

Why minority suppliers belong in your supply chain

By Toby Gooley | February 24, 2016

Including minority business enterprises in your roster of suppliers can generate meaningful business benefits, says Joset Wright-Lacy, president of the National Minority Supplier Development Council.

What do you look for in a supplier? Quality products and services, favorable pricing, reliability, flexibility ... the list of possibilities is a lengthy one. Joset Wright-Lacy would like supply chain professionals to add something to that list that they often don't consider: a supplier's ownership.

Wright-Lacy, a Georgetown-educated lawyer who formerly was vice president of procurement and property services for a major telecom company, is president of the [National Minority Supplier Development Council \(NMSDC\)](#). The nonprofit organization's mission is to advance business opportunities for certified minority business enterprises, or MBEs. It certifies MBEs owned by U.S. citizens who are Asian, Black, Hispanic, or Native American, and connects them with its 1,200 corporate members, whose ranks include many of the country's largest and most influential companies. The group also offers a wide array of educational events including conferences, workshops, seminars and programs delivered by academic partners. NMSDC also helps qualified MBEs identify and get access to capital to support growth, and encourages and facilitates partnerships among MBEs to help them meet the needs of its corporate members. NMSDC also delivers services to its members through affiliated organizations in Canada, the United Kingdom, China, Australia, and South Africa.

The organization sums up its priorities in terms that are relevant to this publication's audience: "to support and facilitate MBE integration into private- and public-sector and nonprofit supply chains." This focus on the supply chain is clearly evident in the group's annual CPO (Chief Procurement Officer) Summit, and the fact that its board and executive committee include top procurement executives from companies like Ford, Du Pont, UPS, JC Penney, and Honda North America, to name just a few. So when Wright-Lacy and her board of directors talk about minority supplier development, selection, and relationships, they are speaking from experience, and they understand the realities.

[A recent study commissioned by NMSDC](#) outlines the benefits to local communities and the U.S. economy as a whole of working with minority-owned suppliers. But purchasing and procurement managers are tasked with acquiring products and services that provide the greatest value or benefit at the best price for their individual companies. Why, then, should they also consider minority ownership when selecting a supplier?

"Minority ownership in and of itself does not mean anything other than ownership," Wright-Lacy points out. "It doesn't say 'cannot supply value, quality, innovation, and service.' When supply chain decision makers look at what's available in the marketplace, including minority suppliers ...

they can pick suppliers knowing that all of the talent and innovation, not just some, is available to them."

Expanding the pool of potential suppliers to include more diversity doesn't change the number of suppliers you're going to select, nor does it mean changing your requirements for quality, service, or value, Wright-Lacy continues. "First, it takes a desire or willingness to see value in diversity. Then you put processes in place that allow RFPs (requests for proposal), RFQs (requests for quotation), and so forth to be targeted to the right audiences," she explains. "Then you go through the basic vetting process you use for all potential suppliers."

Here's another reason to consider suppliers' ownership. Millennials understand "the power of the wallet" and often base their purchasing decisions on a product's or a company's social impact, Wright-Lacy observes. A company's stated policy around supply chain diversity and inclusion—and how well it actually carries that out—could therefore have a significant impact on sales and market share in the future.

NMSDC and organizations like the [Billion Dollar Roundtable](#), a group that encourages companies to spend at least one billion dollars annually with minority- or woman-owned suppliers, recognize that a commitment to supplier diversity may be perceived as carrying some risk. With incumbents, she acknowledges, "you know what you're getting. It's comfortable."

But a preference for incumbency can often work against new value creation because "you're not really bringing in innovations and new thinking," she says. Instead, she suggests, "Look outside the bubble you created in procurement. A supply chain leader who will be successful in the future will figure out how to do that."

Source:

www.supplychainquarterly.com/articles/20160224-why-minority-suppliers-belong-in-your-supply-chain/