

What is Supplier Diversity?

Supplier Diversity = Corporations use supplier diversity programs to strengthen their supply chains by cultivating the marketplace of women-owned, minority-owned, veteran-owned and LGBT-owned vendors. These programs originated as government initiatives to foster the use of underutilized historically disenfranchised businesses.

Supplier Diversity Programs help Women-Owned Businesses Access Corporate Markets.

Over time, corporations have begun to develop sophisticated supplier diversity programs integrated into the entire enterprise. Effective supplier diversity programs are a means of not only maintaining, but strengthening a company's competitive advantage by accessing suppliers that can provide better, faster or cheaper products and services, allowing the corporation to focus on their core competencies. Supplier diversity programs are a critical pathway to corporate market access for women-owned business.

Women Business Owners Win because Corporations Invest in Their Suppliers

- Participating in supplier diversity programs result in stable financing, increased revenue and ultimately allow WOBs to enhance their reputation and brand.
- Benefits include: more sales, increased revenues, business development, training, mentor/protégée programs, joint ventures, access to financing, matchmaking, investment assistance, prompt pay, and more to help build capacity.
- Examples:
 - Walmart's Fiscal Year Estimates for 2015 show that about \$13.5 billion will be spent with WOBs and minority-owned businesses. \$10.4 billion of which on in direct spending and \$3.1 billion in second tier spending.⁵
 - In 2012, AT&T spent \$12.8 billion with minority, women, and disabled veteran business enterprises.⁶

Diverse Supply Chains Help Corporations Access Innovative Products and Services

- Established supplier diversity programs optimize the supply chain by creating efficiency, flexibility, and diversity while ensuring the most cost-effective strategies are used. Both Tier 1 suppliers (companies that provide goods/services directly to a corporation) and Tier 2 suppliers (indirectly supply goods to corporation) are vital to the supply chain.

Corporations Win because of Increases in Revenue and Competitive Advantage

- Supplier diversity programs advance the supply chain and allow corporations access to innovative and diverse enterprises, providing them with a competitive advantage and increased corporate profits.
- Examples:
 - A McKinsey survey found that 34% of company respondents note that WOB engagement has increased profits. In 2014, AT&T attributed \$4 billion in revenue to its supplier diversity program.⁷
 - Johnson Controls attributes \$6 billion in revenue over a 12-year period due to supplier diversity programs.⁸

Game-Changing Economic Impact

- ✓ WOBs that sell to other businesses have higher revenue than WOBs that do not sell to other businesses.¹
- ✓ In supply chain operations for Fortune 500 companies, 10% of senior leadership roles are run by women.²
- ✓ 34.5% of WOBs sell products and/or services to other businesses while 43.7% of men-owned businesses do so.³
- ✓ In 2005, approximately \$1 billion was spent on third party services by the Fortune 100.⁴

1. Women-Owned Businesses & the Private Supply Chain, National Women's Business Council. 2014. 2. Lazarus, Sydney. "New Research on Women in Supply Chain Management: Is the Field Set to Evolve?" *Spend Matters*. 2013. 3. Ibid. 4. Center for Advanced Purchasing Studies Research, 2005 as cited in Foggin, Mark "Breaking into the Corporate Supply Chain, Center for an Urban Future." 2010. 5. Walmart. "Supplier Diversity." 2015. 6. AT&T, "Material Assessment Topic: Supplier Diversity." 2012. 7. Jonathan Katz, "The Business Case for Supply Chain Diversity," *Industry Week*. 2011. 8. McKinsey & Company, "Rethinking How Companies Address Social Issues: McKinsey Global Survey Result." 2010.