

**AN EXCERPT FROM WAYNE'S
CLASSIC BOOK**

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PREVIOUSLY PUBLISHED AS THE SUPPLIER DIVERSITY CLASSIC "TALES MY GRANDMA TOLD ME"

THIS BUSINESS *of*



**SUPPLIER
DIVERSITY**

HOW TO DO BUSINESS WITH CORPORATE AMERICA

A. Wayne Gill

Introduction

Welcome to “This Business of Supplier Diversity.” If you took the time to download this excerpt, it means that you care about the issues facing small and minority owned businesses. You may be a business owner or a corporate executive slated with the responsibility to increase minority business participation. Either way, this ebook provides big ideas and powerful strategies to help you achieve your goals.

While this is a relatively short ebook, I set out roughly one half of the success principles contained in the full book. This will provide you with a quick read and will help you to get your feet wet. If you’d like to dig deeper, you can purchase the full book in either digital or hard copy at www.waynegill.com.

I’ve always been a teacher and I know that one of the keys to teaching is getting your students engaged. There’s nothing worse than a boring teacher who drones on while you feel like nodding off. I also believe in the power of stories. People may not always relate to cold data, but they always relate to stories with meaning.

For these reasons, “This Business of Supplier Diversity” is not just another boring business book. The first half of the book features a story about a reluctant entrepreneur and how he found his way through the

start-up maze. He paid the price that all entrepreneurs do: Hard work, sweat, highs and lows, but he comes out on top.

The second half of the book sets out some of the principles he learned on the journey. I share twelve of those principles here. Six of them pertain to small and minority owned businesses and six pertain to corporations who do business with those companies.

The story is fictional but the principles are not. I learned them firsthand during my many years as a small business owner and minority business advocate. That is another reason why this book is not professorial. It's not based on theory; it's taken from my own experience in starting a small business and growing it over time into a multi-million dollar enterprise.

I hope my words of advice and counsel will serve you. Please enjoy this gift and please leave your comments at www.waynegill.com. I'll be sure to quickly answer you. To you success!

Wayne

Minority Business Success Principle No. 1: **Business is Business**

Many new minority owned businesses have the notion that the fact of being minority-owned presents a red-carpet invitation into the American corporate boardroom. There's an assumption that large corporations are looking to fulfill some kind of "minority quota." I have to admit that when I first tried to sell my services to corporate America, I had a similar idea.

That idea could not be farther from the truth. All major corporations contribute to charity or community life in some fashion, but it's not through their supply chain. In order to successfully sell to those organizations, you must figure out their problem that you solve and communicate your solution effectively to them.

Supplier Diversity programs can help you communicate the message, but you have to deliver the goods. Your business must abide by and operate within the same principles that govern all successful businesses. I haven't found a set of success principles that apply to non-minority businesses and another for minorities. If anything, it's much harder for small and minority owned companies. Business is business.

Minority Business Success Principle No. 2: **You Must Have a Plan**

It's beyond cliché that failing to plan is planning to fail. Nevertheless, there are still many small companies vying for contracts with large, multi-national corporations but which fail to have a written plan of their own.

This results in businesses that are misdirected in their approach to supplier diversity marketing. All such businesses without a written plan should stop and immediately write one. There are numerous helpful tools available in the public library, the Internet or on the general market.

The plan should be personally written by YOU, the owner, without any initial assistance by outside "experts." The exercise of writing a business plan will force you parse through tough issues and to think clearly about the vision, mission, and viability of the business enterprise.

Minority Business Success Principle No. 3: **Get in the Game**

Some business owners assume that simply being of ethnic heritage entitles them to participate in corporate supplier diversity programs. That is not entirely accurate. Virtually all supplier diversity programs require minority participants to be certified by certain national, certifying entities. For minority-owned businesses, the best known and most widely accepted certification comes from the National Minority Supplier Development Council Incorporated (NMSDC).

The NMSDC and its thirty-nine national affiliates, among other things, certify applicants as being legitimately minority-owned and meeting other set standards of business viability. Without this certification, minority owned companies are not in the game – they are unprepared to compete within traditional supplier diversity channels.

Minority Business Success Principle No. 4: **Know Your Customer**

Due to the size and breadth of the corporate spend of Fortune 500® companies and the growing participation of American corporations in supplier diversity initiatives; the spectrum of opportunities for minority businesses is wide. Because of this and due to poor planning, some companies fail to narrowly tailor their marketing to specific opportunities within the corporations.

Marketing efforts are directed to departments or areas that either do not buy or do not have opportunities within the company's wheelhouse. Other times, the marketing campaign is directed at several corporations, across the board, without a clear assessment of the corporations' needs. This approach is a mistake and a waste of time. An effective strategy involves researching corporate targets and adopting strategies that meet the corporations' stated needs.

Minority Business Success Principle No. 5: **Know Your Competition**

In addition to knowing your customers, you must also know your competition. You must understand that your competition does some right things for your target customers. You need to know what those things are. The competition also does some not-so-right things. You've got to know those things too. The zone of the competition's weaknesses represents your strategic opportunity.

This is an area of real opportunity for small and minority businesses that are willing to study their customers, their competition, and to innovate. This is where your relatively smaller size can be leveraged as a strategic advantage. Small companies are often in the best position to design *custom solutions* for clients. This is what corporate purchasers are looking for.

Minority Business Success Principle No. 6: **Sell Solutions, Not Just Yourself**

Minority business growth in the United States over the past thirty years has been outstanding. Minority business owners have overcome racism, legal hurdles, and a host of incredible obstacles to make the advances that have been made. There's much to be proud of. Perhaps for these reasons—pride in themselves and pride in their companies—minority entrepreneurs tend to primarily sell themselves (and their companies) to corporate America.

But what does any of that matter if the company doesn't sell a *solution* to its potential client? A minority business may have a very impressive brochure, but most clients listen to that favorite radio station WIFM, namely, "What's in it for me"? And that question is completely appropriate. Your potential clients need to know how you intend to make them better, abate their problem, or make it go away altogether. If you can't do so, then you should rethink why you're attempting to sell to that company. You've got to sell solutions; not just yourself.

Section II

I hope you enjoyed the first section of this ebook where we discussed six minority business success principles. If you'd like a deeper dive into anything you've read so far, please be sure to pick up the full book at www.waynegill.com where there are six additional principles discussed, plus the entrepreneur's story in the first section of the book.

In this section of the ebook, we will now address six success principles for corporate executives who are doing business with or seeking to do business with minority business entrepreneurs. Just as minority business owners are in need of a roadmap for connecting with corporate prospects, corporations also need strategies to identify and assimilate small businesses within their supply chain. The remainder of this book will address the corporate side of the equation.

Corporate Success Principle No. 1: **Recognize the Business Case for Diversity**

There is a minority myth. The premise of the minority myth is that minority-owned companies deliver inferior products, services and overall quality. The conclusion from the myth is that doing business with minority-owned companies is more about addressing social justice goals and less about developing strategic business partners.

Minority consumers in the United States represent a growing multitrillion dollar market. Minority-owned companies are growing at four times the rate of the average United States firm and creating thousands of jobs annually. According to recent Census Bureau reports, the minority population will represent nearly 40 percent of the United States population by 2020.

Corporations that see only social welfare opportunities in the foregoing statistics are sadly mistaken. They will be unprepared for the future and outclassed by corporations that already see the vision and are already exploiting the phenomenon as a strategic business advantage. There is a social aspect to minority business development (doing the right thing) but it's not the sole aspect.

Corporate Success Principle No. 2: **Demonstrate Commitment**

According to the NMSDC, corporations committed to effective supplier diversity programs should start with six key areas for development: (1) creating a corporate policy statement, (2) obtaining the unqualified endorsement and commitment from the company's chief executive officer, communicated effectively company-wide, (3) hire a minority business development director at a high level of management, (4) establish an internal minority business development team with specific purposes and objectives, (5) set forth clear and measurable minority business development goals tied to management performance appraisals, (6) develop minority business development strategies to increase minority business participation.

These recommendations spell out the word, commitment. It's one thing to talk about leveling the playing (and paying) field. It's another to take uncomfortable steps to make that lofty goal a reality. Corporations must learn that commitment goes beyond brochures and speeches. It requires action, and the steps outlined above are a good place to start.

Corporate Success Principle No. 3: **Hire Qualified People**

One of the six steps to forming a successful minority business development program cited in principle number two above is the hiring of a management-level minority business development director and equipping that individual with resources and a team. Beyond merely hiring for such positions, corporations should spend the time necessary to recruit individuals qualified to do the job. This suggestion may sound academic, but it's not a given.

In some instances, minority business directors or supplier diversity personnel are hired from areas of the company that have little to do with minority business or even procurement. The governing qualification in such cases is that the candidate be from a minority group. These individuals may be qualified in other areas, but they don't understand the warp and woof of minority business development and procurement. In the long run, unless they are passionate about the position, they are largely ineffective. This can be solved by making a qualified hire from the outset.

Corporate Success Principle No. 4: **The Color of Diversity Is Green**

Nothing speaks to commitment more than money. It is easy to discover what a company values by analyzing where it spends its hard-earned dollars. Companies with lackluster supplier diversity programs spend lackluster dollars. Similarly, companies that assign supplier diversity objectives and goals, without any economic consequences for not meeting those goals, fail to put enough “teeth” in their programs.

Corporations with supplier diversity programs should adopt a policy of tying management compensation to achievement of supplier diversity goals. Without such motivation, supplier diversity will continue to lack priority. By compensating staff for winning supplier diversity strategies, and results, the company sends a message about what it values. It will also dramatically increase its effectiveness.

Corporate Success Principle No. 5: **Diversify Your Board of Directors**

Corporations that are serious about supplier diversity obtain buy in at the board-of-directors level. Corporate policy is set at the board level. Long-term strategic direction occurs at the board level. It therefore follows that the transition from the *minority myth* to the *minority mission* must also be driven at the board level.

It also follows that corporate boards must be diversified to include members of minority groups and women. These players will bring a more sophisticated understanding of the business case for diversity and ideas that will shape corporate policy in this area.

Corporate Success Principle No. 6: **Be Strategic About MBE Participation**

For top corporations, purchasing opportunities exist across myriad industries. Corporate purchases run the gamut from sophisticated information technology to janitorial and vending supplies. Although there's been a meteoric rise in corporate spending with minority companies over the past 2 to 3 decades, the spending as a percent of total corporate expenditure is still abysmal.

This leaves a significant, multifaceted pie on the table. Corporations must become strategic at the highest levels of management to uncover opportunities for minority business participation. This will take courage, because it will involve taking non-traditional approaches to partnering and working with those companies. However, very little greatness is ever wrought without guts and a willingness to disrupt the norm. I challenge corporations to think creatively about minority business participation.

Conclusion

Thank you for taking the time to download and read this resource. I hope it served you well. Please feel free to share it free of charge with anyone who you believe will benefit from it. Please also remember that the full book version is available for sale on my website at www.waynegill.com along with lots of other free downloads to help you wherever you are in life.

Please leave me your comments or contact me on social media. I love to hear from my readers. Please also consider me if you are ever in need of a speaker, moderator or panelist for an upcoming event. You can let me know about that as well. Take care and please stay in touch!

Wayne

Wayne Gill is an entrepreneur, attorney, author and minister. You may follow Wayne online at www.waynegill.com.

