

# Building Out A Supplier Diversity Process



Lukas Garcia, Jaclyn Hill, Wenqi Huang, Ashlyn Reid, Sy Ruiz

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# Business Case for Supplier Diversity

According to the Northwest Minority Supplier Diversity Council (NWMSDC), Supplier Diversity can be understood as “the process which creates fair and equitable engagement for Diverse Business Enterprises to participate in corporate or public agency sourcing and procurement opportunities with the desired state of increasing business while delivering value to corporations, public agencies, and ultimately the customer” (White paper source). The need for creating and implementing a supplier diversity program is not only important for your business, but the community around your business. Being able to maximize the utilization of local and diverse suppliers help create brand loyalty between the business and its customer base (Foster source Consistency in Font Format and Size). Additionally, as companies have continually witnessed an increase in income stream as a result their inclusive behavior, they have also received a glimpse of what is to follow.

Whether one chooses to pay attention or not, demographics in this country are shifting and will continue to shift well into the future. According to the US Census Bureau, ethnic minorities will account for 51% of the US population by 2045, and 90% of the growth in the US population will occur in minority groups. Additionally, in 11 of the largest 15 cities in the United States, minority populations already exceed more than 50% of the total population (FOSTER SOURCE Consistency in Font Format and Size). These trends cannot be ignored and are showing the current market being replaced by diverse populations. As these trends continue to grow, a company must decide whether to take advantage of these changes or move out of the way. Ethnic minorities are growing in the U.S. and they will hold up to \$6.1 trillion in purchasing power by the year 2045 (U.S. Small Business Administration, 2007). It should be clear by now, that trends are changing with regards to population demographics and those who will be holding the purchasing power in the future. For a company to stay competitive in today's market, it is necessary to implement a supplier diversity program that supports your company's overall mission and goals, which are critical to its success. Prioritizing supplier diversity will lead to job creation, competitiveness, and increased investment in local communities. This research is designed to help you understand the critical elements of a successful Supplier Diversity Process. It is further designed to help you startup and implement a supplier diversity process within your company.

# Self-Assessment

Prior to enacting change within your Supplier Diversity program, conduct the below self-assessment to identify areas of strength and opportunity for your company. Use your score herein as a benchmark to guide necessary focus areas.\*

*\*If you have not yet begun your Supplier Diversity efforts, you may skip this section.*

Please rate the following statements on a scale of 1 to 5.

(1=Strongly Disagree, 5=Strongly Agree)

Our customer base is fairly diverse	1 2 3 4 5
Our organization is extremely accepting of personal diversity in the workplace	1 2 3 4 5
There is C-Level support for Supplier Diversity in both action and words	1 2 3 4 5
We have a formally written Supplier Diversity policy	1 2 3 4 5
We have set meaningful and measurable supplier diversity goals for our organization	1 2 3 4 5
Our Supplier Diversity initiatives have been organizationally communicated throughout the company	1 2 3 4 5
Our Supplier Diversity programs and policies are publicly accessible through printed materials or on our website	1 2 3 4 5
We are actively involved with Women and/or Minority-Owned Business Trade Organizations	1 2 3 4 5
We have a formal mentorship and/or development program in place for Women or Minority-Owned businesses	1 2 3 4 5
We report regularly to our C-level Executives and/or Board of Directors on our Supplier Diversity metrics and progress	1 2 3 4 5
There is personal accountability for all of our managers in helping us meet our Supplier Diversity goals	1 2 3 4 5
We have an education program in place to share our company's Supplier Diversity policies and goals with our First-Tier vendors	1 2 3 4 5
We have developed a process for sharing diverse supplier candidate information across departments/divisions	1 2 3 4 5

We have a reporting and review method in place for feedback and improvements regarding our Supplier Diversity program

1 2 3 4 5

**Total points possible: 70 (5 at all levels)**

**Great: Score of 47-70**

**Good: Score of 26-46**

**Needs Improvement: Score of 26 or lower**

# Policy

One of the most important steps in starting a Supplier Diversity process within a company is to establish policy within your business plan. No longer is it enough to attach Supplier Diversity within procurement alone, instead one must include it in the overall business strategy. According to the NWMMSDC, it is imperative that the CEO be the one who takes initiative in establishing supplier diversity principles, initiatives, and goals that will bring top level executives within the company to establish their commitment to Supplier Diversity. If one is able to establish this top level support, with a strong change management process, this will facilitate a much easier adoption of the new policies and practices by the entire workforce.

## Key guidelines and recommendations:

- CEO must ensure there is a company-wide commitment to supplier diversity through the implementation of a supplier diversity policy that can illustrate the company's long term commitment to the program's success. This policy should clearly state the executive management commitment and how to measure success. (Foster Source & NMSDC Best Practices Brochure (NMSDC BPB).
- Policy must be supported by a clearly stated supplier diversity business case that illustrates the value supplier diversity can bring to the company. This supplier diversity business case should be communicated to all employees. (NMSDC Best Practices Brochure)
- Responsibilities should be driven downward from the executive level, to every executive, and to every line of business to assure the highest level of adoption, accountability, and impact. (BDR)
- CEO and Human Resource should agree to language, metrics and strategies that define the plan and enforce performance metrics. (Foster source)
- Supplier diversity policy metrics should be included in annual performance goals for the whole company and all departments of the company.
- Supplier Diversity Policy should include step-by-step process of how to identify and recruit diverse suppliers. (NMSDC BPB)
- Assure that the supplier diversity policy is a business strategy rather than a social policy. (BPD)
- The policy should aim to link supplier diversity initiative to key drivers:
  - Inclusion
  - Competition

- Highest quality of product and/or service
- Win Ratio
- Public Perception
- Connection to Community
- Empowerment and growth of Suppliers
- Establishing long lasting, mutually beneficial relationships

## Ownership

Once the policy is in place, the next step in fully implementing a supplier diversity program within your company is recognizing which executives and managers will get the job done. Not only is it enough for there to be a creation of policy, there also needs to be action taken to assure there is accountability throughout the company.

This is one of the most important steps to developing a productive and sustainable Supplier Diversity Process. Without ownership it will be difficult if not impossible to effect meaningful change within the organization, and Supplier Diversity will never be seen as a company-wide business imperative. To do so, the CEO must prioritize assignment of roles and responsibilities that will assure action is taken on the supplier diversity policy that was created. The specific type of ownership required will be further explained in the governance section.

### Key guidelines and recommendations:

- Authorize a full-time staff member must be authorized, and resources allocated to oversee implementation of the supplier diversity policy and process. Supplier Diversity shall reside within the procurement Center of Excellence framework to insure the policy created by the CEO will be given the required attention.
- Hold all levels of leadership and management accountable to the supplier diversity policy implementation. Management oversees ensuring the supplier diversity policy is incorporated within their respective department. (NMSDC BPB)
- Establish a supplier diversity advisory council that will meet quarterly and in charge of holding departments accountable to the supplier diversity policy.
- Integrate diverse suppliers across all categories of spend — starting with the largest categories.
- Focus on building capacity and developing diverse suppliers in core areas of spend with an eye toward future corporate strategy.
- Position the supplier diversity function high enough within the organization to influence decisions cross-functionally. (BDR)

- Integrate supplier diversity into existing business processes — not as a stand-alone function.
- Build top executives support for Supplier Diversity by providing resources and enforcing accountability at all levels. (NMSDC BPB)

## GOVERNANCE

### Establishing a Center-of-Excellence (COE):

The procurement Center of Excellence (COE) is a governing policies and processes dedicated to assisting in the effective management of spend across various supply chain functions as well as ensuring consistent delivery of procurement-related processes throughout the entire organization. The COE governs the effective management of the organizations of supplier diversity policies and processes.



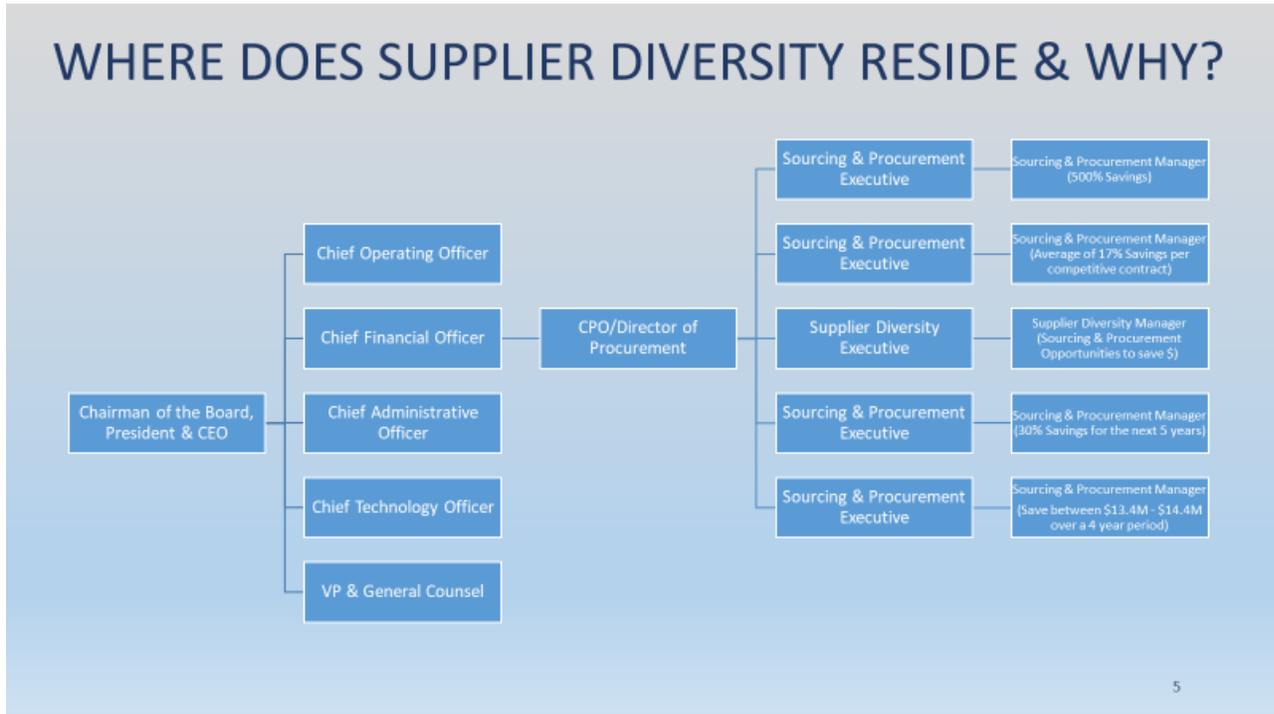
There are 5 core functions of the supplier diversity process:

1. **Knowledge:** Leadership team develops subject matter expertise in order to supply change management support, coaching and mentoring to the procurement team.
2. **Structure:** Develop and implements policies, standards, methodologies, tools, and best practices.
3. **Governance:** Provides oversight of policies and accompanying processes and practices.
4. **Performance Measurement:** Uses outcome metrics to demonstrate value and develop

benchmarks to measure future success.

## 5. Value tracking

Following these 5 steps will enable the leadership team to successfully guide the change needed to introduce new supplier diversity practices within the organization.



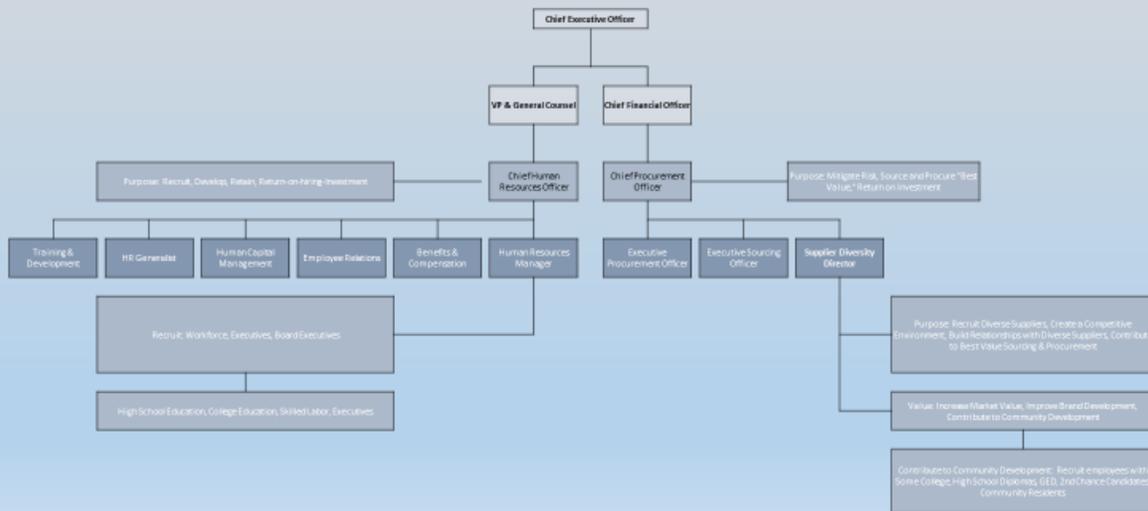
### Leadership:

The COE leadership team is the central governing body accountable for establishing policies and leading the change management processes. This team is also responsible for ensuring goal alignment throughout the whole company-- from the procurement teams all the way up to the C-suite leadership team.

The supplier diversity director will report directly to the CPO and be responsible for recruiting diverse suppliers, creating a competitive environment, continuously measuring performance, building relationships with diverse suppliers, and contributing to best value sourcing & procurement. They will have the goal of increasing market value, improving brand recognition and contributing to community development.

(D&I vs SD Org Chart)

# Diversity & Inclusion is not Supplier Diversity!



## Change Management:

### Eight Steps to Transforming your Organization (Kotter):

1. **Establish** a Sense of Urgency - to improve a process, a product, or an outcome, it is critical to identify the focus and clarify goals
  - a. Examine current market standards and industry competition
  - b. Identify and discuss crises, potential crises, or major opportunities
2. **Build** a Powerful Guiding Coalition - This group, such as a Center of Excellence, will be responsible for guiding, coordinating and communicating the program's core activities
  - a. Assembling a group with enough power to lead the change effort
  - b. Encouraging the group to work together as a team.
3. **Create** the Vision
  - a. Creating a vision to help direct the change effort
  - b. Developing strategies for achieving that vision
4. **Communicate** the Vision - The whole organization must believe in the program's objectives and work together to reach a common goal
  - a. Using every vehicle possible to communicate the new vision and strategies
  - b. Teaching new behaviors by the example of the guiding coalition
5. **Empower** Others to Act on the Vision - Removing barriers such as inefficient processes and hierarchies provides the freedom necessary generate real impact
  - a. Getting rid of obstacles to Change
  - b. Changing systems or structures that seriously undermine the vision
  - c. Encouraging risk taking and nontraditional ideas, activities, and actions
6. **Generate** short term wins - This helps to measure progress and encourage people to persist in the effort
  - a. Plan and create visible performance improvements

- b. Track the progress of changes
  - c. Recognize and reward the success of all employees involved
- 7. **Consolidate** improvements and produce more change - this allows for continuous growth and sustainability of the program
  - a. Using increased credibility to change systems, structures, and policies that don't fit the vision
  - b. Hiring, promoting, and developing employees who can implement the vision
  - c. Reinvigorating the process with new projects, themes, and change agents
- 8. **Institutionalize** new approaches - making supplier diversity the norm
  - a. Articulating the connections between the new behaviors and corporate success
  - b. Developing the means to ensure leadership development and succession

### Internal Communication:

The goal of internal communication is for the leadership team to define supplier diversity, how supplier diversity will impact the organization, and inform everyone of the policies and activities that will be implemented. Through effective communication employees will better understand the purpose and benefits of this change; facilitate employee goal alignment resulting in less resistance in effectively executing the policy.

Building and launching a comprehensive communication strategy creates awareness of supplier diversity initiatives throughout the organization and incorporates messages surrounding supplier diversity into the organization's standard corporate communications infrastructure. This allows for the efforts made towards implementing this initiative to be viewed as part of the organization rather than a separate program.

Some effective communication vehicles internally include companywide educational programs, annual reports, newsletters, brochures. These efforts will help define the supplier diversity program as a whole and provide updates on departmental progress.  
(BDR)

### External Communication:

Establishing effective communication channels within the company as well as external business partnerships, will enable widespread awareness for the program and its objectives. Once all internal business units are in alignment, the leadership team should maintain methods of communication about diverse supplier development planning, execution and accomplishments with other community stakeholders and diverse supplier partners.

The external communication aims to keep diverse businesses up to date on progress, but also well-informed on strategies to improve their bid success rates. This can include the company encouraging diverse suppliers to seek certification and external training, explaining supplier selection criteria to diverse suppliers, and debriefing unsuccessful bid-winners so they can be more competitive. To execute these communications, the organization should put an effective process in place to respond to prospective suppliers. The largest diverse suppliers should also be well versed on corporate and procurement goals and objectives. Company representatives

should also actively participate in community outreach-- joining the National Minority Supplier Development Council and its affiliate network, participating in trade fairs, and publishing articles and advertisements in business media to help identify potential diverse suppliers.

(NMSDC BPB)

## Metrics:

Governance includes the establishing and tracking performance metrics. These metrics will provide benchmarks to track the program's progress as well as provide quantifiable results that will highlight the value to the program. An effective way to define goals and desired outcomes is to create an outline using the Objectives and Key Results (OKRs) framework-- a structure consisting of the establishment of overarching qualitative objectives that are accomplished through the fulfillment of quantitative key results. Both objectives and key results must be defined in the early planning phases of program development to allow for efficient tracking of the program's success. The establishment of aggressive goals for diverse business spending, tracking those goals, and communicating results provides accountability and recognition throughout the organization. Establishing key success metrics can be done in the following five steps.

### **Step 1: Define what success looks like**

Each industry has different requirements and benchmarks for supplier diversity, and, within that, each organization defines success differently based on their values, mission, and current efforts towards supplier diversity. When using the Objectives and Key Results (OKRs) framework, the main objective defines the organization's intent in creating a supplier diversity program—this could be increasing the percentage of diverse suppliers by a certain amount or meeting the industry standard.

### **Step 2: Establish quantitative metrics**

Following the OKR framework, the key results are measurable benchmarks that must be reached to achieve the program's end goals. These key results must be quantitative and align with the broad objectives and policies guiding the program. Specific metrics will vary amongst organizations, but the general process should follow these steps:

- a. Set quantitative diverse supplier development performance goals – i.e. Number of diverse suppliers, increase in revenues/contributions from diverse business partnerships, etc.
- b. Track diverse suppliers' cost savings/cost reduction contribution

Quantify diverse spend:

Diverse Spend = Numerator/Denominator

Numerator = aggregate spend along the following dimensions: vendor, tier classification, diversity classification, business segments, time period

Denominator = finite list of general ledger accounts identified as controllable\*

- c. Select ROI Model\*

### **Step 3: Establish a minority supplier tracking system to enable results reporting**

It is essential to track diverse suppliers' spend by business unit/department, buyer, commodity, geographical area, ethnicity, gender, cost reduction dollars, etc. to keep a record of each

diverse supplier and their transactions with the organization. To do so, the organization should leverage an existing internal tracking system or implement a new tracking system with the above capabilities.

#### **Step 4: Implement an accountability program**

- a. **Leadership accountability** - Supplier diversity key metrics are reviewed regularly by C-Suite Executives such as the Chief Executive Officer, Chief Procurement Officer, Chief Financial Officer, or the executives accountable for oversight of the supplier diversity process.
- b. **Performance reviews** should be administered to track how the program is progressing towards main objectives and to hold each business unit accountable for reaching their specific key results.
- c. **Quality reporting systems** must be in place to provide accurate spend records. Metrics should be reported minimally on a quarterly basis to allow for the measurement of progress and identification of areas that need further improvement.

#### **Step 5: Re-evaluate program**

- a. Use self-assessment checklist (found on page 4) at different phases of program development to check-in with progress - update policy and OKRs accordingly to keep up with the program's growth.
- b. Evaluate resources needed for program success – redistribute, reallocate, or request more support from leadership when needed.

\*Definition can be found in the appendix

# Case Study: An Insider's View

Microsoft

May 10th, 2019

## Executive Summary:

Both Microsoft, and its Supplier Diversity Director, Fernando Hernandez, are deeply invested and knowledgeable about the supplier diversity sector. Currently Microsoft has both domestic and international programs that serve the following demographics: women, minorities, veterans, LGBT and disability. These programs are focused on equal representation and empowerment through both company actions as well as products offered. The measurements used for the success of the program is Return on Investment as to have tangible proof of the positive attribution that these programs bring. Microsoft also did not receive any internal pushback in the generation and implementation of these programs. However Mr. Hernandez advises that if a company does receive pushback, to combat it strategically through working from the management top down.

## Introduction:

The purpose of this case study is to look further into Microsoft's well developed supplier diversity programs. To learn more about their successes, hardships, and essentially steps they took to get where they are today. Microsoft has expertise in the field, being that they have numerous different programs initiated to focus on this topic, with a director, Fernando Hernandez, that has worked with Microsoft in the Supplier Diversity sector for the past 13 years. Their mission statement is: *At Microsoft, we work to ensure that our suppliers are socially, legally, and ethically responsible—and treat the people who work for them fairly and with dignity.*

Overall,

Microsoft is very well integrated into the program, therefore they were the perfect candidate to gain more information as to what specifically contributes to their success. The team was able to have an interview with Mr. Hernandez about the program and below is a cumulation of the conversation:

Microsoft has a huge footprint on the Supplier diversity sector. Microsoft and Mr. Hernandez go above and beyond in situations where he has direct mentorship with people, small businesses and even larger companies in order to spread the understanding and commitment to the program.

Microsoft serves the following demographics: women, minorities, veterans, LGBT, and disabilities. They also support businesses who are seeking certification through organizations like the Northwest Mountain MSDC, to aid and supporting them in finding the assistance they

need to gain certification. The requirement for a business to be considered a diverse supplier is that the business has to be owned, operated and controlled by 51% of within the diversity.

The programs that Microsoft is involved in include: Responsible Sourcing, Supplier Diversity, and a Sustainability Program. The domestic program is allotted 3.2 billion every year to spending with diversely owned businesses on a tier 2 program. Microsoft also has an international program as well, which examples include Canada, South Africa and Australia.

In terms of the metrics Microsoft uses to track businesses, Mr. Hernandez uses Return on Investment. If one wants to run a good program, ROI is very important for it demonstrates the value added from this program to the rest of the company. Microsoft also does a lot of business with the government and all sections are required to touch and enable revenue. And every dollar spent with diverse suppliers, the economic impact is considered. While Microsoft wants to give back, they understand that this is still a business at the end of the day. Therefore, using ROI is essential. The demonstration of what specific value this company brings into Microsoft, for it doesn't serve the diverse businesses well if they are shown as to not be adding value either.

There are many ways to measure the success of the supplier diversity program. For example, there are internal measures which are aimed at holding employees accountable. These internal measures are goals that cascade down from CEOs all the way down to first line employees. There is also revenue enablement, which is demonstrating how the program is aiding in bringing in revenues. Therefore, the contract with the government, all of this money is assigned and therefore all the rules are set, and Microsoft sets out to fulfil those contracts in order to allow them to compete in gaining future government contracts.

As for any pushback within the company to this program, Microsoft did not receive any. The program was fully embraced. However, if there is a business's facing pushback, Mr. Hernandez recommends that they combat it strategically. With having an executive at the top to be put in place, and work from the top down; establishing policy, executive champions and reporting.

The vision Microsoft has is to empower every individual and entity around the world. Diversity doesn't work unless everyone is attainable; cannot leave anyone out in order to be fair. And that is with the aid of technology that people and begin to be reached. For many don't have computers, or smartphones with many countries facing a high illiteracy rate. Therefore Microsoft has changed their technology to better support them. For instance, with consideration to the literacy rate, the mouse and keyboard go away, as the main focus becomes voice operated. It is details such as these there Microsoft focuses on the inclusion aspect, what do people need and how can they begin to craft their technology so that they can begin to be reached. Microsoft also has a policy in which they aim to reflect the global constituency they view as their customers, for they touch everyone in every segment around the globe.

Microsoft is also focused on aiding small businesses with the technology they need in order to run a sustainable business. One of their many focuses is to explain to businesses how Artificial Intelligence can be used in their business today. For in today's market, many businesses are willing to spend large sums of money on the exploration of this technology, almost like a race

against each other to obtain it. However, Microsoft is trying to help small, diverse businesses that are missing out on that race, due to limitations in access to this technology. Therefore, it starts with education and access.

## Appendix I: Definitions

Contained in this appendix are frequently used terms in the Supplier Diversity field.

**Supplier Diversity:** This may vary depending on industry, but in general “Supplier Diversity” refers to a situation where an organization has strategic initiatives in place to increase its percentage of diverse suppliers.

**Goal:** A target which, when achieved, indicates progress in a preferred direction. A goal is neither a requirement nor a quota. Goals should be S.M.A.R.T - specific, measurable, achievable, relevant and tangible.

**Diverse Supplier:** Within the United States, Diversity Suppliers are companies that are owned by a minority, a service disabled veteran(s) or a woman (women). Outside the United States, the definition of diversity suppliers is determined locally and is based on historically underutilized businesses ownership.

**Minority-and Women-Owned Business (M/WBE ):** Within the United States, these are defined as businesses which have been certified by the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), or other State certification agencies (i.e. WA State Office of Minority and Women Business Enterprises) with comparable standards to be 51% owned, operated and controlled by a minority individual or group or by one or more women; for publicly held businesses, at least 51% of the stock must be owned by one or more minorities or women who are U.S. citizens or legal aliens with permanent residence status.

**Ownership:** For a sole proprietorship or partnership to be deemed a minority business enterprise, at least 51 percent of the company's assets or interests must be owned by a minority person. For a "corporation" to be considered a minority business enterprise, legal and equitable ownership of at least 51 percent of all classes of stocks, bonds and other securities issued by the corporation must be owned by a minority person or minority persons. Any ownership interest held by a minority person subject to an option or security interest held by a non-minority person or business entity affecting the incidence of operation and control of shares in the profits of the enterprise shall not qualify as being an interest held by such minority persons.

**Control:** This term requires that the primary power, direct or indirect, to influence the day to-day management of a business enterprise shall rest with minority persons. In addition, this term is construed to mean that the business enterprise is not subject to any formal restrictions such

as lease, by-laws, corporate charter or loan agreement, which would limit the customary discretion of the minority owner.

**Operated:** Involved in the day-to-day company decisions concerning the business operations in an active and internal capacity of the business' performance. **Subcontract:** Any agreement or arrangement between a contractor and any party or person for the furnishing of supplies or services.

**Supplier Development:** Effort to increase the capability of a supplier toward long-term success through programs such as mentorship, supplier teaming, split awards, etc.

**Supplier Recruitment:** Effort to inform, educate and enlist potential suppliers for future purchases.

**Prime:** The corporation or entity that provides products and services to the customer, which is the end user. The product or service is typically in its final value added configuration. In most instances, the corporation is the lead entity in the value chain.

**Second Tier:** A first tier supplier is a supplier that provides the products/services and invoices to the Prime for goods and services rendered directly by that supplier. A second tier supplier is a supplier that provides the products/services and invoices to the first-tier supplier for goods and services rendered.

**Direct Second Tier Purchases:** Second Tier supplier products and services, which can be identified in support of Prime's requirements. **Indirect Second Tier Purchases:** Products and services that cannot be identified in support of specific Prime requirements (e.g. production support products and services such as temporary staffing, and facilities support services).

**Double Counting:** MBE purchases that are captured as first-tier dollars by more than one major corporation in support of the same contract, relationship or the Prime's requirements. Additionally, MBE to MBE spend should not be reported as second tier dollars.

**Qualified MBE:** A minority-owned business that meets the certification and performance requirements of the Prime.

**Internal Customer:** The Prime's executive management, departmental management, supplier diversity council or other internal organizations and groups

**External Customer:** Refers to entities outside the corporation and not including the supply chain such as private sector, federal, state and/or local governmental (regulatory and/or legislative) entities, national/regional/local advocacy groups (Chambers of Commerce, business development organizations, and other external organizations).

## Appendix II: Resources

**Small Business Administration (SBA):** a federal agency whose primary role is the administrative regulating body and advocate of small business. In recent years, Congress has re-emphasized the advocacy function of SBA to bring about visible, substantive changes in public policy toward small businesses and to champion more effectively their cause. SBA's goal is to help small businesses survive in an economic marketplace dominated by large corporations.

**Office of Minority and Women Business Enterprises (OMWBE):** offers certification for Washington's small businesses that meet the criteria for minority and women-owned business enterprises (M/WBE). OMWBE develops programs designed to improve the contributions of minority and women-owned small businesses to the Washington State economy.

<http://www.omwbe.wa.gov/>

**National Minority Supplier Development Council (NMSDC):** an organization comprised of a network of 39 affiliate regional councils across the country (including SCMBDC), all of whom provide minority business certification and business development opportunities. Since 1972, the goal of NMSDC has been to provide the direct link between corporate America and minority-owned businesses. NMSDC has over 3,500 corporate members and more than 15,000 certified minority owned businesses in its network.

<http://www.nmsdcus.org/>

**University of Washington Business Economic Development Center (BEDC):** links students, faculty, and staff from the Michael G. Foster School of Business with a racially and ethnically diverse business and nonprofit community to expand students' knowledge and skills, help small businesses grow, create and retain jobs, open educational opportunities for under-represented minority students, and stimulate innovative economic development research.

<http://bschool.washington.edu/BEDC/>

**Women's Business Enterprise National Council (WBENC):** the nation's leading advocate of women-owned businesses as suppliers to America's corporations. It also is the largest third-party certifier of businesses owned and operated by women in the United States. WBENC works to foster diversity in the world of commerce with programs and policies designed to expand opportunities and eliminate barriers in the marketplace for women business owners. WBENC works with representatives of corporations to encourage the utilization and expansion of supplier/vendor diversity programs.

<http://www.wbenc.org/>

## Appendix III: FAQs

Below you'll find Frequently Asked Questions from companies who currently have Supplier Diversity programs, as well as companies who are newly considering the need for a Supplier Diversity program.

### **Will a Supplier Diversity program increase our costs?**

Not necessarily. Ideally, a well-constructed Supplier Diversity plan will include goals and metrics for reducing costs through increased competition.

### **Will the addition of a Supplier Diversity program mean we have to buy inferior products/services?**

No! Quite the opposite, as the addition of a Supplier Diversity program may increase the competitiveness of your bidding process. Be sure to utilize resources such as those named in Appendix II to help you locate reputable and quality diverse suppliers.

### **Isn't a Supplier Diversity program playing favorites?**

No! In contrast, a strong Supplier Diversity program can guard against favoritism. Make sure you have pre-determined goals and metrics in place that, while in support of Supplier Diversity, ensure acceptance of supplier bids that are most competitive relative to pre-defined goals. Our company has an open purchasing process.

### **Why do we need a special effort targeting women and minority owned businesses?**

Your Supplier Diversity efforts, along with your company's individual business case for Supplier Diversity, should align with your organization's mission, vision, values, and ultimately endeavor to create new value for at least one of your current stakeholder groups. For example, if your organization is in the retail industry, do women and minorities shop there? Would you like for them to? Then it may make sense to employ women and/or minorities as suppliers to demonstrate to that stakeholder community that your organization is committed to providing opportunities for historically disadvantaged communities. Also see the Business Case for Supplier Diversity. We have strong partnerships with our current suppliers.

### **Why should we change what's already working for us?**

Use already-strong partnerships with First-Tier suppliers as leverage to encourage the participation of Second-Tier suppliers. Even at the First-Tier level, the increased competition for you bid may result in lower bid prices, and ultimately, lower costs incurred by your organization.