

## **What is a Certified Woman or Minority Business Enterprise?**

The Philadelphia Convention Center, on February 16, 2006, signed its biggest deals since opening. Narcotics Anonymous World Services will bring its biennial conference to Philadelphia in 2013. In response, the City plans to spend over \$650 million over the next 4 years expanding the Convention.

[http://www.philly.com/mld/philly/business/13882719.htm?source=rss&channel=philly\\_business](http://www.philly.com/mld/philly/business/13882719.htm?source=rss&channel=philly_business)

### **What does this mean for you?**

To reach its goals, the City will hire contractors to complete the work. This deal could mean money for you and your business if you are in the position to bid on one the City's proposals. Even if you are not large enough to accommodate the City's contract, perhaps you can subcontract with the company who has successfully won the bid. To make your company more attractive, you should consider getting certified as a woman or minority business enterprise.

### **What is certification?**

Certification means that a third-party has examined your business and operation and determined that you are, in fact, a woman (or minority) owned, managed, and controlled business. Your business can be certified by an organization or a governmental entity. For example, the Women's Business Enterprise National Council certifies women-owned business and then provides information about these companies to purchasing managers through their on-line database. [www.wbenc.org](http://www.wbenc.org). On the other hand, the Small Business Administration—a government agency--certifies business as a socially disadvantaged through their 8(A) program. <http://www.sba.gov/8abd/>. The City of Philadelphia certifies businesses through the Minority Business Enterprise Council. <http://mbec.phila.gov/home/>. The Mayor of Philadelphia, by Executive Order, has committed the city to increasing the percentage of city contracts awarded to women and minority-owned companies. In March 2005, the Mayor issued this Executive Order in response to a report that, presently, only 2% of city contracts are awarded to minority businesses.

### **What are the Certification Criteria?**

Each certifying-entity will require different criteria; however, generally a business owner will need to satisfy four criteria: ownership, control, management, and independence.

**Ownership:** The woman (or minority) must own at least 51% of the business.

**Control:** The woman (or minority) owner must possess the power to control the company's primary objectives. The owner's contribution to the business should be real and substantial.

**Management:** The woman (or minority) owner must also prove she/he has active management of the business and has the authority to carry out major plan and procedures.

**Independence:** The woman (or minority) owner should operate the business without substantial reliance on non-certified business.

The certifying-entities developed these criteria is to eliminate sham-operations. For example, a male-run company, in an effort to qualify for certain contracts, will appoint his wife as the President but in name only. While she has the title, she does not have the authority to control or manage the company. This is a sham-operation which does not deserve woman-owned certification.

### **What types of business should get certified?**

If you are in business, you should consider certification. The City hires companies in all facets of business, not just construction and food service. For example, recently the City published RFP's (Request for Proposal) for a relocation consultant, an IT professional, and an attorney. Visit Philadelphia's Request for Proposals Online at <http://www.phila.gov/rfp/index.html>

### **How long is the process?**

The amount of time you will spend completing the application and collecting the necessary documents will depend on how well organized you maintain your business documents. Although each entity's process is different, you can expect 60 to 90 days of process time.

### **What documents will you need?**

While each entity is different, generally, you will need the following documents:

- Business plan or business history
- Proof of gender or minority status (birth certificate, driver's license, etc.)
- Professional licenses or business licenses
- Profit and Loss statements
- Balance sheet
- Real estate leases
- Income tax returns
- Management agreements
- Franchise/license agreements
- List of employees



- Copies of bank signature authorization card
- Legal structure documents (By-law, Articles of Incorporation, Articles of Organization, Stock ledgers, etc.)

### **Should you hire a specialist or attorney to help you complete the application?**

You do not need a specialist or attorney to help you complete the application. Most certifying-entities draft the application in plain English for simplicity. You may need to consult an attorney to ensure your company's legal documents actually "say" what you mean them to "say". For example, I had a client seeking woman-owned certification. Her husband was the CEO and she was the President. In reality, she ran the business and made all the major decisions. She thought she had the ultimate power to control the business. However, when I reviewed her company's by-laws, her husband had the ultimate power to over-rule her decisions. She did not have the legal authority to control the company, as she thought. Without making changes to the by-laws, she would have been denied certification.

In conclusion, completing the certification process is a wonderful time to closely examine your business. It's a time to review your legal documents, up-date your website, and re-focus your goals. By raising your visibility and removing barriers to business, certification may allow your company to achieve tremendous business success.

### ***Here's to a prosperous 2006!***

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