



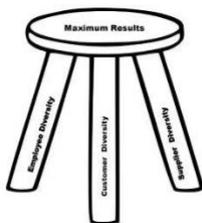
Why Corporations Value Their Diverse Suppliers

As a sought-after diversity consultant, I regularly receive calls and emails wondering why supplier diversity programs are important to major corporations. In fact, diverse suppliers are so important to many major corporations that they have dedicated programs ensuring and cultivating these relationships. The companies who have not yet caught on call me and ask, “Why is diversity such a big deal? Are we all just trying to be politically correct, or is something more at stake?”

The truth is that corporations of all sizes value diversity tremendously. Those who aren’t yet aware of the benefits wonder how learning that a supplier is a company owned, operated, and controlled by women, ethnic minorities, LGBT individuals, disabled Americans, and/or veterans assume that diversity is just about the good PR, or the tax benefits a corporation must receive.

My answer to this question often shocks my clients. This is when I get to start the process of changing their entire perspective on supplier diversity. I tell them, “Supplier Diversity Makes Money”.

Silence.... And then...”Really? How?” Why do corporations value their diverse suppliers? There are three key reasons.



1. The Three-Legged Stool

Regardless of industry, a company’s customer base is likely to contain a diverse set of consumers and businesses. Black buying power is expected to exceed \$1.4 trillion by 2020, while Hispanic buying power will exceed \$1.7 Trillion by the end of 2017. In order to maximize revenue, a company must diversify all three legs of their proverbial stool; employees, suppliers, and customers. To access the spending power of increasingly

diverse consumers, companies must understand and adapt to their different needs, including their demographic and cultural preferences. Corporations “in the know” value the ideas, beliefs, and interpretations of their diverse suppliers and actively seek to utilize the information presented. Does this translate to increased profits? Absolutely.

2. Diversity Brings New Business

Innovation means having the ability to take great ideas and turn them into goods and services. Whether we are discussing the retail industry or the pharmaceutical industry, being at the fore creates a competitive landscape that invites new customers to the table. Diverse suppliers are able to offer an even broader, more desirable assortment of products, which are often delivered in the most palatable format to the end-user. Traditionally underrepresented groups offer new ways to reach populations whose buying power is on the rise. The LGBT market has largest disposable income of any demographic, and 78% of recently-pollled LGBT consumers and their friends and relatives say they would switch brands to companies that are known to be LGBT friendly. When suppliers have different experiences, perspectives, cultures and backgrounds, corporations receive the most advanced, creative and cost-effective products available to the largest possible amount of customers. Does this equal greater financial success? You better believe it.

3. Keeping it Clean

Contracting with MBEs and WBEs has a “multiplier effect” that increases spending and consumption and promotes job creation on a local level. Corporations want their employees and their customers to feel secure in their surroundings. Research shows that \$0.70 to every dollar used to hire a diverse-owned business is put back into its local community. This creates a virtual groundswell of educational and employment opportunities. The local, diverse suppliers become company ambassadors to the community. More money is filtered into their city, which translates to better schools, more consumerism (the good kind), and more positive word of mouth. Guess what the result is? More money for all.

These are just some of the reasons that the business vanguard cherishes their trusted diverse vendors, and values these relationships. As suppliers, we have a responsibility to continue creating, innovating, and further diversifying ourselves in order to cultivate this crucial edge.

The majority of corporations are excited to innovate solutions and fuel the growth of economies and communities, as well as transform their supply chain into profit centers. It is us, the diverse suppliers, who continue to offer the tools to meet all these goals, and help our clients and customers achieve in a mutually beneficial cycle of growth and success.

Back to my client. Why do the most successful corporations value their diverse suppliers? We change the status quo and move the world forward. With that comes increased profitability for everyone involved!

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Heather Cox is the President of [Certify My Company](#), a premier diversity consultancy. She has been a part of the Steering Committee for the WPEO NY and a member of the WBENC Forum Marketing Committee, Co-Chair of the Each One Reach One Campaign. She served as Vice President of Diversity for the National Association of Women Business Owners and was a member of the Advisory Board for SuperBowl XLVIII.