WHY SUPPLIER DIVERSITY IS IMPORTANT

By Jean Mavrelis

Question: What is supplier diversity, why should organizations care about it, and how can they ensure that their efforts are successful?

Answer: Supplier diversity is an inclusion initiative that links private businesses with minority-owned suppliers of goods and services. It is an important effort because it leverages the core American values of fairness and equal opportunity by attempting to level the playing field in the U.S. business environment, which continues to be largely controlled by white men.

In some cases the bottom-line motivation for an organization’s supplier diversity program is to gain access to government contracts. In other cases companies seek access to sources of potential customers through their connections with a richer pool of suppliers.

Diverse suppliers offer a different perspective on how things can and should get done, especially when it comes to reaching out to people from their own community. For example, when the editor of the San Jose Mercury News asked everyone on staff to identify diverse sources to interview, the quality of the reporting on community matters improved and the paper gained an insider’s perspective on what was going on.

McDonald’s decided early on that they needed to listen to, as well as hire, the people they were selling to. One way they did this was by using the name “Mickey D’s,” a nickname often used by blacks, in one of their commercials.

Organizations can increase their access to diverse suppliers by:

- Networking through national organizations, such as the National Minority Supplier Development Council (NMSDC) and the Women’s Business Enterprise National Council (WBENC).
- Advertising in publications targeted toward minority and women businesspeople.
- Attending trade shows, such as those offered by NMSDC and other organizations focused on business development.
- Creating a supplier web site identifying the services and products the organization typically seeks.
- Networking with peers.
- Hosting an in-house trade show event.

However, targeting diverse companies as possible suppliers is only the first step. To establish trust, diverse suppliers should be treated as valued business partners rather than impersonal cogs in the wheel. It is important to understand that diverse suppliers might be less experienced than mainstream counterparts and are more likely to be ethnically traditional.

Therefore, it is important to teach those communicating with diverse colleagues and business partners the nuances of cross-cultural communication. For example, asking “do you have any questions?” might be heard by individuals from hierarchical cultures as “I’m done explaining.”

Mainstream companies generally expect suppliers to let them know if there is a problem meeting deadlines, whereas culturally diverse global suppliers might be reluctant to deliver bad news unless there is a trusting relationship.

Diverse suppliers often appreciate a more hands-on approach from the companies that hire them. This includes direct company oversight, specific direction, and making sure suppliers have what they need to get the job done. Companies that decide they won’t let supplier relationships fail will be in a good position to maximize the business relationship.

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