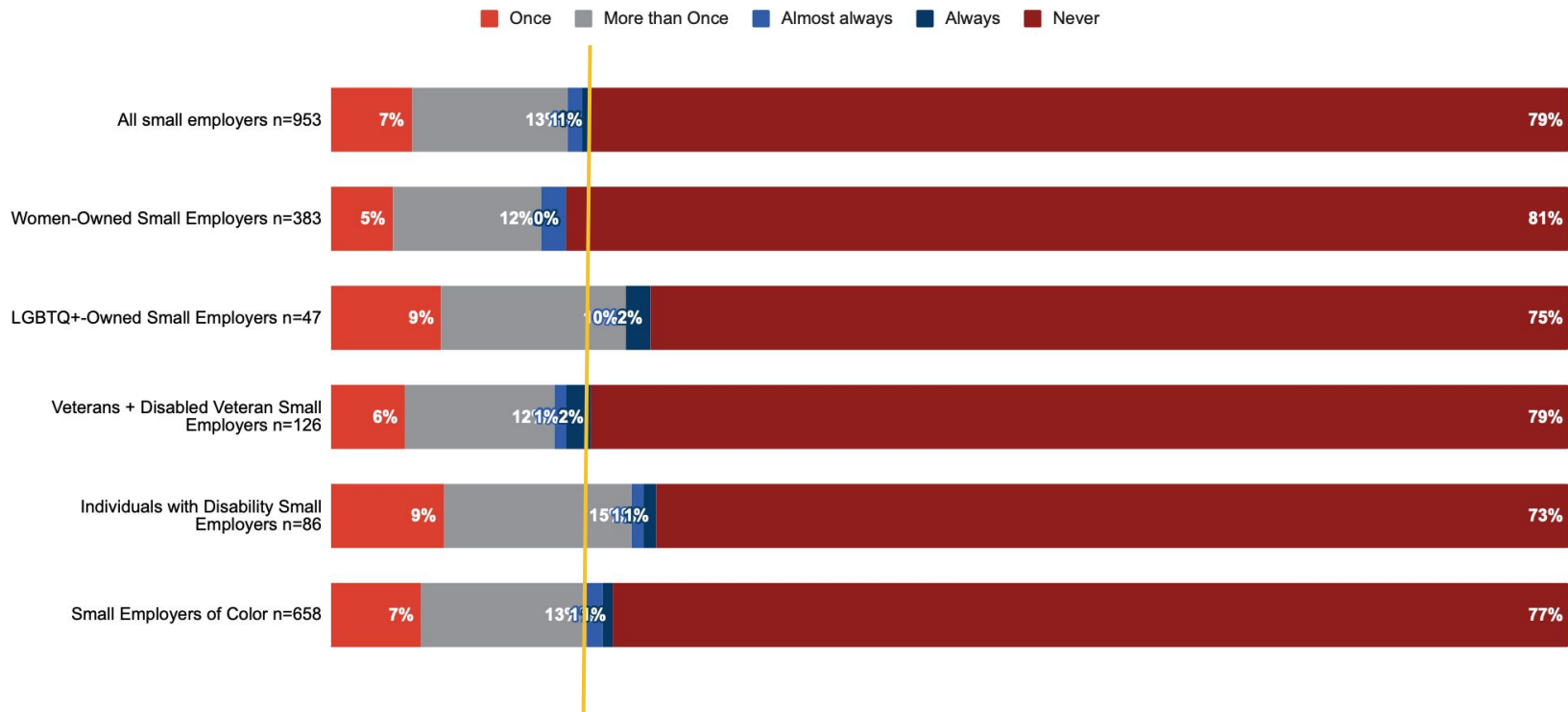
For Most Small Employers, Access to Capital is Not a Barrier to Contracting



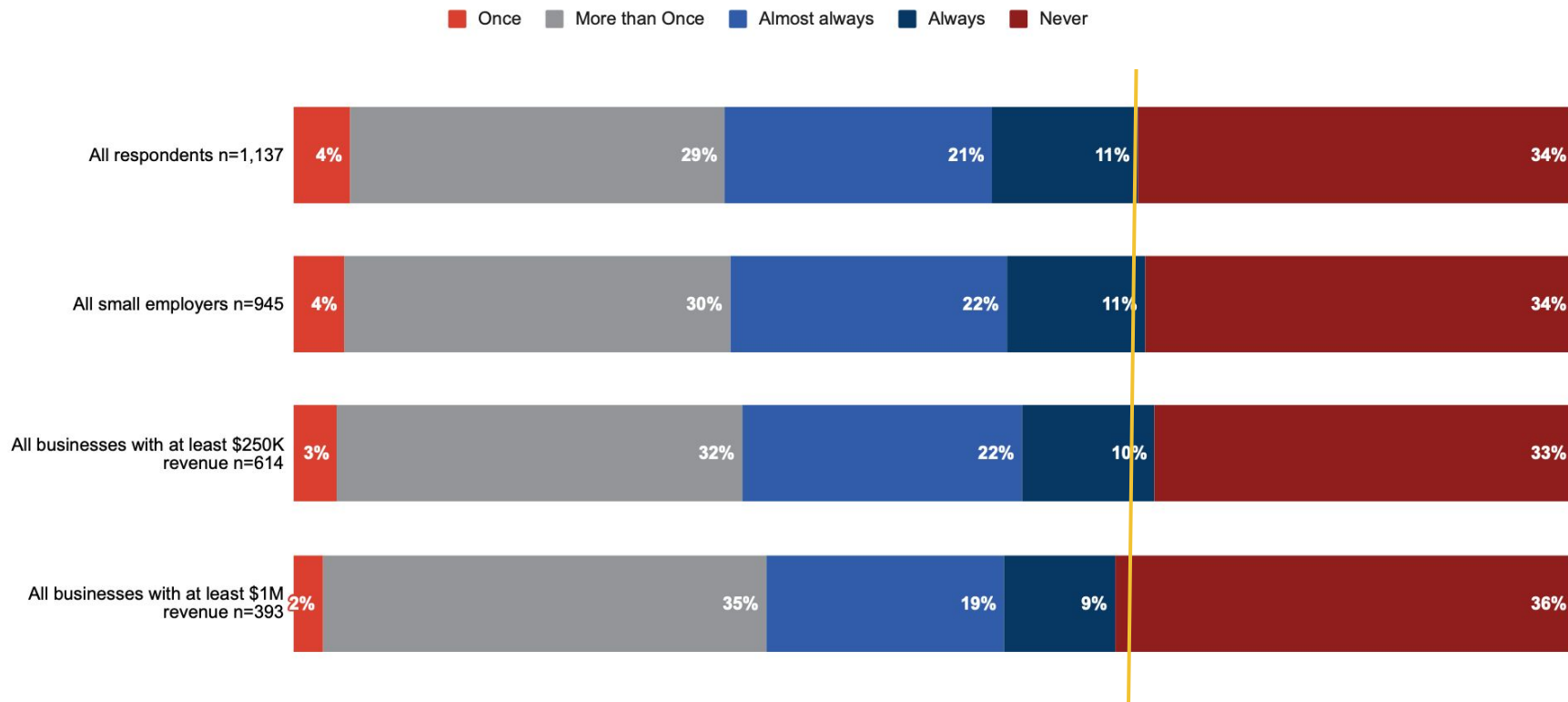
More than 1 in 4 Small Businesses Owned by a Person with a Disability Cites Access to Capital as a Barrier to Contracting



1 in 4 Small Businesses Owned by an LGBTQ+ Person Cites Access to Capital as a Barrier to Contracting

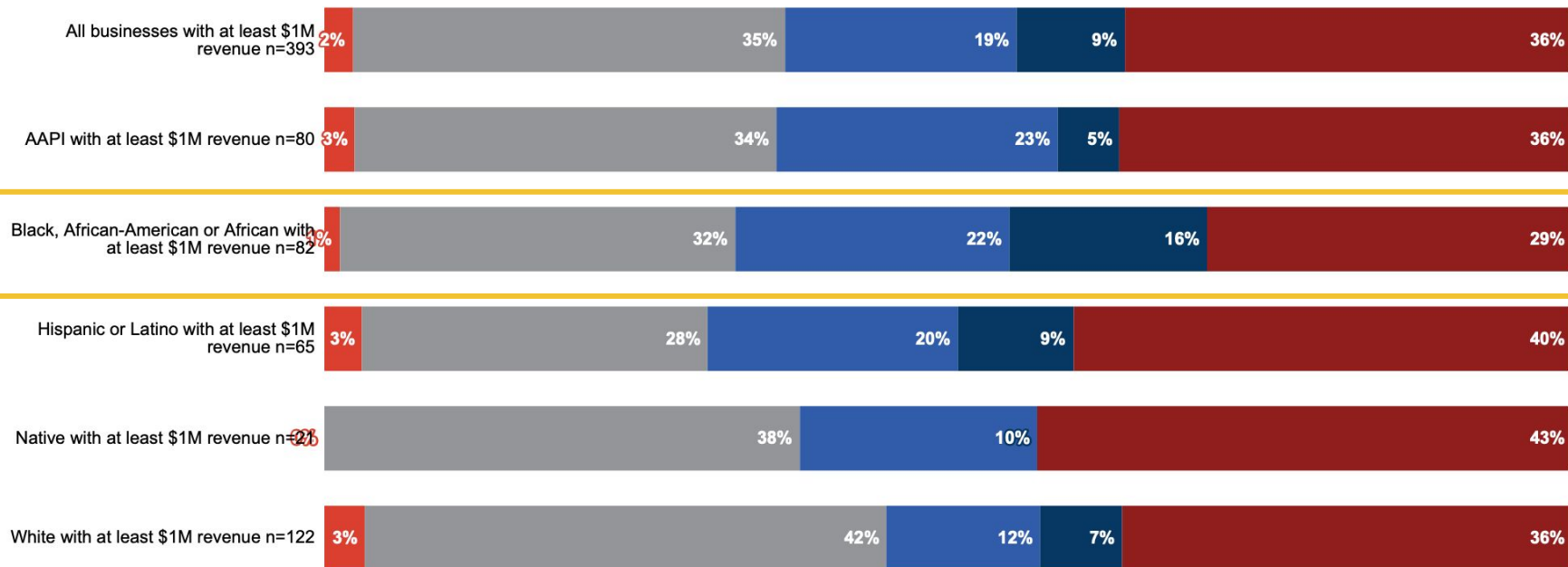


Timing of Payments Creates Cash Flow Challenges for Most Respondents

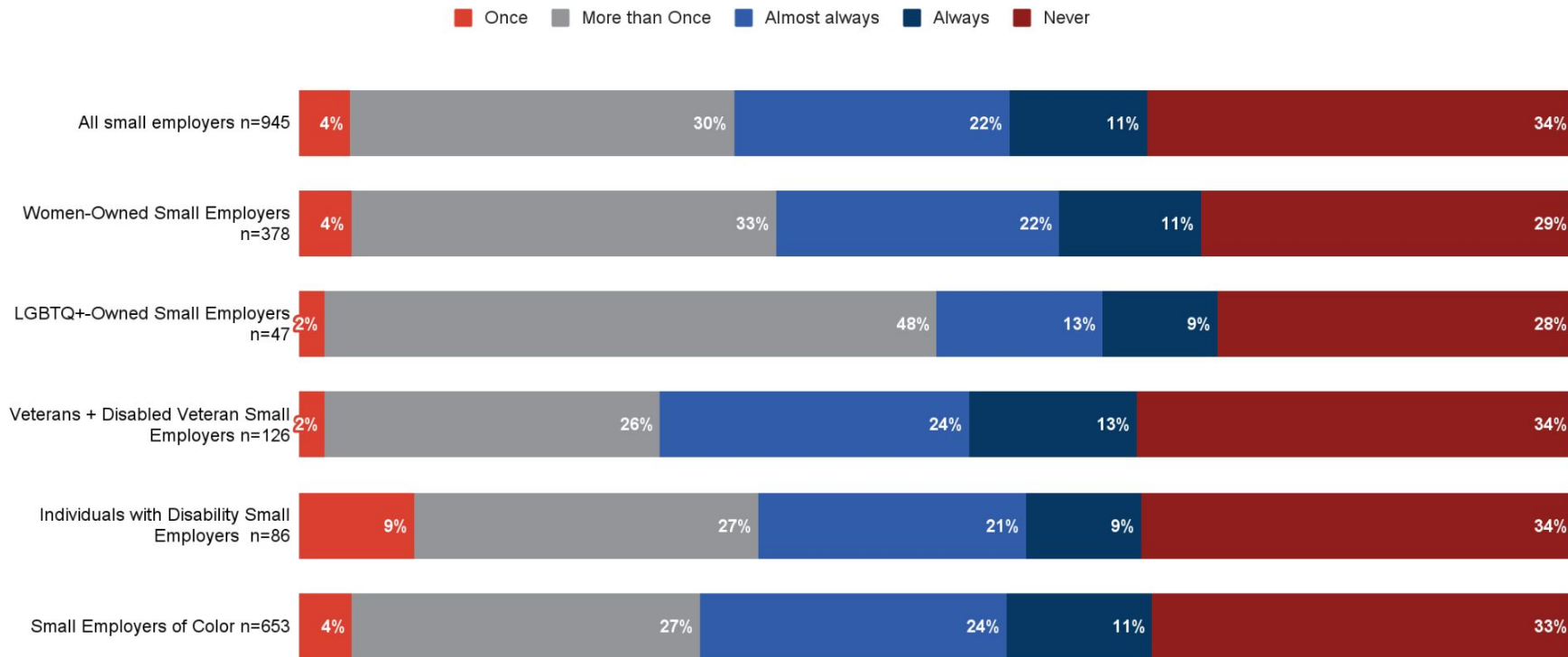


Black-Owned Businesses with \$1M+ Revenue are Most Likely to Say That Timing of Payments Creates Cash Flow Challenges

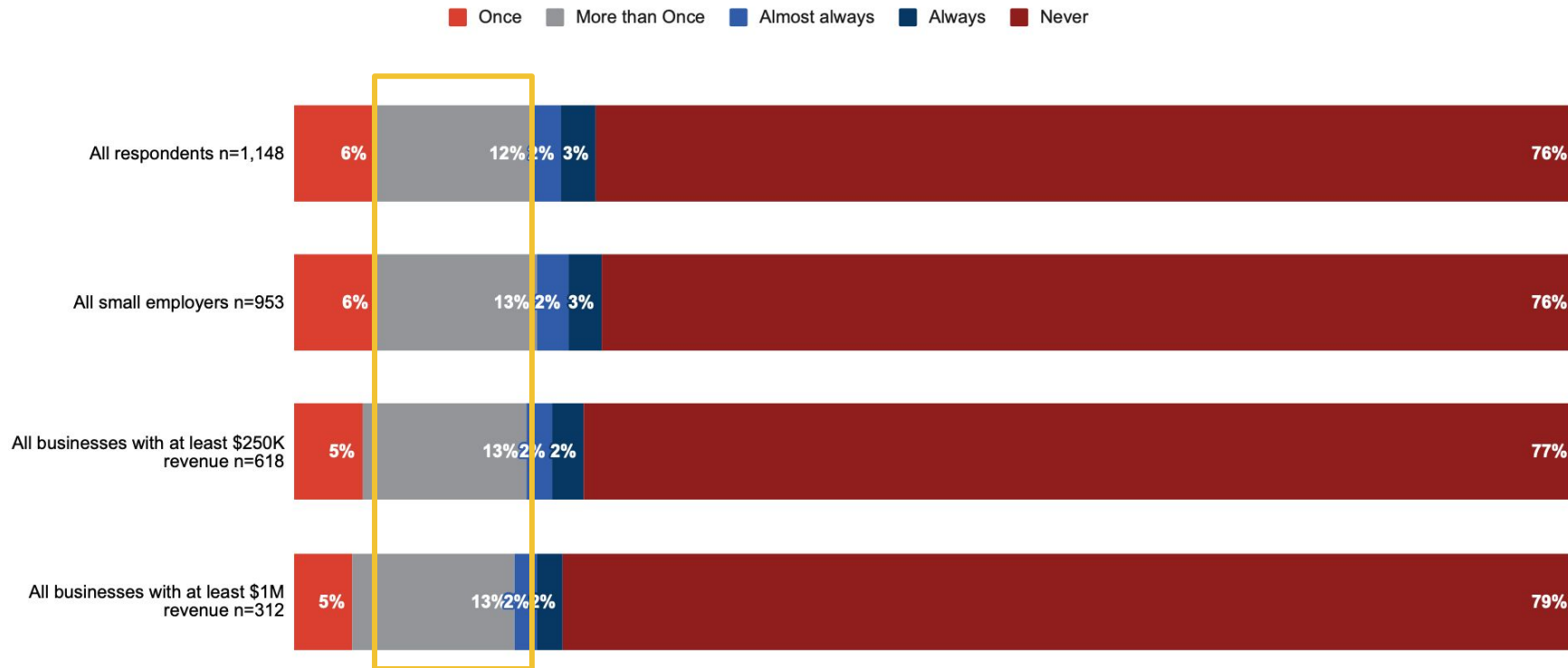
Once More than Once Almost always Always Never



Timing of Payments Often Creates Cash Flow Challenges for Small Employers

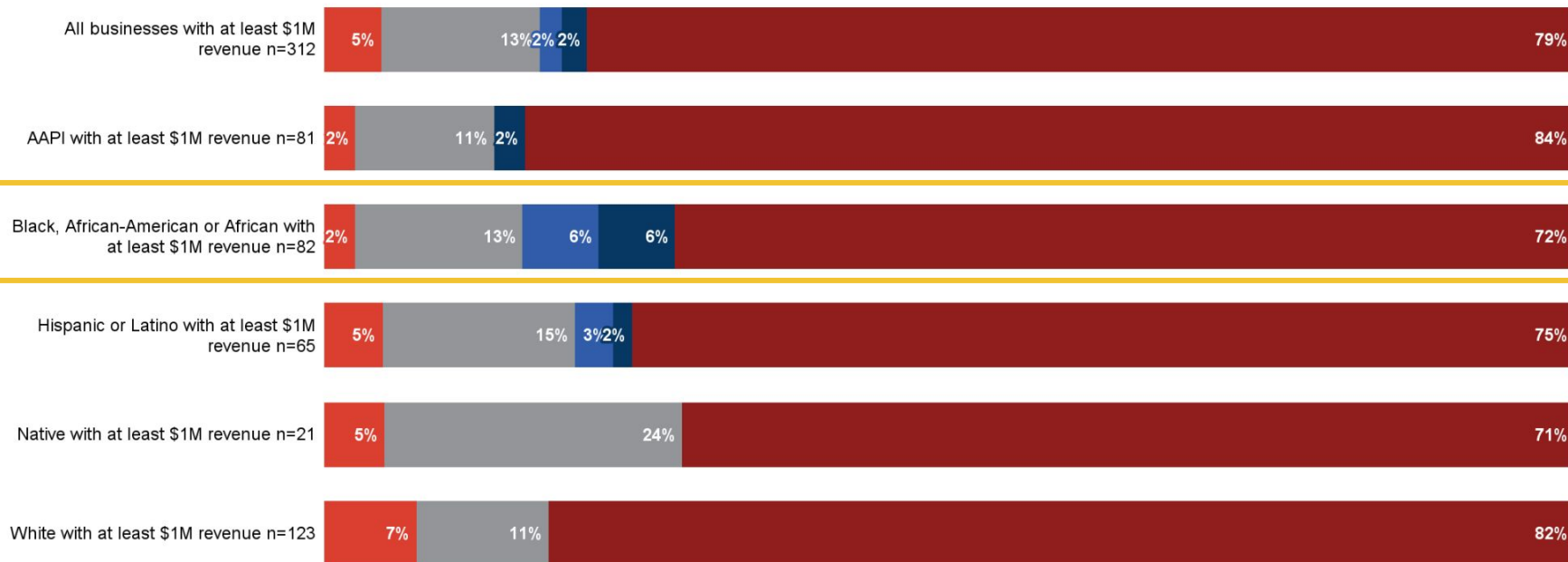


Bonding or Insurance Requirements Consistently Present a Challenge for More than 10% of Respondents



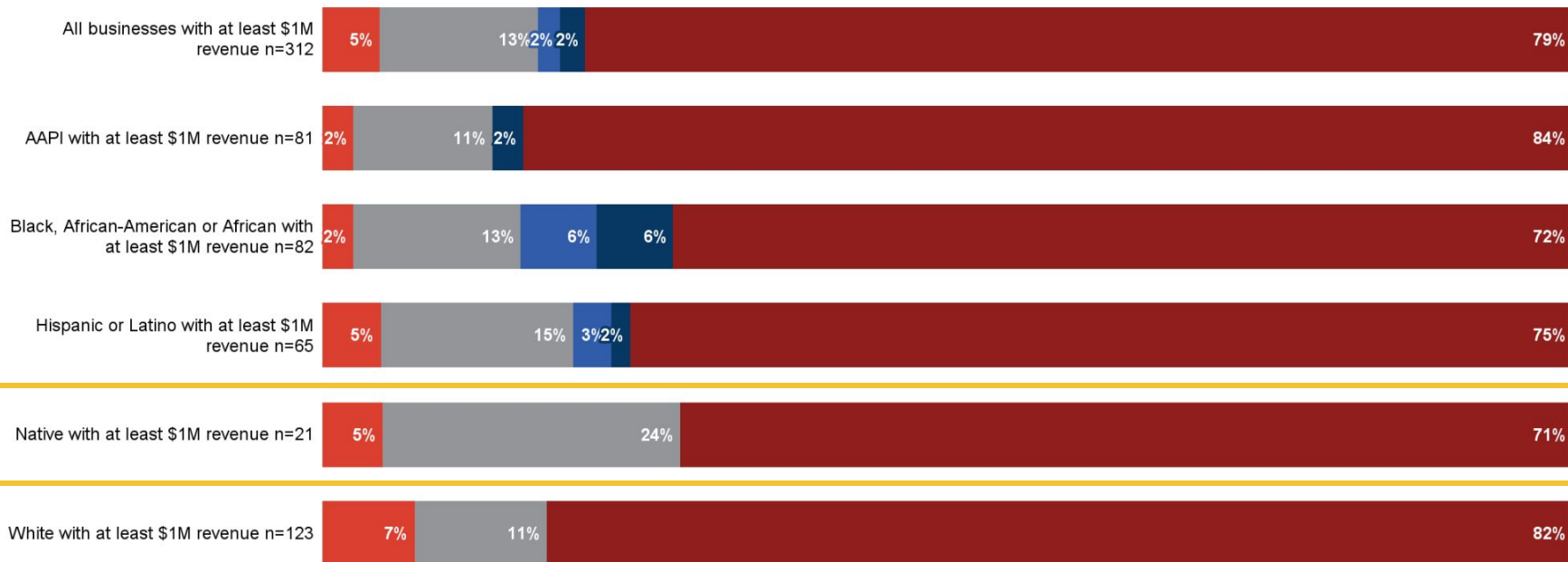
Bonding or Insurance Requirements Prevent Black-Owned Businesses with \$1M+ Revenue from Closing Contracts Most Frequently

Once More than Once Almost always Always Never



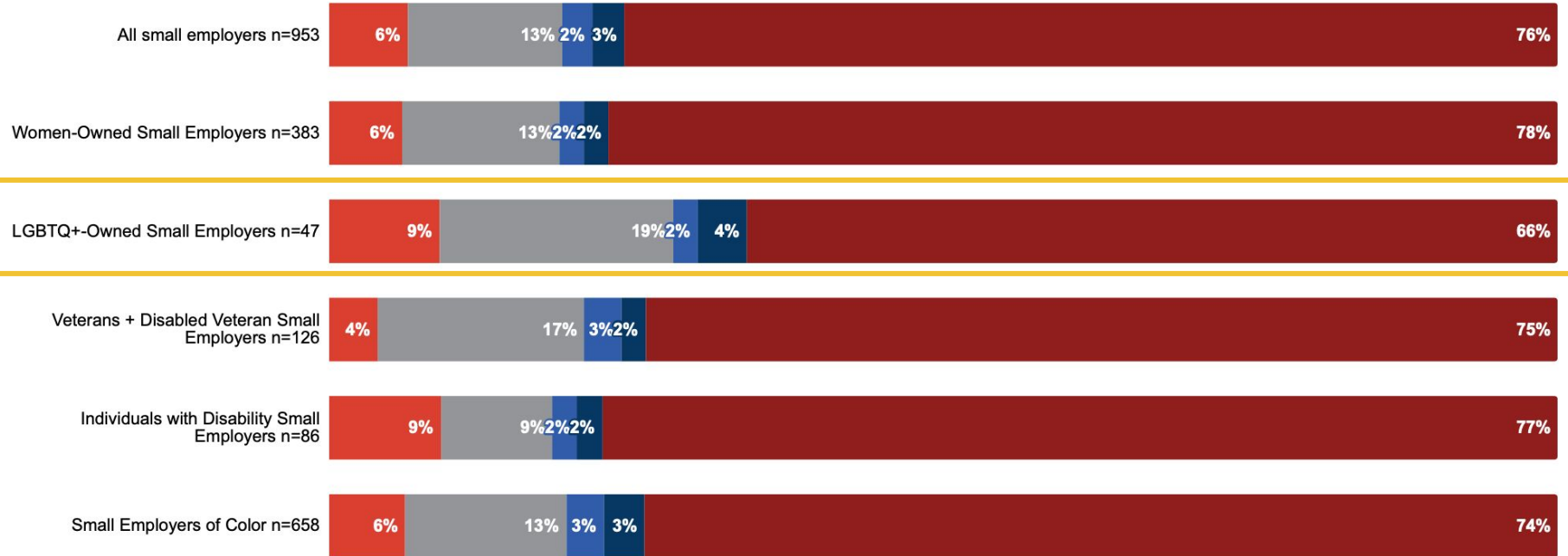
Bonding or Insurance Requirements Prevent About 3 in 10 Native-Owned Businesses with \$1M+ Revenue from Closing Contracts

Once More than Once Almost always Always Never



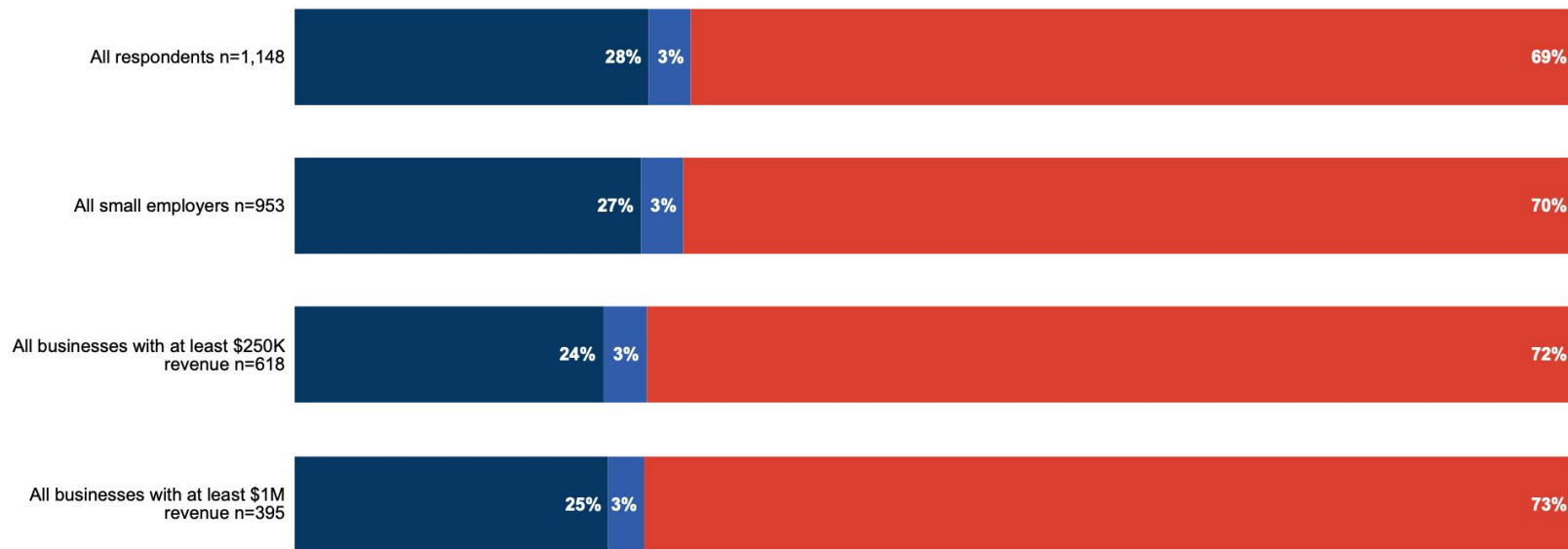
Bonding or Insurance Requirements are Most Likely to Prevent LGBTQ+ - Owned Small Employers from Closing Contracts

Once More than Once Almost always Always Never



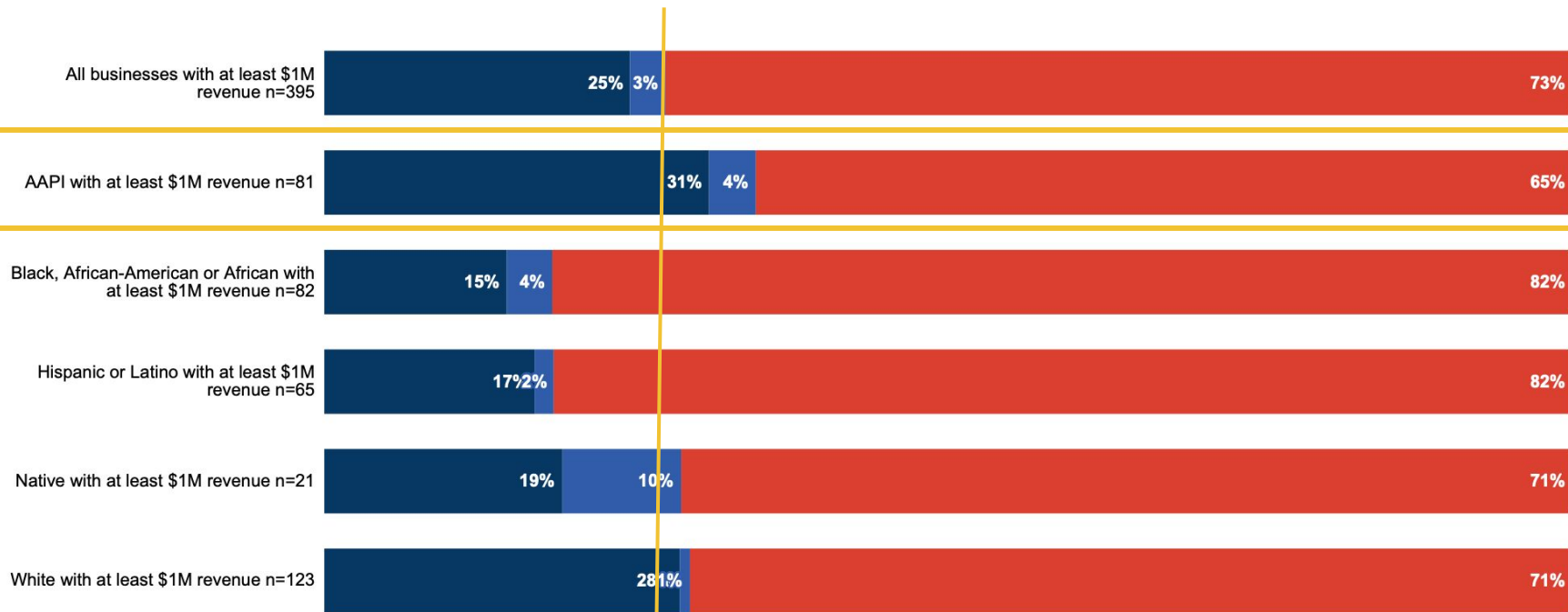
About 1 in 4 Respondents Say that IT and Cyber-Security Protocols Discourage Their Businesses from Competing for Contracts

■ Yes, discouraged from competing ■ Yes, prevented from award ■ No



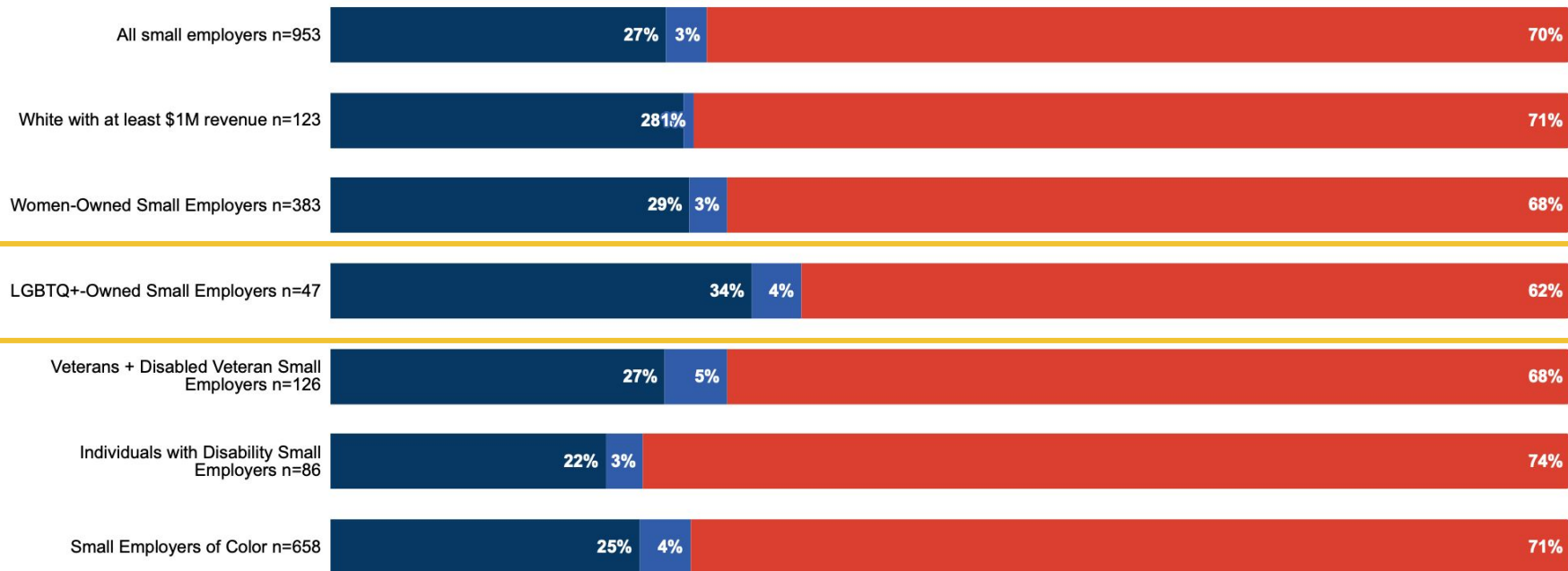
About 1 in 3 AAPI Respondents with \$1M+ Revenue Say that IT and Cyber-Security Protocols Discourage Their Businesses from Competing for Contracts

■ Yes, discouraged from competing ■ Yes, prevented from award ■ No



About 1 in 3 LGBTQ+ Small Employers Say that IT and Cyber-Security Protocols Discourage Their Businesses from Competing for Contracts

■ Yes, discouraged from competing ■ Yes, prevented from award ■ No





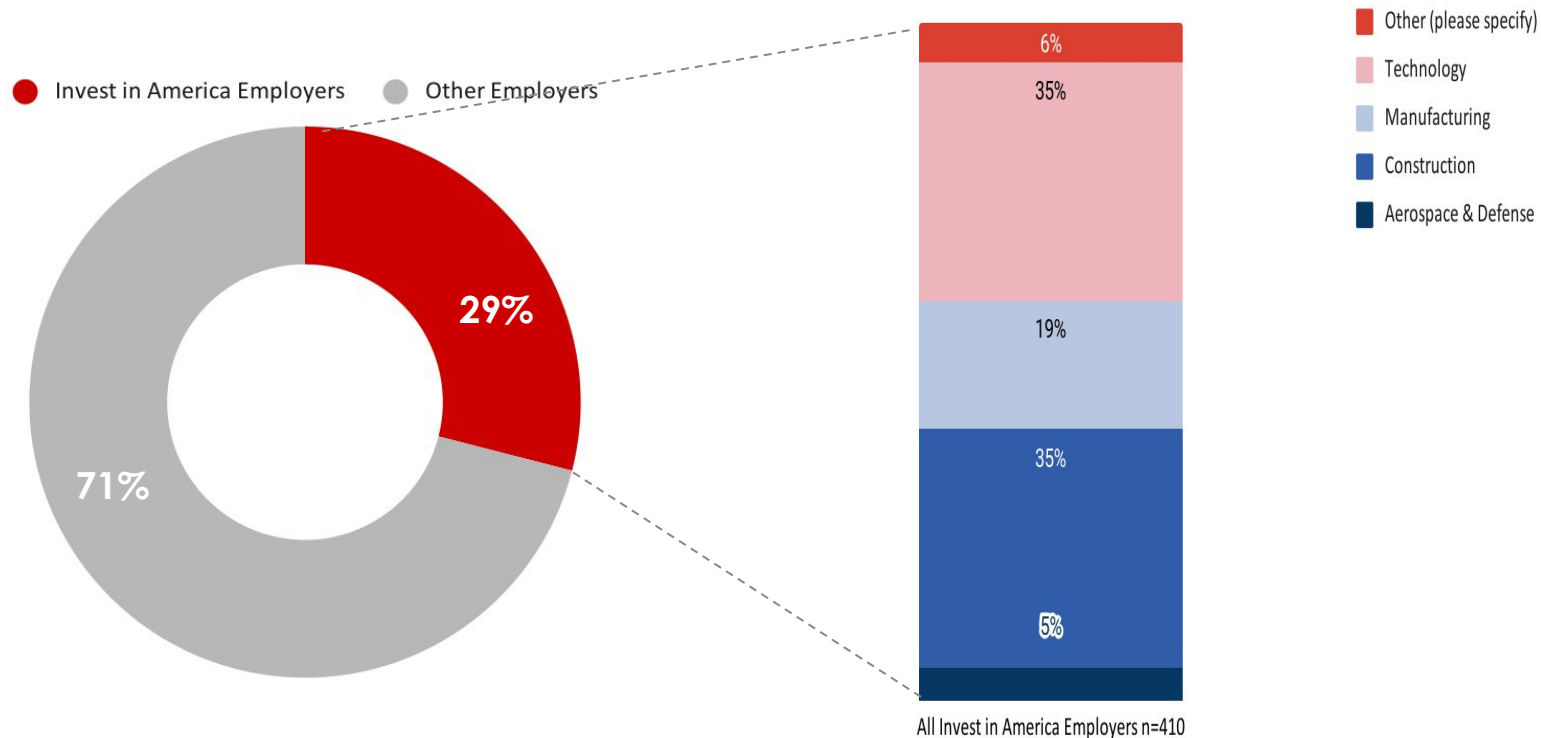
Investing in America Businesses

Investing in America Businesses

- The Investing in America agenda represents massive public and private investments in infrastructure, clean tech, and reshoring of advanced manufacturing. The emergence and growth of new industries and supply chains survey present a once-in-a-generation opportunity for diverse-owned firms to play central roles. Reimagine Main Street and our partners wanted to get a sense of whether there are diverse suppliers ready and able to compete for these contracts.
- Of the respondents, 29% of the sample -- 410 small employers — compete in “Invest in America” sectors and 78% of these respondents are diverse-owned. These businesses have capacity and already win contracts: Almost half (46%) generate at least \$1M in annual revenue, and one in 5 (19%) generate annual revenue >\$5m and more than half of the companies generates at least one third of its annual revenue from contracting
- **But absent intentional focus, small and diverse suppliers won't get opportunities. Here are three ways to change that:**
 - Increase awareness of Invest in America opportunities, especially for diverse businesses
 - Unbundle contracts to create more opportunities to rely on small and diverse suppliers while at the same time enhancing flexibility, cost efficiency, and mitigating risks
 - Diverse-owned businesses most frequently cite lack of relationships as a barrier to closing a contract or a purchase order

More Than One Quarter of the Sample Compete in “Invest in America” Industries

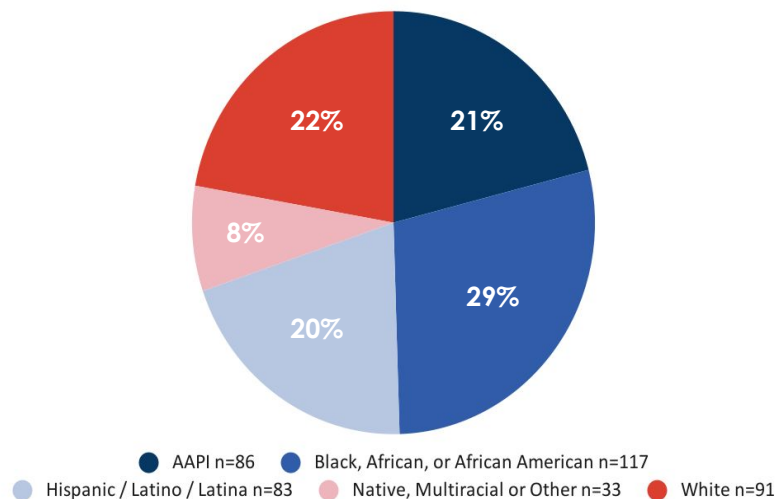
n = 410 Businesses



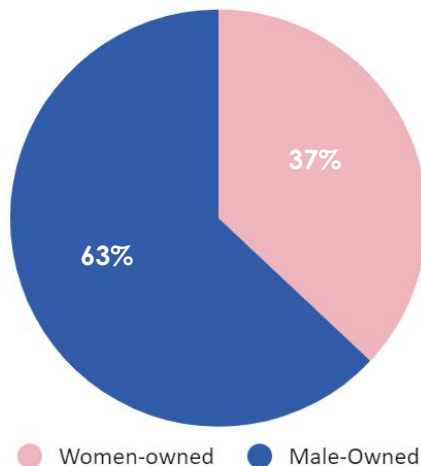
The “Invest in America” Businesses are Diverse-Owned

n =410 Businesses

Race & Ethnicity of Owners



Gender of Owners

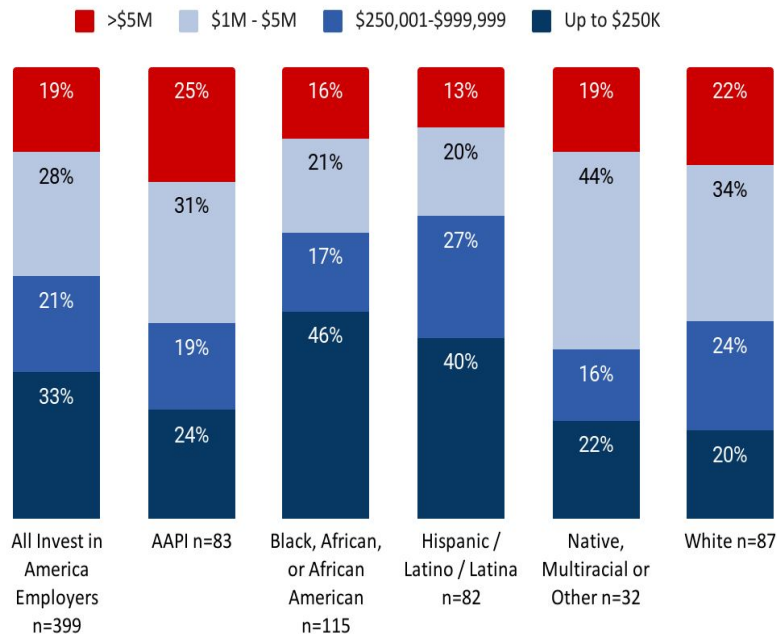


Other Identity of Owners

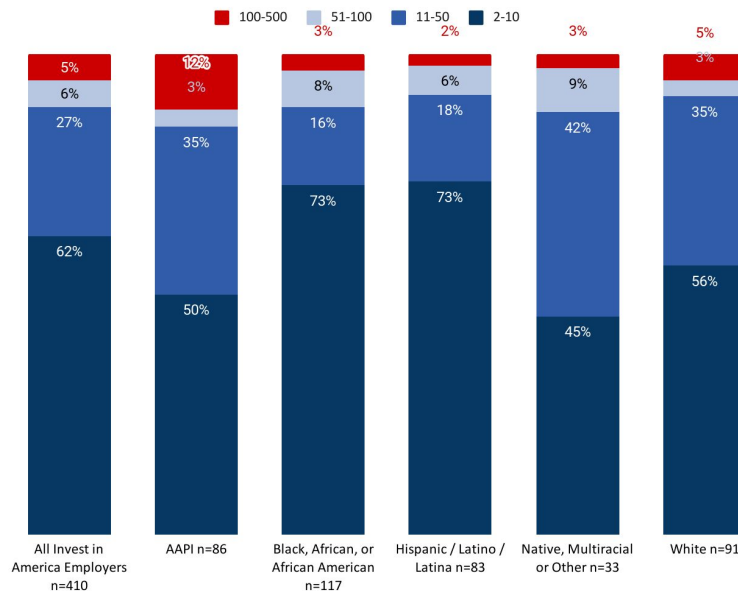
- ❑ 21% Veteran-owned
- ❑ 6% owned by a person with a disability
- ❑ 4% LGBTQ+-owned

“Invest in America” Businesses Have Capacity

2022 Revenue

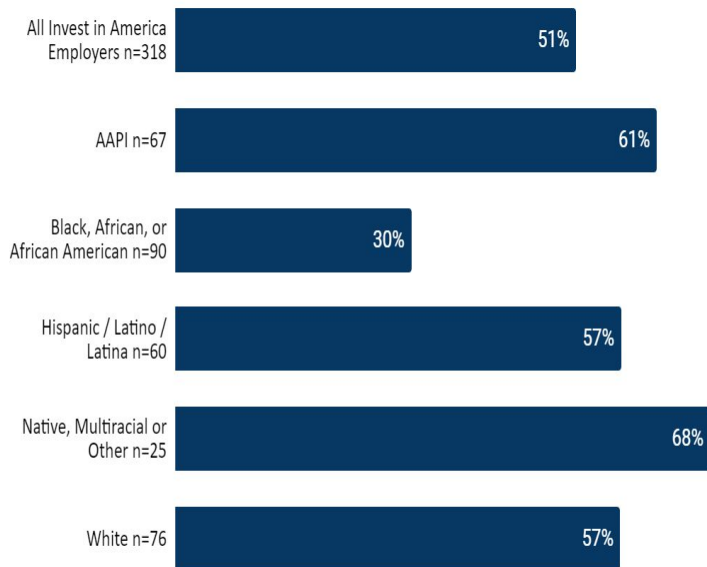


Number of Employees

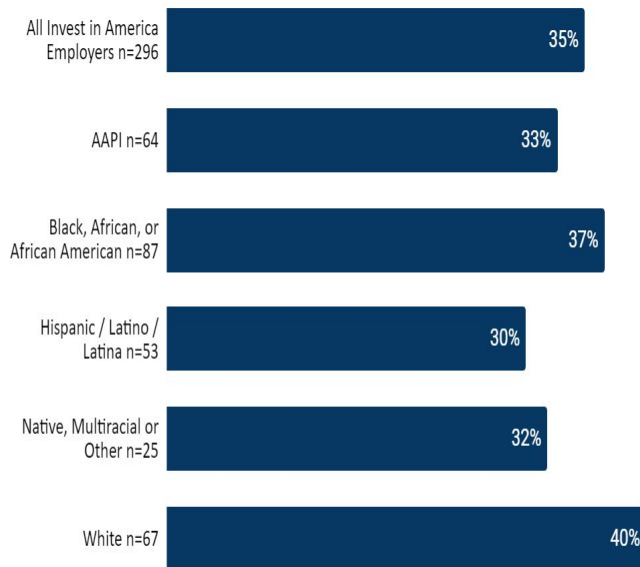


“Invest in America” Businesses Win Contracts Today

Share of Businesses that Generate $>1/3$ Revenue from Corporate Contracting



Share of Businesses that Generate $>1/3$ Revenue from Government Contracting

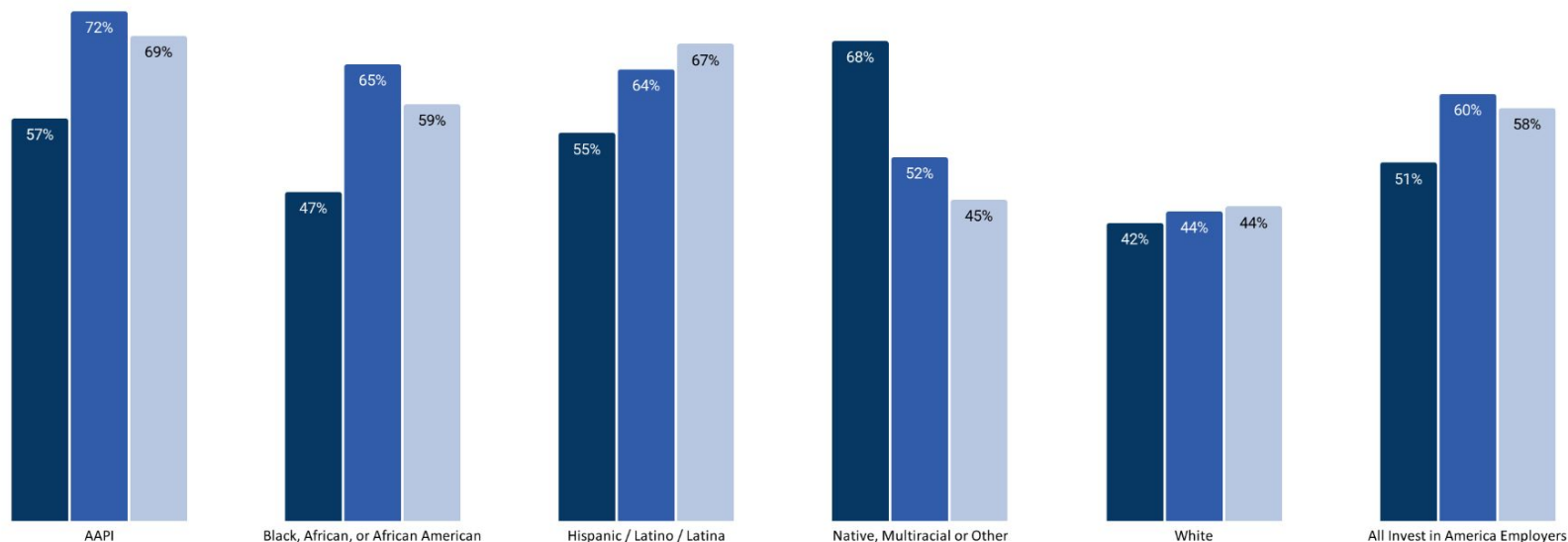


About Half of Businesses Say They Not Aware of Opportunities from Invest in America

Share of businesses reporting no familiarity with the legislation or “some awareness, but did not know there could be opportunities for my business”

n=410 Invest in America Businesses

■ Infrastructure Investment and Jobs Act ■ CHIPS Act ■ Inflation Reduction Act





Policy Awareness

Bipartisan Infrastructure Law - What's the Opportunity?

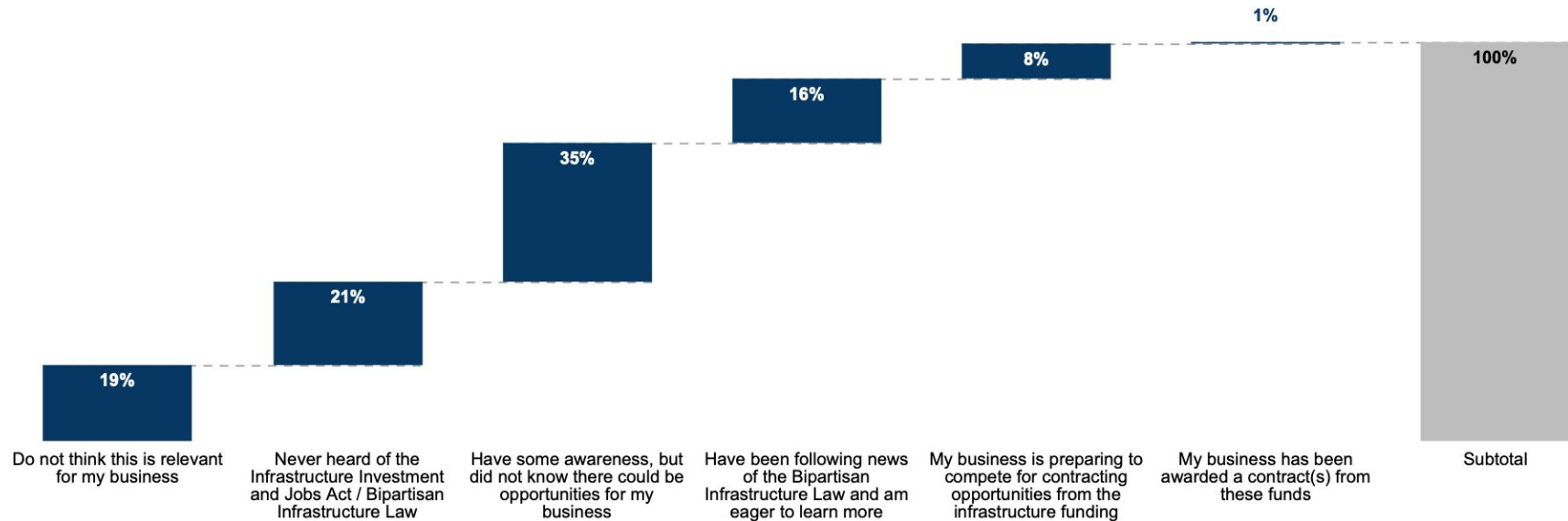
- **Create awareness:** More than half (56%) of respondents lack awareness of the Bipartisan Infrastructure Law and opportunities the law might present for their businesses
- **Provide actionable guidance:** Almost one in four (24%) business owners have been following the Bipartisan Infrastructure Law and/or are preparing to compete
- **Uplift stories of businesses that received contracts:** By Q1 2023, 1% of respondents reported that they had received a contract from the BIL funding. We know that business owners are most influenced by other business owners, so stories of experience and impact are most likely to be persuasive
- **Engage in Spanish and with Trusted Channels:** Latino/a respondents expressed the lowest level of awareness of the Bipartisan Infrastructure Law

Bipartisan Infrastructure Law - Latinos Especially Lack Awareness

- **One out of five (21%) respondents said they have never heard of the Bipartisan Infrastructure Law, with Latino/a business owners least likely to report awareness.***
 - 28% of Latino/a business owners surveyed had no awareness
 - 22% of AAPI and Native business owners surveyed had no awareness
 - Black and white business owners reported slightly greater awareness with 18% and 19% of respondents reporting no awareness

*Reflects share of respondents who selected "Never heard of the Infrastructure Investment and Jobs Act / Bipartisan Infrastructure Law" in response to the question, "In November of 2021, the US Congress passed and the President signed into law the Infrastructure Investment and Jobs Act, which will invest more than \$1.2 Trillion over five years in transportation, energy, telecommunications, ports, and other areas. Which of the following describes your awareness of the legislation and contracting opportunities that are likely to result from it?"

~80% of Small Businesses Could Benefit from Increased Familiarity with Bipartisan Infrastructure Law



CHIPS and Science Act - What's the Opportunity?

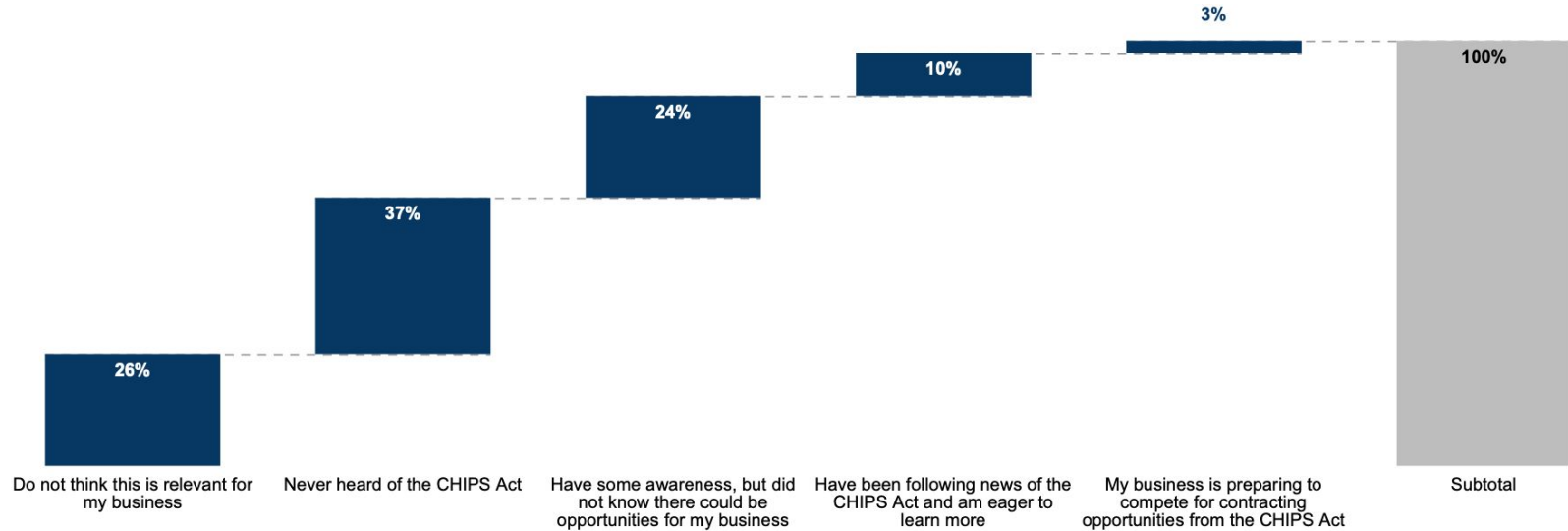
- **Create awareness:** 61% of respondents lack awareness of the CHIPS and Science Act and opportunities the law might present for their businesses.
- **Frame the opportunities from CHIPS for small businesses to include secondary effects of the programs:** Nearly 4 in 10 respondents has never heard of the CHIPS and Science Act and about one quarter don't think there are opportunities for their businesses. Although direct benefits are more likely to be relevant for high tech and advanced manufacturing ecosystem companies, there will be broader opportunities from investments in tech hubs and potentially from the child care requirements of CHIPS.
- **Provide actionable guidance:** More than one in ten (13%) business owners have been following the CHIPS and Science Act and/or are preparing to compete

CHIPS and Science Act - Black and Latino/a Business Owners Report Lowest Awareness of CHIPS

- **Nearly four in ten (37%) of respondents said they have never heard of the CHIPS and Science Act, with Black and Latino/a business owners least likely to report awareness.***
 - 42% of Latino/a business owners surveyed and 41% of Black business owners had no awareness
 - 37% of AAPI business owners surveyed had no awareness
 - 33% of Native business owners surveyed had no awareness
 - 29% of white business owners reported no awareness

*Reflects share of respondents who selected "Never heard of the CHIPS Act" in response to the following question: In August 2022, Congress passed and the President signed into law the CHIPS Act, which aims to catalyze investment in US semiconductor manufacturing by directing nearly \$280B in spending over the next decade. Which of the following best describes your awareness of this legislation and contracting opportunities that are likely to result from it?

Opportunities to Increase Awareness Among Business Owners of CHIPS and Science Act



Inflation Reduction Act - What's the Opportunity?

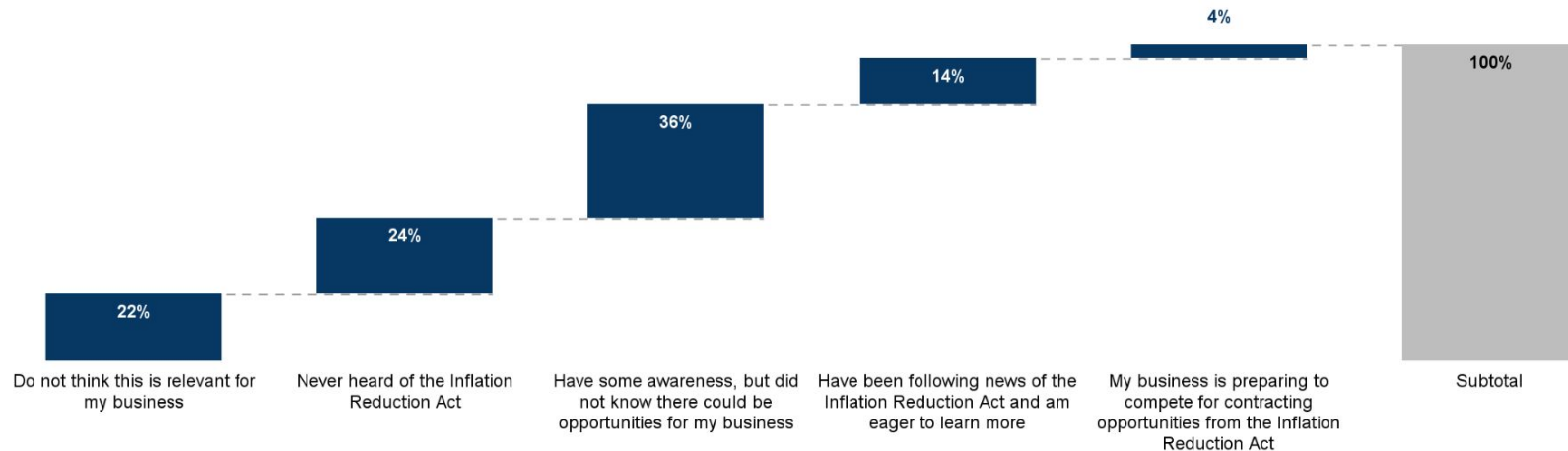
- **Create awareness:** 59% of respondents lack awareness of the Inflation Reduction Act and opportunities the law might present for their businesses.
- **Focus on in-language information:** Latino/a and AAPI respondents are among the least likely to know about the IRA
- **Translate awareness into opportunities:** 36% of respondents are aware of the Inflation Reduction Act, but do not know if there are opportunities for their businesses.

Inflation Reduction Act - Entrepreneurs of Color Far More Likely to Lack Awareness

- **Entrepreneurs of colors are less likely to be aware of the Inflation Reduction Act (IRA) compared to their white peers***
 - 31% of Latino/a respondents lack awareness of the IRA
 - 27% of Black or African American respondents lack awareness of the IRA
 - 25% of AAPI respondents lack awareness of the IRA
 - 18% of Native entrepreneurs lack awareness of the IRA
 - 13% of white business owners reported no awareness

*Reflects share of respondents who selected "Never heard of the Inflation Reduction Act" in response to the following question: "In August 2022, Congress passed and the President signed into law the Inflation Reduction Act (IRA.) Among other things, the law includes investments to expand the use of domestic renewable energy sources and manufacturing. Which of the following best describes your awareness of the legislation and contracting opportunities that are likely to result from it?"

Opportunities to Increase Awareness Among Business Owners of Inflation Reduction Act

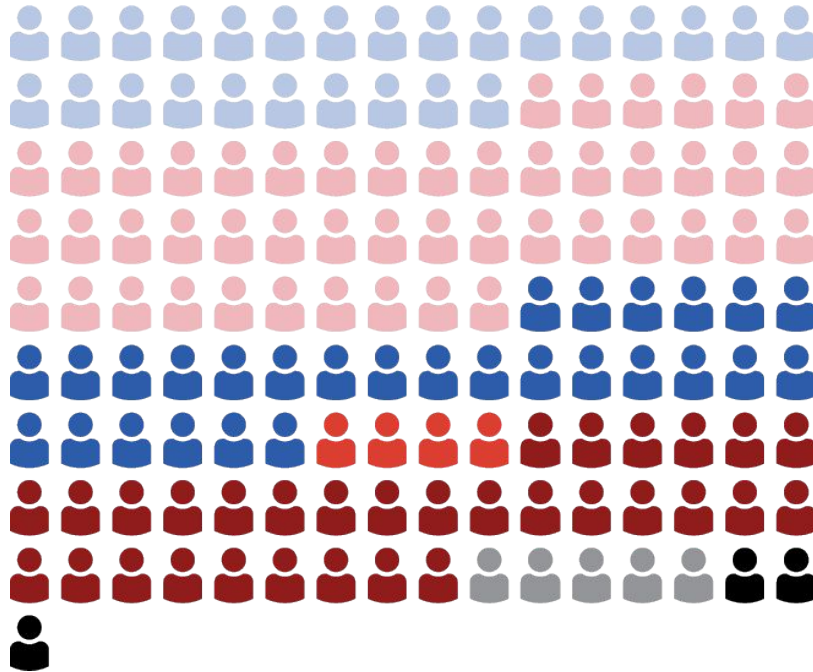












About the Sample

Large and Diverse Sample

n = 1,451 small employers

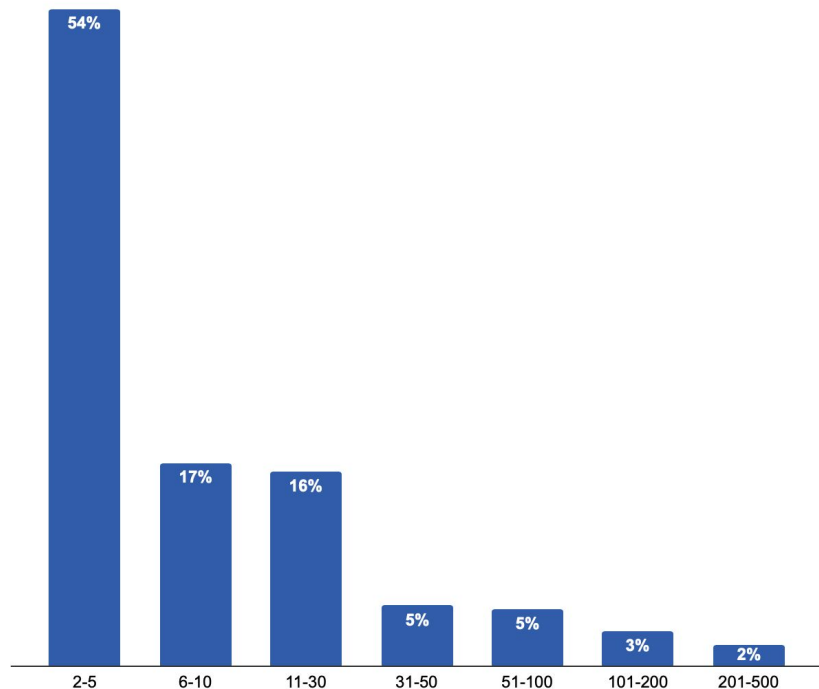


 = 10 Small Business Owners

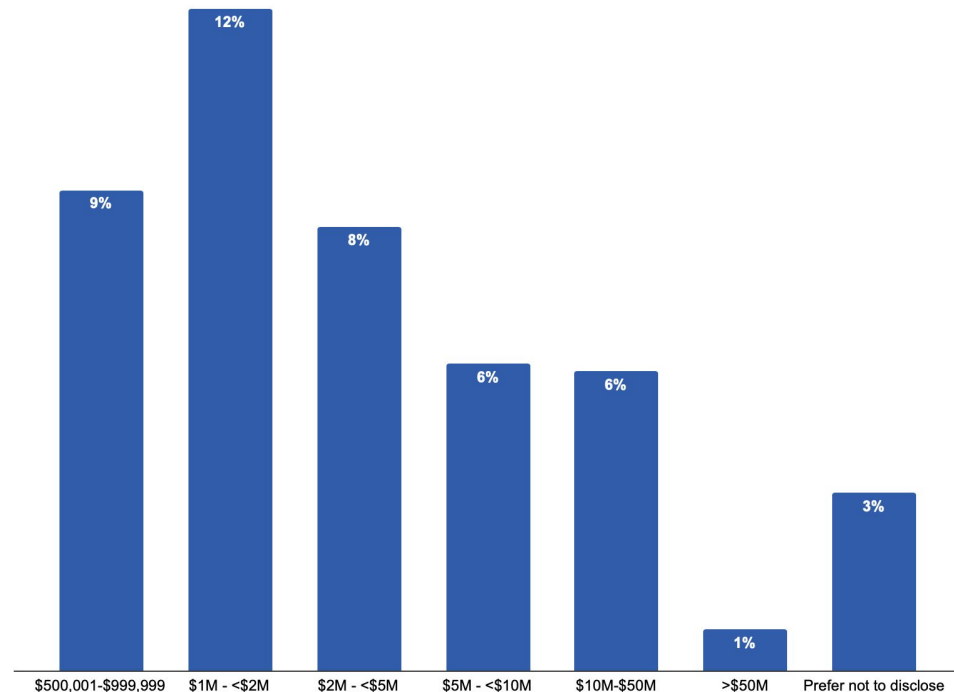
| | | |
|---|---|-----|
|  | AANHPI | 263 |
|  | Black, African American, African | 475 |
|  | Hispanic or Latino/a | 280 |
|  | Native American or Alaska Native | 43 |
|  | White | 308 |
|  | Multiracial or Other | 49 |
|  | Prefer not to Answer | 33 |

Range of Small and Mid-Sized Employers

Distribution by Number of Employees
% of respondents
n= 1,451



Distribution by 2022 Revenue
% of respondents*
n= 1,451

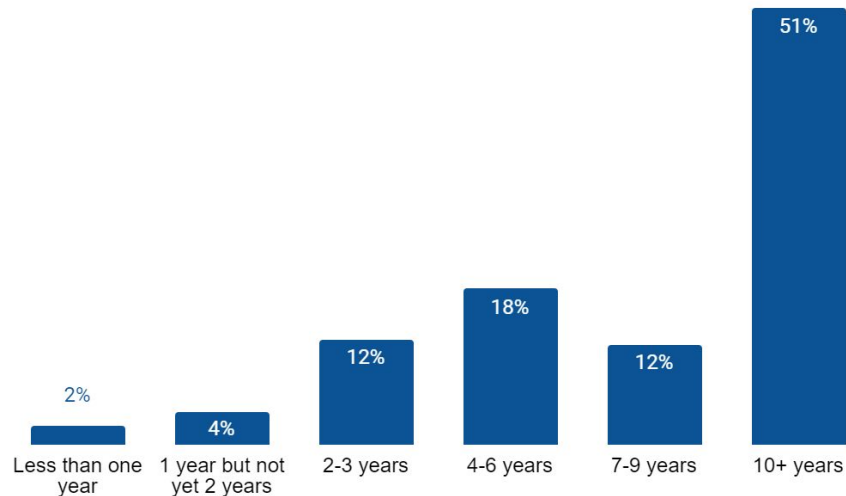


Mostly Long-Standing Businesses

Distribution by Time in Business

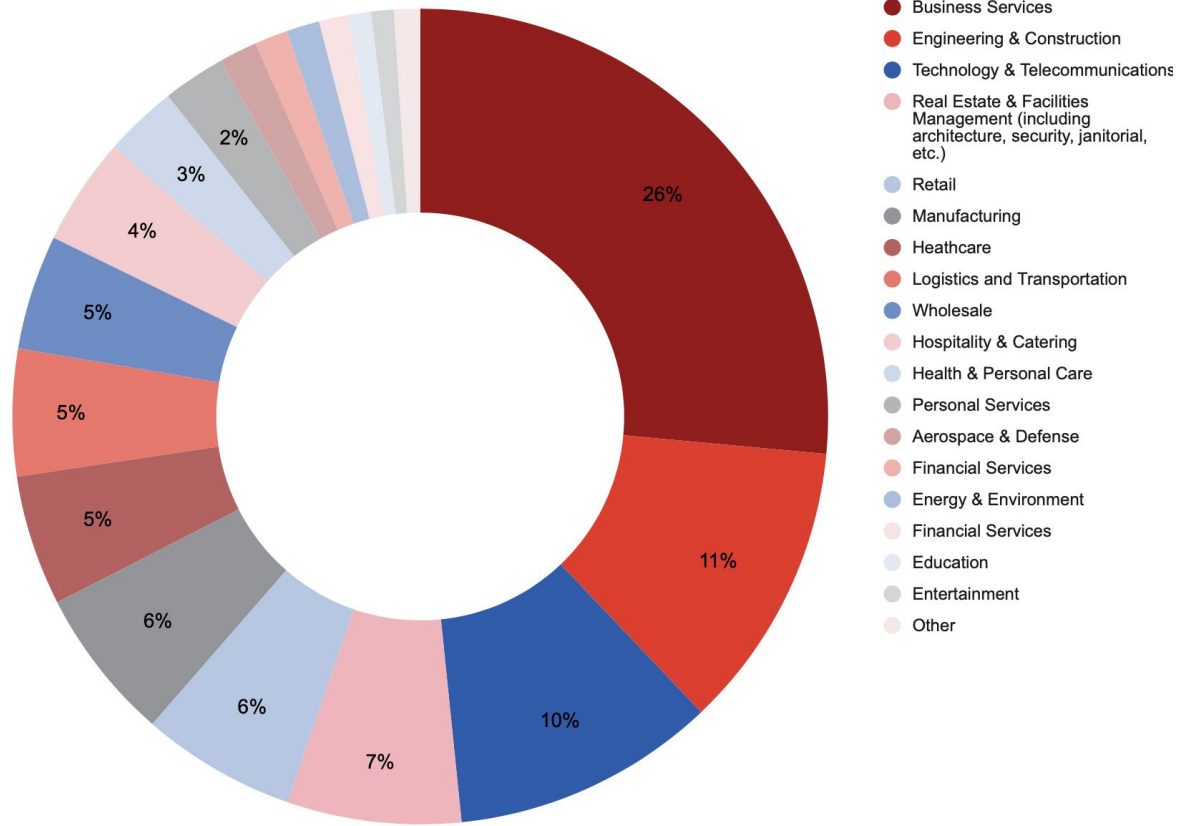
% of respondents

n= 1,451



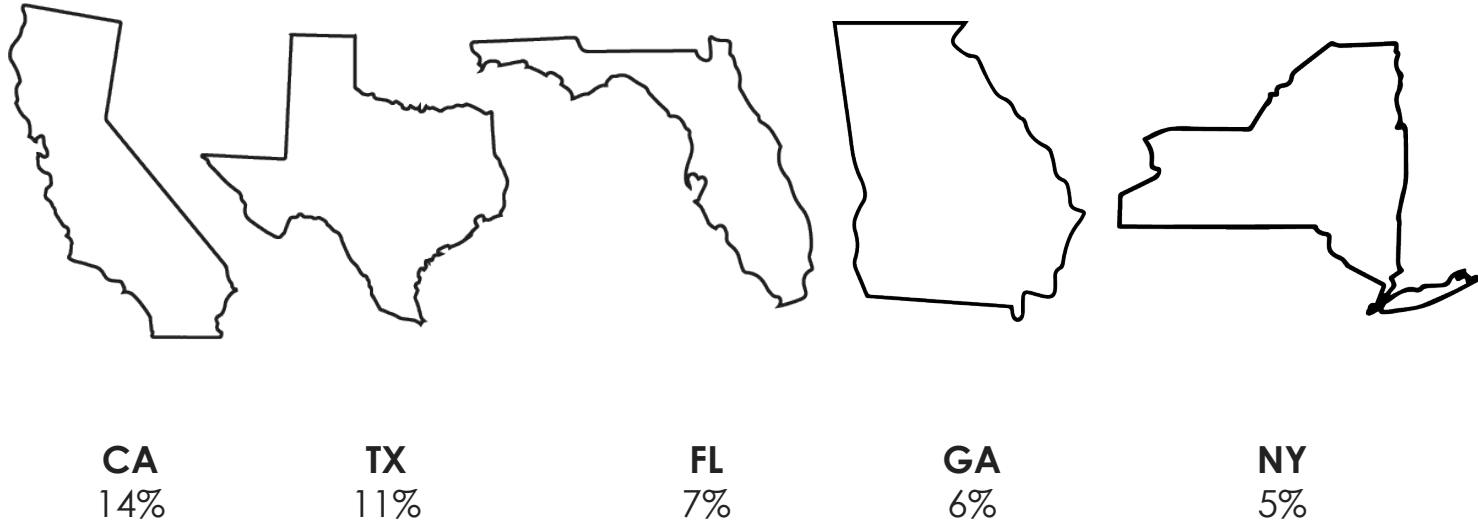
Range of Industries

n= 1,451

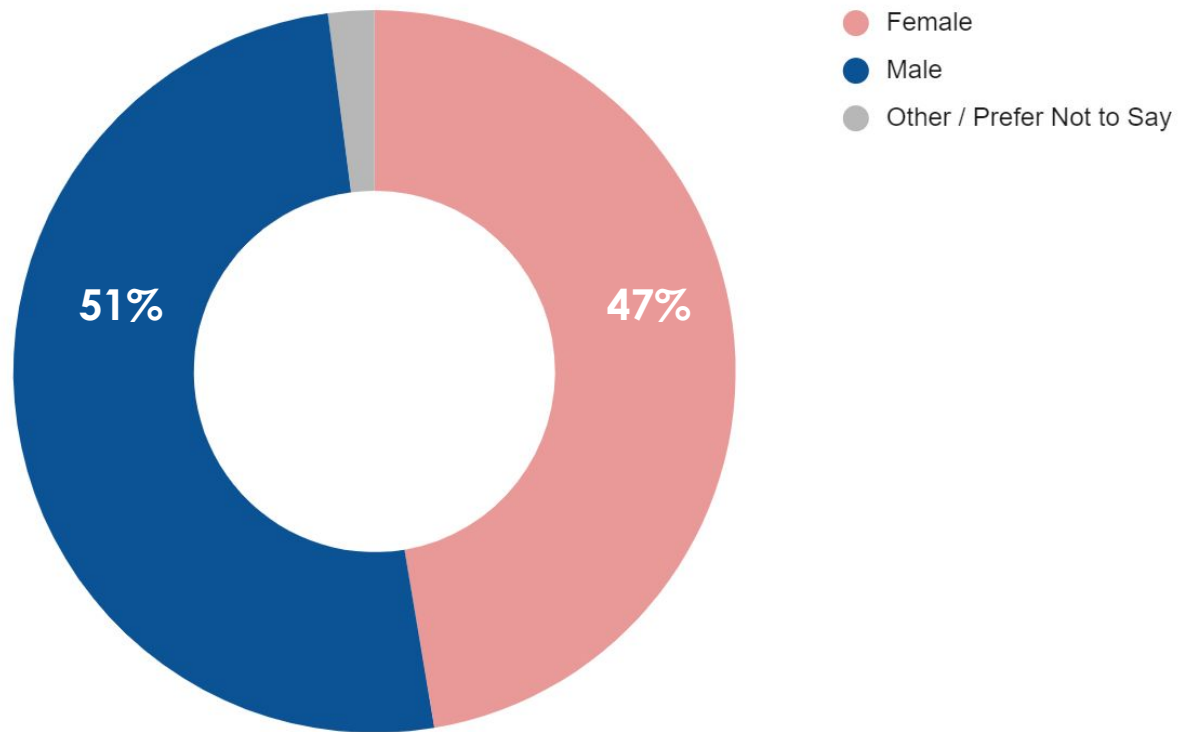


Survey Respondents in 49 States and DC

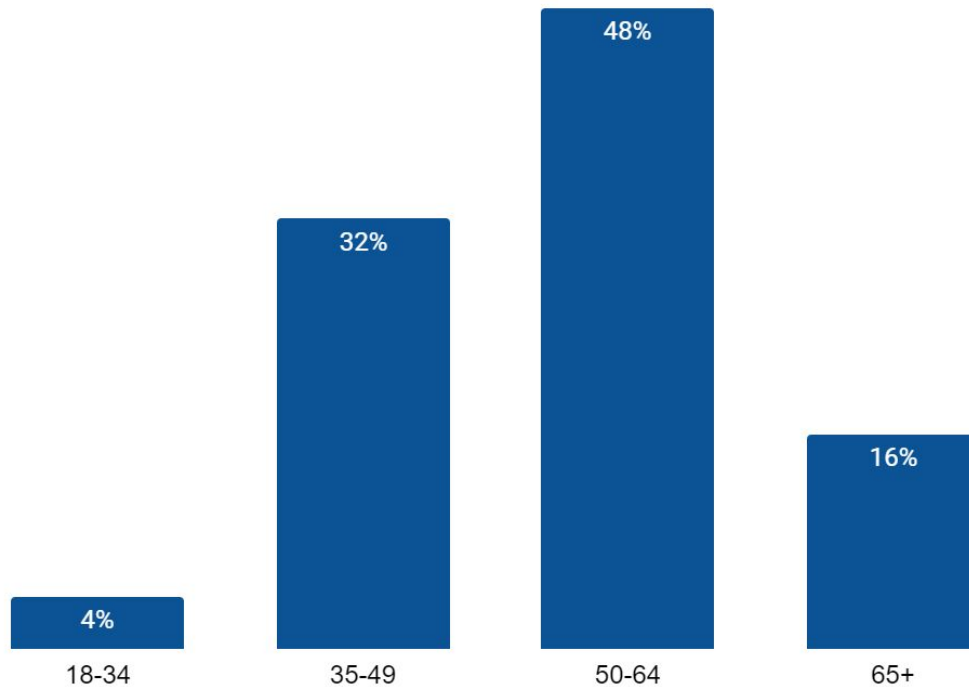
Top 5 States by Respondents



Gender of Respondents



Ages of Respondents





Questions?

Please email us
survey@reimaginemainstreet.com