



Supplier Diversity in the 21st Century Surviving the Economic Downturns

by The Supplier Diversity Leadership Council

During troubled times, maintaining the success and relevancy of a supplier diversity program requires greater focus and attention. The starting point—an organization-wide recommitment to diverse suppliers.

In good times, one role of the supplier diversity executive was to promote the concept of supplier diversity within his/her organization and spread the word about its positive impact. Today, with many C-suite and senior executives still unaware of its bottom-line benefits, the task of promoting the concept has turned into ensuring that the organizational commitment remains intact. In short, supplier diversity in some companies may struggle for survival during turbulent economic times.

Back to Basics

It may sound like a cliché, but in volatile economic times, it is important for the supplier diversity executive to be current on global economic trends and markets and focused on reinforcing the foundation of the organization's supplier diversity program. A good place to start is a reaffirmation of CEO commitment to supplier diversity, revamped internal and external communication strategies to reinforce that message, a look at ROI metrics to build the business case, and a general process review.

C-Suite Commitment

Leadership is the lynch pin of any successful organization. In order for any project, initiative, or program to be successful, it must have the support of the C Suite from the very top and all the way through the operating team. Most best-practice supplier diversity programs have a statement of support from the CEO that features a clear and forceful commitment to a diverse supply chain and the utilization of diverse suppliers. Now is a good time to obtain a reaffirmation of that support with fresh language that reemphasizes the CEO commitment to the supplier diversity program even in hard times.

Internal Communications

Utilizing the renewed CEO commitment, the supplier diversity executive should take a deep dive into all communications strategies and formats including print, video, and Internet-based, with the aim of reinvigorating the organization's dedication to the program. Communications must be relevant, concise and easily understood. The message that you convey to your internal stakeholders should be aimed at fulfilling their business needs with a keen eye on the cost component.



External Communications

Identify key external stakeholders (e.g. suppliers, advocacy groups, etc.) and ensure that each has a clear understanding of any change in direction for your supplier diversity program and what impact those changes may have on how they do business with you in the future.

ROI Metrics

Reestablishing the business case for supplier diversity is critical. ROI (Return on Investment) has taken on special meaning in today's economic environment. Identify revenue generated by supplier diversity program involvement in the respective corporation's sales process.

Process Review

Undertake a systematic process review to include activities such as reporting (internally, externally) supplier certification, forms, Web site updates, RFP and contract language.

Additional Steps

Additional actions that supplier diversity executives should be taking to ensure success and relevance in a volatile economy include:

Periodic review – Conduct a person-to-person periodic review of your top suppliers with an in-depth review of their supply chain and their financials. Review new opportunities for increasing and/or maintaining their business. Are there supplier development opportunities to help them grow their business? Also help them keep an eye on next generation technologies.

Bankruptcy watch list – Utilize legal notifications systems to identify which suppliers filed for bankruptcy.

Seizing Opportunities

While much of what has been mentioned in this report appear to be defensive actions, it is important not to overlook potential new opportunities that may result from the downturn.

Government financial stimulus – Various Federal/State/local programs may afford the diverse supplier an unprecedented opportunity. While the specifics of these programs are still unfolding, now is the time to determine the best method to quickly identify such opportunities. Diverse suppliers should actively seek out stimulus opportunities.

Charitable foundations – Ensure that you have full knowledge of the financial opportunities available to all aspects of your program. For example, there may be some financial resources available for diverse supplier mentoring and education. This funding may be available through a foundation sponsored by your own company or affiliate. Additionally, look for other public funds/grants that may currently be available for such activities as research and development. Diverse suppliers should actively seek out public grants.

Volunteerism – Do not underestimate people's desire to help others in time of need. Develop a volunteer program that utilizes specific skill sets to assist a diverse supplier to better develop their business case. Supplier mentoring is critical during times of need. Ensure you recognize the individuals or groups that provide their time to help.

For Suppliers: Actions Diverse Suppliers Should Consider

- Suppliers need to ask themselves what specific actions they are taking in today's environment to react to their customers' new direction.
- Diverse suppliers need to stress the "partnership" element of their business relationships by:
 - Improving connectivity with their customers
 - Being more creative in their approaches to solving customer problems
 - Clarifying their competitive advantage; e.g., rebuilding an outmoded business plan, then executing it
 - Leading with optimism
 - Diversifying their offerings, if it makes sense, while retaining focus on their core competencies
 - Increase respective capacity through partnerships, LLC's, acquisitions and joint ventures

Conclusion: A Checklist for the Supplier Diversity Leader

During troubled times, supplier diversity programs need to refocus on providing guidance on specific opportunities that offer the diverse supplier a chance to be successful in the near term. This could include assigning operational personnel to suppliers to better help them compete successfully by encouraging participation in development opportunities, including global ones, investing in next generation technologies, and looking at niche markets such as going “green.”

Core Activities

The critical core activities deemed important by The Conference Board’s Supplier Diversity Leadership Council include:

- Renew “C Suite” support
- Drive commitment to utilize diverse suppliers within your supply chain
- Review policies, procedures and processes and streamline where appropriate
- Refresh internal and external communications in all media formats
- Reinforce the base case for supplier diversity
- Remain vigilant for new opportunities such as government financial stimulus packages and charitable foundations
- Rededicate yourself to your program and remain positive in everything you do to advance supplier diversity in your enterprise
- Reestablish your mentoring program

Specific Tactics

- Conduct a deep dive for savings in Tier I and Tier II spend
- Automate reporting process
- Re-target supplier diversity event sponsorships
- Identify and invest in high-potential MWBEs (training, real mentoring, consulting)
- Utilize technology to perform registration, reporting and online technology

The Importance of Remaining Connected

During tough economic times, memberships in diverse supplier advocacy organizations become an easy target for budget cutbacks. Executives need to connect and weigh these costs against historical savings obtained through the use of Minority and Women’s Business Enterprise organizations. It is also important to press advocacy organizations to better articulate their role in ensuring the continuity of the diverse supply base during turbulent times.

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Council Perspectives is based on sessions from selected council meetings, post-meeting interviews, and other pertinent data, and may sometimes include original content written by council members. It is not intended to be a research report; rather, Council Perspectives provide a unique look into the minds of executives from leading global organizations as they assess, analyze, and develop ways to address critical issues.

About This Report

In mid-2007, discussions in the Supplier Diversity Councils turned to a particularly “hot topic” – sustainability – which was receiving not only vast media attention, but the focus of corporate C-suites around the world. Council members posed the question: How could supplier diversity develop similar momentum? While the members were pondering that question the global recession forcing members to turn their attention to not how to best promote supplier diversity in an enterprise, but rather how does supplier diversity survive. The material in this report is a compendium of discussions on what actions a supplier diversity thought leader should take to ensure the continued relevancy and success of his/her program and make certain it remains a priority within the organization.

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To learn more, contact Katie Plotkin, Councils Membership Manager, +1 212 339 0449 or katie.plotkin@conference-board.org. Council participation is by invitation only and is an exclusive benefit for The Conference Board member organizations.

About the Supplier Diversity Leadership Councils

In 2005, The Conference Board recognized a void in furthering the future of supplier diversity and launched the first of two Supplier Diversity Leadership Councils. These councils, which meet on a regular basis in a confidential setting, bring together senior thought leaders on supplier diversity to discuss opportunities and challenges that face the supplier diversity executive.

To download this publication free of charge, visit www.conference-board.org

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