

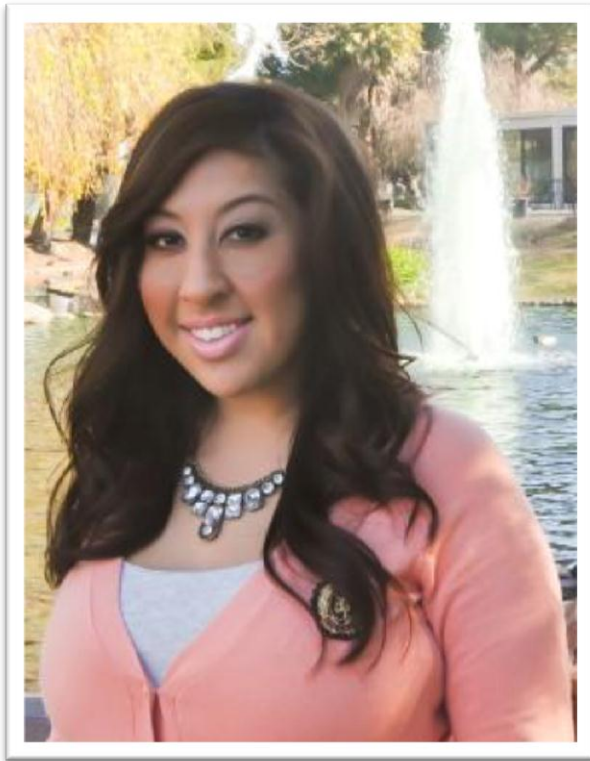
# 7 Best Practices: Improve or Begin Your Supplier Diversity Program Right Now



\*Plus bonus content

# AUTHOR:

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Angelique Solorio is ATR International's Community Outreach Manager. She assists corporations in reaching their Supplier Diversity goals by aligning ATR's IT and enterprise-wide staffing services with each corporation's needs. The result for our clients is a business partnership that is truly beneficial to both parties.

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# 1. Commitment from the top down

Supplier Diversity is a program that truly requires commitment from the top of your organization to realize the benefits of participating.

It can take time to fully understand the practices that will best suit your organization and to strategically source the correct vendors. It can also be costly to bring on full time Supplier Diversity professionals as well as actively participate in conferences on a regular basis. It will take time and resources to begin.

However, with support from the top executives and a will to invest in it, a healthy Supplier Diversity program can become instrumental in fostering a sustainable enterprise for years to come.

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## 2. Get involved in NMSDC

Become a corporate member in your local affiliate of the [National Minority Supplier Development Council](#). Founded in 1972, the sole mission of the council is to connect large corporations with smaller, Minority Business Enterprises (MBEs) that can fulfill corporate needs as well as create meaningful business partnerships.

The NMSDC boasts over 3,500 corporate members with a database of over 16,000 MBEs supplying a variety of goods and services. Spending the nominal corporate membership fee gains your company access to a number of networking and matchmaking functions to help you connect with the suppliers that you need for your unique business strategy.

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# 3. Participate

Merely purchasing corporate memberships from councils or showing up to events will not benefit your program if you are not fully present and engaged. Volunteer your company board room for a council meeting, sponsor snacks for a small event, buy a small ad in a conference program- the more your company is recognized as a champion of Supplier Diversity, the more other corporations and MBEs will reach out to engage you in reaching your goals.

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## 4. Get to know your supply chain

Do you know all the types of goods and services that your company purchases? Do you know the specific vendors that you currently engage for purchasing these goods and services? How about the policies surrounding procurement practices within your organization? If not, then it's time to get to know your supply chain.

Internally, this will enable you and your team to be truly proactive in sourcing relevant suppliers. You will be able to weed through thousands of diversity-certified companies to identify and build a pipeline of diverse suppliers that meet your unique business qualifications, allowing your company to react immediately to an urgent or unexpected need.

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## 5. Stay focused on specific goals

Let's face it, Supplier Diversity programs can always be improved. Policies can be enhanced, outreach efforts increased, etc. That being said, it is easy to develop an imbalance in the diversity metrics within any organization.

To combat unequal distribution of resources, analyze the current situation of your program and where you would like to improve in the future. Would you like to increase your Veteran-owned business spend? Increase participation in local diversity councils? Organize more outreach events for Minority-owned businesses? Identifying concrete goals for your organization over a set period of time will help you hold yourself accountable to achieving these goals without getting sidetracked.

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## 6. Increase involvement from other departments

Increasing involvement within your organization is key to the health and growth of a Supplier Diversity program. Encourage upper management to participate in supplier diversity councils such as your local affiliate of the [National Minority Supplier Development Council](#) to enable them get a better picture of the efforts being made that can benefit your own diversity initiatives. The more involved the other departments become, the more the company can work towards a clear, enterprise-wide diversity goal.

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# 7. Network

Supplier Diversity professionals often underscore the importance of networking to a successful program. Reach out to other Supplier Diversity professionals to gain insight on programs and best practices that may be new to you. Learn about strategies that are effective and share those that have been beneficial to you. Survey current suppliers and inquire on ways to improve your programs. The more you network to gain information, the more effectively you can analyze your current situation and set goals to improve your programs.

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# \*BONUS CONTENT

7 Reasons that Supplier Diversity is an  
Important Business Strategy

# 1. High growth of MBEs

For over a decade, minority business enterprises (MBEs) have increased at a tremendous rate, and consequently, Supplier Diversity has become a hot topic within the U.S. business community. From 1997 to 2002, 50 percent of the growth for all U.S. business firms came from minority business enterprises, generating an excess of \$205 billion in annual sales. [1] By 2007, more than one-fifth of the nation's total firms were minority owned, a 45.5 percent increase from 2002, more than double the 17.9 increase for all U.S. business. This increase in MBEs generated an excess of \$1 trillion dollars in the five year period from 2002 to 2007 alone. [2]

With growth rates as remarkable as these, we can expect minority businesses to continue to play a vital role in the health of the economy in the years to come. Tapping into this

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new emerging domestic market through Supplier Diversity can create new opportunities and advantages for insightful corporations able to reap first-mover advantages. Companies that are wary of investing time and resources into a supplier diversity program should take a closer look at business trends from the past 50 years. There has been a surge in minority owned companies over the decades. With no foreseeable end to this trend, it is wise for any organization to reevaluate the functionality and benefits of such a program.

“The growth in the number of minority-owned firms - both employers and non-employers - has far outpaced that of businesses overall.”

*Tom Mesenbourg, Deputy Director of the U.S. Census Bureau.*

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## 2. Rising minority purchasing power

In addition to the growing rate of MBE start-ups in the U.S., there is also a growing rate of minority purchasing power. In 2000, minorities accounted for 20 percent of the total purchasing power in the U.S., a figure the U.S. Census Bureau projects to increase to 45 percent by year 2045. Figure 2 indicates that minority purchasing power should exceed \$2 trillion by 2015 and \$3 trillion by 2030 [3].

This growing rate of minority purchasing power means that minorities will continue to be a large target market for corporations. What better way to reach these growing customer bases than to engage them in a long-term customer relationship through Supplier Diversity? The majority of Fortune 500 companies recognize the benefits of strategic MBE partnerships and leverage them to become more relevant to their target

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minority audiences. Participating in minority partnerships with MBEs creates a favorable image with many minority groups and can lead to brand loyalty and long-term customer relationships, ultimately increasing the bottom line.

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# 3. Widening vendor base and increasing competition

This point goes straight back to Economics 101. By participating in Supplier Diversity an organization is able to optimize its vendor base by allowing a high level of diverse goods and services into its supply chain. By doing so it can increase vendor competition within the firms competing for bids, increasing the quality of goods and services as well as potentially bringing down the prices to a competitive rate. This basic principle is important to include because of the misconception that MBEs cannot offer quality goods and services or competitive pricing. Due to MBES generally being small businesses by nature many organizations overlook their ability to add value as a vendor.

According to recent data from the Hackett Group, leading procurement organizations had slightly higher rates of Supplier Diversity participation than other firms, and generated 133

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percent greater returns than the average firm, tacking on an additional \$3.6 million to their firm's bottom line. Although it is true that these firms may have performed just as well without supplier diversity, they did not perform any worse than companies with lower rates of Supplier Diversity.

“Companies that focus on Supplier Diversity, driven by a sense of social responsibility, government mandates, or a range of other factors, are just as able to run effective procurement operations as their peers that ignore Supplier Diversity.”

*Kurt Albertson, Senior Advisor, Hackett Group*

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## 4. Diverse suppliers = diverse opinions

In any decision making process it is important to consider all possible solutions to a known problem. The same should be true for running an effective company.

When it comes to the procurement of goods and services, a firm should not limit itself to a standard set of options but, instead, explore the many options available to them. Minority owned firms can certainly offer some unique opportunities, diverse solutions, and a fresh perspective to a given gap in procurement. They can meet needs oftentimes in unconventional ways and add value to a company in think tank and research group situations.

Think of it like a discussion in a classroom; if you have a room full of the same type of students with similar age, gender,

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background, and set of values, the discussion will quickly come to an end at a known solution. Nothing new can be created. However, by incorporating a mix of experience from different backgrounds, a firm can increase their competitive problem-solving advantage.

“Wide differences of opinion in matters of religious, political, and social belief must exist if conscience and intellect alike are not to be stunted, if there is to be room for healthy growth.”

*Theodore Roosevelt*

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# 5. Staying competitive with larger firms

In today's market where company information and a firm's corporate culture can be found with a quick search on Google, it is more important than ever to stay current with business trends in order to compete with larger firms.

Potential clients and other businesses are able to look up information on a firm at any given moment. In the past, staying competitive with larger firms meant beefing up online visibility through a more comprehensive website, clearly outlining a company's mission statement. Now with more and more companies engaging in social media, it is easier than ever for tech-savvy potential clients and business partners to look up information about a firm and see which companies are "keeping up with the Joneses" on business trends.

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With Supplier Diversity continuing to rise as a hot topic in the business world, firms that wish to stay competitive with larger corporations and not fall behind need to take note of its importance.

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## 6. Public relations

When you get right to down to it, Supplier Diversity can be a great public relations move. In an age with entire blogs, websites, and newsletter publications dedicated to Corporate Social Responsibility, demonstrating that your corporation places value in Supplier Diversity can provide a huge PR push.

“Corporate America” has gained a reputation with some groups for not “giving back” the way that people see fit for a group that makes the amount of money that it does. Supplier Diversity can be a way to highlight your corporation’s care for small businesses, minority business owners, and the community as a whole.

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# 7. Government mandates

Recognizing the value of minority owned businesses and actively sourcing firms owned by historically-underrepresented people groups is a focus of the Federal Government under Obama.

In 2011, Obama implemented the Government- Wide Diversity and Inclusion Strategic Plan that directs all executive departments and agencies to create and implement a more comprehensive and strategic focus on diversity and inclusion in their workforce. Furthermore, it is a requirement of the Federal Government that any firm that wishes to do business with the Federal Government must have a Supplier Diversity program in place and meet set quotas.

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# SUMMARY

A Supplier Diversity Program is no longer simply a “feel good” approach to business. It has become a necessary part of being successful in today’s business environment. A successful program engages unique vendors, attracts diverse customers, and provides support to surrounding communities. Most Fortune 1000 companies have successful Supplier Diversity Programs, it’s time to make sure your company does too.

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***The Essential Guide for a  
Successful Contingent  
Workforce Program***

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## Connect with Angelique Solorio

Have questions about Supplier Diversity?  
Interested in partnering with a staffing firm that understands what it takes to thrive in a Supplier Diversity Program? Contact Angelique today at [angeliques@atr1.com](mailto:angeliques@atr1.com) or 408-328-8085.

### **About ATR International, Inc.**

Founded in 1988, ATR International is a leading provider of IT consultants and enterprise-wide staffing services. We are headquartered in Silicon Valley and serve clients across the U.S.

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