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Modernizing Supplier Diversity

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Opinion: Supplier Diversity Programs Need Effective Mentoring

For decades Supplier Diversity initiatives have been designed to help minority-owned companies penetrate corporate coffers by granting them direct access to lucrative vendor contracts that otherwise would be awarded to a close-knit group of established suppliers. Although Supplier Diversity has succeeded in highlighting minority entrepreneurial potential, most corporations still struggle with developing effective ways to integrate minority-based vendors into their supply chain.

For over 40 years, corporations have spent millions of dollars funding fully-staffed Supplier Diversity departments designed to attract qualified minority-owned companies into their roster of approved vendors. By now, one might expect to see tangible progress such as expanded Supplier Diversity departments within corporations, an increase in the number of approved minority vendors, and ultimately a positive return on investment. Instead, Supplier Diversity departments at most corporations have been either drastically reduced in size or eliminated all together. What remains today is a mere shell of what existed in the early and mid '90's, prompting one to ask, "Why did Supplier Diversity fail and how can we learn from these experiences?"

A recent exchange among the Supplier Diversity Officers allowed us the unprecedented opportunity to explore solutions to these problems. One such solution was the formation of mentorship programs that would allow young minority-based companies to perform at a more controlled pace. By matching vendor capacity with corporate procurement needs, minority-based vendors would be assigned to jobs where they could gain the knowledge and confidence needed to become larger vendors. Rather than equating the success of a program by the total dollar value of contracts awarded, a company would measure success by both the number of successfully completed contracts and the rate at which vendors acquire larger contracts.

This proposed program would require coordinated efforts between a non-profit organization hired to profile qualified minority-based vendors and match them with appropriate corporate procurement offerings. The corporate procurement department would work closely with their respective Supplier Diversity officer to carve out contracts into manageable segments that selected minority vendors could handle successfully. As minority vendors complete their assignments, they would automatically qualify for more business and in return be asked to mentor the next crop of minority vendors. This perpetual relationship among minority vendors would encourage cross-cultural cooperation while allowing corporations to harness and leverage minority entrepreneurial enthusiasm to their long term competitive advantage. All the pieces of the Supplier Diversity puzzle already exist. Now what we need is new leadership to modernize Supplier Diversity to meet our changing requirements for the 21st Century.

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