

Supplier diversity is an emerging discipline with its own terminology. Below are some key definitions of terms used in the supplier diversity area. The definitions are provided as a reference and also a starting point for acquainting oneself with supplier diversity.

Mentor	An experienced and trusted adviser or guide; a teacher, a tutor.
Supplier Mentoring	A supplier diversity-specific definition is provided in the 2002 edition of the SBA Mentor-Protégé Program - Glossary of Terms, which defines a mentor as "A business, usually large, or other organization that has created a specialized program to advance strategic relationships with small businesses".
Women Business Enterprise (WBE)	A women-owned business is at least 51 percent or more owned by a woman (or women), who is a U.S. citizen, and who controls the firm by exercising the power to make policy decisions and operates the business by being actively involved in day-to-day management.
Certification	A minority- or women-owned firm whose ownership, control and operation has been verified by a qualified, independent third party. Examples are 8(a) certification by the U.S. Small Business Administration and MBE certification by the National Minority Supplier Development Council. (See "MBE" and "WBE" definitions for more information)
Contract Bundling	Combining two or more previously separate contracts into one contract. A bundled contract is more likely to be out of reach to a small business due to greater capacity requirements, bonding levels, financial needs, etc.
Digital Divide	Describes the gap between members of society who do not have access to modern information technology such as the Internet. The digital divide occurs in many forms such as between rural & urban, rich & poor, and majority & minority businesses. The digital divide also concerns the under-representation of minorities and women in technology.
Disadvantaged Business Enterprise (DBE)	A for-profit small business concern (1) that is at least 51 percent owned by one or more individuals who are both socially and economically disadvantaged or, in the case of a corporation, in which 51 percent of the stock is owned by one or more such individuals; and (2) Whose management and daily business operations are controlled by one or more of the socially and economically disadvantaged individuals who own it.
Good Faith Efforts (GFE)	Is considered to have been made when an agency, or other entity, has exhausted all reasonable means to comply with contract goals. Examples of acceptable good faith efforts can be found here .
Federal Acquisition Regulation	The Federal Acquisition Regulation (FAR) which is the primary document used by all federal

	<p>executive agencies for purchasing goods and services. The FAR establishes uniform policies and procedures for procurement by all executive agencies. The FAR can be supplemented by regulations issued by each federal executive agency. (See www.arnet.gov for additional information)</p>
First-Tier Supplier	<p>A first-tier (prime) supplier invoices the buying organization directly for goods and services rendered.</p>
Front Company	<p>Occurs when a minority company acts a “pass through” for work done on a contract and/or when the company claims MBE and/or WBE status but is actually is owned by a non-minority or male. M/WBE certifications are used as a filter to screen for front companies. To qualify as an MBE, the business owner must demonstrate that he or she is a minority person and provide documentation establishing at least 51% ownership of the company. The owner(s) should also provide proof they have the appropriate technical and management experience. To qualify as a WBE, the owner(s) must demonstrate provide documentation establishing she has at least 51 % ownership and control of the company.</p>
Globalization	<p>Describes the increased mobility of goods, services, labor, technology and capital throughout the world. Technology such as telecommunications has been a key force behind the accelerating pace of globalization.</p>
HUBZone Small Business	<p>Means a small business that appears on the list of Qualified HUBZone Small Business maintained by the US Small Business Administration.</p>
Minority Business Enterprise (MBE)	<p>A for-profit enterprise, regardless of size, physically located in the United States or its trust territories, which is owned, operated and controlled by minority group members. “Minority group members” are United States citizens who are African-Americans, Hispanics, Native Americans, Asian-Pacific Americans and Asian-Indian Americans. Ownership by minority individuals means the business is at least 51 percent owned by such individuals or, in the case of a publicly-owned business, at least 51 percent of the stock is owned by one or more such individuals. Furthermore, the management and daily business operations are controlled by those minority group members. “Controlled” means the primary power to make policy decisions, and “Operated” means active involvement in day-to-day management related to business performance. In the case of publicly-owned businesses, the racial minority group members must own at least 51 percent of the stock.</p>
African-American	<p>U.S. citizens having origins in any of the black racial groups of Africa.</p>

Asian-Indian American	U.S. citizens whose origins are in India, Pakistan and Bangladesh.
Asian-Pacific American	U.S. citizens whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific or the Northern Marianas.
Hispanic American	U.S. citizens of Hispanic heritage from any of the Spanish-speaking areas of Latin America or the following regions Mexico, Central America, South America and the Caribbean basin.
Native American	Persons who are American Indian, Eskimo, Aleut or Native Hawaiian, and regarded as such by the community of which the person claims to be a part. Native Americans must be documented members of a North American tribe, band or otherwise organized group of native people who are indigenous to the United States.
NAICS Code	North American Industry Classification System (NAICS) Size Standards. Used by the U.S. Small Business Administration to determine if the company is a large or small business. In 1997, the NAICS codes replaced the Standard Industrial Classification (SIC) codes. The SIC codes had been used for several decades.
Office of Small and Disadvantaged Business Utilization (OSDBU)	Per Public Law 95-507, each federal executive agency is required to have an OSDBU Director (See www.OSDBU.gov for additional information). Also referred to as the SADBUs – Small and Disadvantaged Business Utilization. Most federal agencies have an Office of Small & Disadvantaged Business Utilization that seeks to create opportunities for small businesses to buy products and services to the agency.
PRO-Net	A database of diversity suppliers maintained by the U.S. Small Business Administration. The Web address for PRO-Net is www.ccr.gov
Protégé	A person (or company) who receives support from an more established person (or organization) that furthers the protégé's career or business development. Also referred to as a mentee.
Second-Tier Supplier	A second-tier supplier (subcontractor) invoices the buying organization's first-tier suppliers for goods and services rendered.
Service-Disabled Veteran-Owned Small Business (SDVOSB)	Means a small business that (i) is at least 51% unconditionally owned by one or more service-disabled veterans (as defined at 38 U.S.C. 101(2), with a disability that is service connected, as defined in 38 U.S.C. 101(16)); or in the case of any publicly owned business, at least 51% of the stock of which is unconditionally owned by one or more service-disabled veterans; and (ii) whose management and daily business operations are controlled by one or more service-disabled veterans or, in the case of a veteran with permanent and severe

	disability, the spouse or permanent caregiver of such veteran.
Small Business (SB)	Means a business, including its affiliates, that is independently owned and operated, not dominant in the field of operation in which it is bidding on government contracts, and qualified as a small business under the criteria and size standards as established by the US Government.
Small Disadvantaged Business (SDB)	Means a small business that (i) has received certification as a small disadvantaged business consistent with 13 CFR part 124, Subpart B; (ii) no material change in disadvantaged ownership and control has occurred since its certification; (iii) where the is owned by one or more individuals, the net worth of each individual upon whom the certification is based does not exceed \$750,000, after taking into account the applicable exclusions set forth at 13 CFR 124.104©(2); and (iv) is identified, on the date of its representation, as a certified small disadvantaged business in the database maintained by the Small Business Administration.
Strategic Sourcing	Re-engineering of purchasing from a transaction-orientated process, (i.e., three bids and a buy) to an integrated supply chain management process.) Strategic sourcing stresses integrated procurement planning, sourcing, and management. Cross-functional sourcing teams are used to select suppliers for key products and services who determine the optimal supply chain structure that provides the lowest total cost of ownership. Supplier diversity is part of the strategic sourcing process.
Strategic Supplier	A supplier that provides key supplies and/or services in a particular commodity area. Strategic suppliers add a high degree of value to the supply chain management process by reducing costs, aggregating demand, etc.
Supplier Development	Any effort by a buying firm with a supplier to increase the performance and/or capabilities of a supplier and to meet the buying firm's short- and/or long-term supply needs. Supplier development activities may range from an informal supplier evaluation and a request for improved performance to extensive efforts.
Supplier Diversity	A proactive business process that seeks to provide suppliers equal access to purchasing opportunities. It promotes supplier participation reflective of the diverse business community and encourages economic development.
Technology Transfer	The sharing of knowledge and facilities among Federal laboratories; Industry; Universities; Federal, state, and local governments; and third-party intermediaries. By one estimate, from one-third to one-half of all U.S. growth has come from new technologies.

Veteran-Owned Small Business (VOSB)	A small business that(i) is at least 51% unconditionally owned by one or more veterans (as defined at 38 U.S.C. 101(2)); or in the case of any publicly owned business, at least 51% of the stock of which is unconditionally owned by one or more veterans; and (ii) whose management and daily business operations are controlled by one or more veterans.
Virtual Trade Mission	A Virtual Trade Mission uses the Internet to provide text and visual information between supplier groups in one location that wish to do business in other locations, either domestically or globally. Virtual trade missions features online display booths, interactive discussion forums, etc.
Capability Statement	Typically a one-page document that summarizes who your company is, what it does, and why you are the best company to be hired. The document should contain company overview, a description of the products or services you sell, details on past performance (successes), a qualification statement of senior staff and/or board of directors which should include experience, skills and education information, how you perform your service (if you have a service based company) or details about the quality of your products (if you are a product based company), a statement about what clients can expect from your company, full contact details for the lead decision maker and a list of current/existing clients.
Diverse Business	A certified business that meets one or more of the following classifications: MBE, WBE, VBE, SBVD, SBD or HUBZone business.
Procurement	The acquisition of goods and / or services, at the best possible cost and / or value, and ensuring those goods are purchased in the right quantity and quality, at the right time, in the right place, and from the right source.
DUNS	The Data Universal Numbering System, abbreviated as DUNS is a proprietary system developed and regulated by Dun & Bradstreet (D&B) that assigns a unique numeric identifier, referred to as a "DUNS number" to a single business entity. The DUNS number is a nine-digit number, issued by D&B, assigned to each business location in the D&B database, having a unique, separate, and distinct operation for the purpose of identifying them. Registering for a DUNS number is FREE.
Diverse Business	A certified business that meets one or more of the following classifications: MBE, WBE, VBE, SBVD, SBD or HUBZone business.
Fortune 500 Company	One of the top 500 U.S. closely held and public corporations as ranked by their gross revenue after adjustments made by Fortune (Magazine) to exclude the impact of excise taxes companies incur. The list includes publicly and

	privately held companies for which revenues are publicly available and inclusion on this list is determined on an annual basis.
Historically Underutilized Business Zone Small Business (HUBZone)	The business is located in an area within one or more qualified census tract, qualified non-metropolitan counties, or lands within the external boundaries of an Indian reservation as determined by the Small Business Administration (SBA).
Line of Business	An internal corporate business unit.
Minority Business Enterprise (MBE)	A business that is 51% owned and operated by an individual(s) who is a U.S. citizen and their ancestry is African American, Native American, Hispanic-American, Asian Pacific or they originate from India, Pakistan, Bangladesh or Sri-Lanka.
National Gay and Lesbian Chamber of Commerce (NGLCC)	The largest global not-for-profit advocacy organization dedicated to expanding economic opportunities and advancements for LGBT (Lesbian, Gay, Bisexual, Transgender) people.
National Minority Supplier Development Council (NMSDC)	The global leader in advancing business opportunities for its certified Asian, Black, Hispanic and Native American business enterprises and connecting them to member corporations. NMSDC was chartered in 1972 to provide increased procurement and business opportunities for minority businesses of all sizes.
Procurement	The acquisition of goods and / or services, at the best possible cost and / or value, and ensuring those goods are purchased in the right quantity and quality, at the right time, in the right place, and from the right source.
Proposal	A written offer of products and/or services from a supplier to a prospective client.
RFX	A catch-all term that captures all references for the following: Request for Information (RFI), Request for Proposal (RFP), Request for Quote (RFQ), and Request for Bid (RFB)
U.S. Small Business Administration (SBA)	The U.S. Small Business Administration (SBA) is an independent agency of the federal government to aid, counsel, assist and protect the interests of small business concerns, to preserve free competitive enterprise and to maintain and strengthen the overall economy of our nation. (SBA.Gov)
Small Business Enterprise (SBE)	A company whose three-year average gross receipts do not exceed current U.S. Small Business Administration (SBA) size standards as listed at http://www.sba.gov/size .
Small Disadvantaged Business (SDB)	The company is 51% or more owned and controlled by one or more disadvantaged persons. The disadvantaged person or persons are socially disadvantaged and economically disadvantaged. The company must be small, according to SBA's size standards.
Service-Disabled Veteran-Owned Small Business (SDVOSB)	This is a small business that is at least fifty-one percent (51%) owned by one or more service-

	disabled veterans or, in the case of any publicly-owned business, at least fifty-one percent (51%) of the stock of which is owned by one or more service-disabled veterans or, in the case of a veteran with a permanent and severe disability, the spouse or permanent caregiver of such veteran.
Supplier	A person or company that provides goods and/or services to other companies.
Supplier Diversity	A business program that encourages the use of minority-owned, women-owned, veteran-owned, LGBT-owned, service-disabled veteran-owned, historically underutilized businesses and SBA-defined small business vendors as suppliers.
Supplier Diversity Manager	A professional who leads a company's efforts to identify, expand and accelerate the use of Small, Minority-owned, Women-owned, Small disadvantaged, Veteran-owned, and HUB Zone business enterprises within the organization for products and services that need to be procured.
Commercially Useful Function (CUF)	Each certified diverse business must perform a CUF when bidding/participating on any contract as a contractor, subcontractor, or supplier of goods and/or services, regardless of the procurement or payment method. To perform a CUF, a diverse business must do all of the following: 1) Execute a distinct element of the contract work, including supplying of goods/services; 2) Perform, manage, or supervise the work, including supplying of goods/services; 3) Perform work that is normal for the firm's business services and functions; 4) Be responsible – with respect to products, inventories, materials and supplies required for the subcontract – for negotiating price, determining quality and quantity, ordering, installing (if applicable), and paying for the material; 5) Not subcontract a portion of the work greater than expected by industry practices.
Supply Chain	A system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer. Supply chain activities transform resources, raw materials, and components into a finished product that is delivered to the end customer.
Tier 1 Supplier	A supplier who is awarded a contract directly from a customer.
Tier 2 Supplier	A supplier who is awarded a contract by a prime or Tier 1 supplier.
USP	The factor or consideration presented by a seller as the reason that one product or service is different from and better than that of the competition.
Veteran Business Enterprise (VBE) or Veteran Owned Small Business (VOSB)	A U.S. Veteran has unconditional direct ownership of the company at 51 percent, holds the highest officer position and is the highest

	paid employee (unless there is a reasonable explanation submitted by the Veteran as to how taking a lower salary than other employee(s) helps the business) and manages the company on both a strategic policy and a day-to-day basis.
Certification	A certification is a document which verifies that a business is owned and operated by a person under represented in a particular field or industry. It documents a special status that help small minority businesses compete in the marketplace. Certification agencies perform the review process to ensure that all certified firms meet the eligibility criteria for the different government and private sector programs.
Woman Business Enterprise (WBE)	A business which is at least 51 percent owned by one or more women, or, the case of any publicly owned business, at least 51 percent of the stock of which is owned by one or more women; and whose management and daily business operations are controlled by one or more women.
Women's Business Enterprise National Council (WBENC)	provides the most widely recognized and respected certification in the United States for Women's Business Enterprises (WBE).
Women-Owned Small Business Program (WOSB)	also referred to as 8(m) —allows federal agencies to set aside contracts specifically for WOSBs. Created by SBA