

**Minority Distributorship Development Program Concept Paper (MDDP)**  
**Draft 2 (FML – 4/1/07)**

Based upon disparity study findings and testimony, and research regarding a number of supplier development program models, I have designed the following program concepts to promote greater diversity in manufacturer distributorships or dealerships. These program models would likely be most effective if a number of local governments and large corporate consumers agreed to adopt similar policies or to jointly approach manufacturers to seek their voluntary participation in such programs.

Option 1 (Mandatory)

Concept: A Non-discrimination Policy requiring manufacturing firms to disclose the number and percentage of its distributors that are M/WBEs, and the various types of distributorships it issues, and the type of distributorship held by each M/WBE distributor. For those manufacturers that have low percentages of M/WBE distributorships (i.e., where the percentage of distributors is at least 20 percent below the availability of M/WBE firms selling goods in that industry), the MDDP would require such manufacturers to participate in the Minority Distributorship Development Program. Under the MDDP, a manufacturing firm would be required to sponsor and develop at least one qualified M/WBE as a distributor for its products to the government or corporate customer (and perhaps other participating local governments). The terms of the distributorship must be equal to that of other distributorships that sell to such public sector clients (e.g., similar geographic scope, product mix, exclusivity terms, pricing, delivery terms, and other elements of support traditionally provided to distributors by the manufacturer). If the manufacturer refuses to issue distributorships to any qualified M/WBE firms that apply, the government may be precluded from buying products from that manufacturer.

Option 2 (Voluntary / Incentive Program)

Concept: For those manufacturing firms that voluntarily agree to participate in the MDDP by sponsoring at least one M/WBE distributor whose distributorship agreement is on equitable terms with other non-M/WBE distributorships (i.e., geographical scope, customer territory, terms of exclusivity, delivery and credit terms, and other elements of distributorships typically provided by the manufacturer to others), they shall be entitled to special contract incentives such as expedited payment and/or extra option years for sale of commodities for supply contracts of requirements.