



Supply and Demand Perspectives on Women's Participation in Corporate Supplier Diversity Programs

Commissioned by



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Overview

Supplier diversity is “a set of processes by which organizations engage firms that are owned, operated, and controlled by historically underutilized population groups.”¹ Corporate supplier diversity programs are a “win-win” for customers and suppliers as they positively affect the marketplace by increasing the number of qualified and experienced members of the supply chain. For women-owned firms, corporate supplier diversity programs can serve as a critical pathway to corporate market access as contracting with large corporations is an opportunity for women business owners to develop stable revenue streams, enhance their social networks, and scale up their businesses. Private and public corporations initiate supplier diversity programs to incorporate women- and minority-owned businesses into their procurement processes across the supply chain. The stability and connections developed within high quality programs may advance growth-oriented and scale-up women business owners in intensifying and expanding their businesses. However, the benefits of supplier diversity programs also flow to the corporations in which they are installed.

The business case for supplier diversity continues to evolve from one of social good to one of financial pragmatism. In the past, many corporations created supplier diversity programs because it was the “right thing to do.”² However, many corporations report that supplier diversity programs benefit the corporation in other ways. For instance, thriving supplier diversity programs may allow corporations to reap tangible benefits including increased market penetration³ and an enhanced reputation. Other corporations report that their programs facilitate access to diverse markets and reduce costs while boosting corporate reputation and customer loyalty resulting from their commitment to working with suppliers that more closely resemble the demographics of their customers.⁴ Supplier diversity programs may also have a positive benefit on the corporate supply chain as they can increase efficiency, flexibility, and diversity, while offering emerging firms important opportunities for sustainable growth. The research detailed in this report investigates women’s participation in corporate supplier diversity programs through three techniques: survey analysis, website review and analysis, and in-depth interviews.

Chapter 2 presents the results and analysis of a National Women’s Business Council-conducted survey of 836 women business owners and their interaction and experience with corporate supplier diversity programs. The survey presents an opportunity to understand the characteristics of firms that participate in supplier diversity programs and why firms choose to pursue such programs. Although the survey is not a

¹ Greene, M.V. et al. *Billion Dollar Roundtable: Supplier Diversity Best Practices*. MBN Custom Publications. 2012.

² Hernandez, Richard J. *The Evolution of Supplier Diversity*. 2004. http://www.e-mbe.net/tutorials/supplierdiversity/nc-the_evolution_of_supplier_diversity_feb2004.pdf

³ Aarts, Deborah. “A League of Your Own.” *Profit*. May 2011.

⁴ Ian Worthington. “Corporate Perceptions of the Business Case for Supplier Diversity: How Socially Responsible Purchasing Can ‘Pay’.” *Journal of Business Ethics*. Volume 90, No. 1. November 2009.

random sample and the results apply strictly to the respondents and not to the entire population of women business owners, it represents a first of its kind effort to understand how women business owners perceive and interact with corporate supplier diversity programs.

The survey also explores what activities and practices supplier diversity programs undertake to facilitate increased contract access and what barriers are perceived *from the women business owner perspective*. Further, the survey probes perceptions of program quality. Key conclusions of the survey reflecting participants' point of view and experiences include:

- **The most in-demand program offering was “introductions,” with approximately 75 percent of respondents indicating that they are “likely” to participate in that component of a program.** This finding from the survey indicates that women participating in corporate supplier diversity programs want the managers and leaders to introduce them to contracting decision-makers. This emphasizes that women business owners want to use corporate supplier diversity programs to grow their networks and build relationships.
- **The number one impediment reported by survey respondents attempting to supply large corporations was the lack of contacts with decision-makers, closely followed by the lack of relationships with actual buyers.** The quantitative results are confirmed by focus group results: women felt that their lack of access to individuals who could actually execute a contract and hire them was a major impediment and barrier yet to be removed. Women business owners who responded to the survey identified lack of introductions as a barrier. Women business owners can be proactive and request introductions from their supplier diversity manager to bridge this gap. It is important to note that women business owners should only seek out and cultivate relationships with buyers if they meet the corporation's capacity requirements and are at the appropriate stage. Women who are not yet ready to sell to the corporation but want to establish a network connection can reach out to the supplier diversity department.
- **Respondents were less interested in participating in mentorship and training or educational programs than they were in meeting decision-makers.** Approximately 25 percent of individuals surveyed indicated that they were not likely to participate in a mentorship and training program. Respondents noted that actually interacting with the buyers via connections facilitated through the supplier diversity department was an essential step to demonstrating capability and securing a contract.
- **The barriers faced by women entrepreneurs in supplying large corporations do not vary greatly by revenue.** This indicates that the gap in women's participation as corporate suppliers is not entirely a function of capacity.

The survey results contained herein reflect the insights and perceptions of women business owners and, while they provide context for the perceived benefits of and challenges in supplying large corporations through supplier diversity programs, are best understood in the context of the complementary analysis provided by this paper.

Chapter 3 of this report presents a data collection and website review effort to understand the level and quality of information about corporate supplier diversity programs that is publicly available. This effort included collecting data on supplier diversity program existence and specifics from public-facing websites for all members of the Standard & Poor's 500 (S&P 500). Specifically, the research collected information on accepted certifications, informational requirements, and program offerings directly from corporate websites, finding that 279 of the 500 members of the S&P 500 publicly advertise supplier diversity programs. To that end, it is possible that a company might have a supplier diversity program but does not detail its offerings and requirements publicly and as a result, non-public information is not captured in the dataset. However, the results demonstrate what women business owners can learn from corporate supplier diversity websites, informing their decisions regarding which corporations to target as potential clients as well as what program benefits they can expect to gain. The analyses explored relationships between key variables including industry and program offerings. Primary findings include:

- **Tier 2 programs are not prominently featured.** Participation in Tier 2 is an outstanding strategy for some small firms to gain experience and grow their networks. However, less than half of all S&P 500 members with advertised supplier diversity programs advertise Tier 2 as a program component. Increasing visibility of Tier 2 supplier relationships could positively influence women business owners' perception of and participation in such programs at an appropriate stage in their growth. Tier 2 is an appropriate target for women-owned firms that takes into account the growth stage of the firm.
- **Certification is necessary for women business owners attempting to break into the corporate supply chain through supplier diversity programs.** 100 percent of the S&P 500 members with supplier diversity programs required that businesses attempting to access their programs demonstrate certification as women-owned, and 93 percent required third-party certification. Women business owners who obtain a commonly-accepted certification stand to benefit substantially and can use a single certification at multiple corporations, increasing its utility and potential value.
- **Corporations require potential suppliers to provide firm information as part of the registration process.** The most commonly requested piece of information is annual revenue, followed closely by business history and number of employees. References are also a popular requirement, representing a potentially large barrier for women business owners just starting their firms. In addition to understanding the most common information requirements, the data

collection and website review results demonstrates that the amount of information required varies by industry.

- **Information on program offerings remains elusive, with only 37 percent of corporations with supplier diversity programs publicly stating what services their programs offer to participating businesses.** The most commonly listed corporate supplier diversity program offerings are educational programs, mentor-protégé, and capacity building. Despite women's desire to receive more introductions to decision-makers in the procurement process, only 7 percent of firms with listed offerings mentioned introductions as an explicit service offered as part of the program.

The third and final component of the research involved in-depth personal interviews with supplier diversity managers and leaders at fifteen of America's largest corporations. Interviewees participated in one-hour sessions that delved into program operations, goals, and offerings, among other items. Following the interviews, content analysis and thematic grouping was performed using interview notes to develop the corporate perspective of the supplier diversity program landscape, complementing the women business owner perspective analyzed via the survey and the public-facing results obtained via the S&P 500 collection effort. Key interview topics include program operations, scale, scope, and changes over time as well as insights into the selection and contracting process for diverse suppliers. Critical insights and conclusions related to the interview effort include:

- **Status as a diverse supplier is not sufficient to gain a contract.** Diverse suppliers must earn business on their own merits and be competitive in terms of offerings, quality, and price. Supplier diversity programs serve to ensure inclusion of diverse suppliers in the bidding and procurement process, not necessarily to divert business to diverse suppliers. **Long-standing relationships affect contract awards and while a diverse supplier may be qualified, it is difficult to make the business case for removing an existing supplier with a long-term relationship that provides outstanding products, value, and services.**
- **Mentor-protégé programs are limited in scale.** The vast majority of the interviewees noted that their mentor-protégé programs served between five and twenty participants at any given time. As such, not all women-owned businesses will be paired with a mentor. Mentees are typically selected based on their strategic value to the corporation. The size and scale of mentor-protégé programs is a key consideration for women business owners seeking a mentor, as only a small percentage of participants engage in this opportunity.
- **The number one piece of advice given by the interviewees was that women business owners approach corporations with a capabilities statement tailored to corporate needs.** The interviewees noted that often, women contact

them without an understanding of what department, service, or need the business can fill at the large corporation. Researching the business and how a given product or service adds value to the corporation prior to making a pitch and reaching out to the manager will increase contracting success.

- **Joining national third-party certification organizations is an effective way to meet procurement officials and supplier diversity professionals who can act as advocates in the procurement process.** Interviewees noted that while technology has improved communication and made distance networking feasible, there is no substitute for putting a face with a name and establishing contact in-person.
- **Tier 2 is an opportunity for smaller or less experienced women-owned firms to develop and prove their worth as a supplier.** Several interviewees detailed experiences with women business owners who were reluctant to contract at the second tier. Given this reluctance, this research recommends that women re-visit Tier 2 opportunities, particularly in light of the observation that Tier 2 suppliers often grow their firms and become prime suppliers.

Conclusions and Recommendations for Women Business Owners, Corporations, Advocacy Organizations, and Policymakers

This research incorporated multiple perspectives via quantitative and qualitative analysis to explore the complete picture of women's participation in corporate supplier diversity programs. Increasing and improving supplier diversity program quality, utility, and opportunity awareness requires action on multiple fronts including corporations, policymakers and advocacy organizations, and women business owners. Key recommendations, segmented by stakeholders, include:

Women Business Owners

- **Women business owners should focus their businesses and present strategic and targeted services or products when aiming to act as corporate suppliers.** A handful of interviewees noted that diverse suppliers, including women-owned businesses, will benefit from presenting a concise and pointed capabilities statement. By focusing their businesses, women business owners will develop their brands and stake out a reputation for quality, ultimately attracting greater interest in their goods and services. The in-depth interviews identified the capability statement as a necessary and important component of inclusion on bids and assessment of capacity by large corporations.
- **Women business owners can grow their business social networks by proactively seeking out supplier diversity personnel.** By cultivating these relationships and making connections with decision-makers, women business owners can increase their chances of contracting success. Networking provides

greater insight into what potential clients desire in a supplier and ensures that the woman's business is "top of mind" for procurement and supplier diversity professionals when preparing bids. This process facilitates movement past the "certify and wait for a contract" paradigm. Researching corporations to create a targeted list whose qualifications, offerings, and needs are a good fit is a necessary step for women business owners.

- **Women business owners should seek to serve as suppliers at the level that best suits their capabilities; businesses prepared to seek Tier 1 contracts should do so, but Tier 2 contracts should also be considered by some as an avenue to scale-up.** The second tier is an untapped resource for women-owned businesses and represents a valuable opportunity to gain experience supplying large corporations while building entrepreneurial social networks. While it is important to strive for the best opportunities available, to grow their businesses, women need to start with contracts that mirror their scale and capacity. For some women-owned businesses, Tier 2 experience leads to larger, prime opportunities.

Corporations

- **Corporations should publicly convey and act on the genuine scale of their supplier diversity capacity.** The website review and data collection effort compared to the in-depth interviews revealed informational and program scope difference in terms of actual offerings and public-facing information. While some companies offer more services than they advertise, many offer fewer and the size and scale of the programs is much smaller than is conveyed to the public and women business owners.
- **Encouraging procurement officials and women business owners at corporations to attend supplier conferences or procurement fairs.** This action provides women business owners the opportunity to both learn about the supplier diversity program in place and also to network with an individual who can serve as their contracting process advocate. While meeting with the supplier diversity manager is helpful, connecting directly with a buyer will bridge the gap of "meeting the decision-maker" regarding contract awards identified in the survey. Corporate supplier diversity managers can provide these introductions to qualified women-owned firms.
- **Corporations should work to provide advance guidance on the contracting process including upfront requirements and timelines.** Survey respondents as well as women business owner focus group participants described the corporate contracting process a bureaucratic and complex. If there are specific requirements in place, such as bonding or insurance levels, corporations should explicitly outline this information such that women business owners can understand whether they meet the requirements at a particular corporation.

More information about products and services currently in procurement would also provide women business owners the opportunity to target corporations where they can have success, increasing efficiency.

Advocacy Organizations and Policymakers

- **Programs to facilitate joint ventures among women-owned businesses may provide increased opportunity because of the pooled resources available.** For example, smaller firms can collaborate to submit a joint bid on a larger contract, resulting in cost efficiencies and risk mitigation to the corporation and a win for the women business owners. There are multiple players in advocating and facilitating increased joint venture and partnership activity among women business owners. Women’s Business Centers can create networking events with this goal in mind, while also facilitating introductions among women business owners. Another potentially fruitful avenue is for women business owners to actively seek out competitors to create joint ventures for large-scale projects.
- **Certifying and advocacy organizations should call for increased transparency on the part of corporations.** A creative option for providing women business owners with information regarding program quality and services is the addition of corporate recognition, beyond awards. This information would provide potential suppliers with details about program offerings and corporate needs without placing an undue burden on the corporations administering the programs. , An example would be a government campaign that incorporates companies that adopt standards or goals for increasing or advocating supplier diversity, similar to how many corporations have adopted SupplierPay, the government’s private sector initiative that asks companies to adopt prompt payment standards for small businesses.
- **Congress and advocacy organizations should lead a national “charge” to increase transparency in supplier diversity operations and spending.** This initiative would raise public awareness of the issues facing women business owners in contracting with corporations. In addition, it would highlight the role of supplier diversity in business growth.
- **Resources to build and assess the technical capacity of women-owned firms that are ready to act as corporate suppliers would benefit women business owners. The Small Business Administration and its resource partners, such as Women’s Business Centers are poised to assist at this level.** The survey indicated that women business owners need and desire technical assistance to understand and effectively market themselves to corporations. Women’s Business Centers and the SBA could develop programs for women-owned firms that incorporate assessment of capacity and development of pointed capabilities statements, both of which were mentioned as important points by the corporate supplier diversity leaders interviewed in this

research. One example is the development of a standardized capacity matrix that corporations can use to efficiently evaluate the capacity of potential suppliers as well as indicate to potential suppliers their baseline requirements, such as insurance, bonding, and experience. The SBA, after soliciting corporate perspectives, could develop a blueprint document that potential suppliers fill out and that corporations can use to efficiently evaluate capacity of a particular supplier. This would improve efficiency for supplier diversity departments while providing women business owners a clearer indication of what the corporations require.

This report can be used by multiple parties from women business owners to policymakers. Individuals interested in women's perspectives on corporate supplier diversity programs should review Chapter 2. Those interested in what information is publicly available about individual corporate supplier diversity programs should turn to Chapter 3. Finally, individuals whose objective is to gain a greater understanding of corporate desires and issues with respect to supplier diversity should read Chapter 4. Combined, the results present a thorough picture of women business owners and supplier diversity programs. Policymakers should strive to develop policies that make it easier for corporations to run high-quality supplier diversity programs, which will engage more women-owned businesses in the supply chain, ultimately supporting women's efforts to scale up.

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1. Introducing Supplier Diversity

Private and public corporations use supplier diversity programs to incorporate women- and minority-owned businesses into their procurement processes across the supply chain. Supplier diversity is “a set of processes by which organizations engage firms that are owned, operated, and controlled by historically underutilized population groups.”⁵ For women-owned firms, corporate supplier diversity programs can serve as a critical pathway to corporate market access. By gaining access to new markets, these women-owned firms can strengthen their competitive ability and potentially achieve sustainable growth through business to business opportunities.⁶ Despite anecdotal evidence suggesting benefits of supplier diversity programs, there exists a dearth of research related to how corporate supplier diversity programs function and how women business owners interact with these programs.

This report describes the results of a mixed-methods study of women business owners’ participation in corporate supplier diversity programs from multiple perspectives. The work incorporates results from a quantitative survey and focus groups of women business owners, a data collection effort using corporate supplier diversity websites, and fifteen in-depth interviews with supplier diversity leaders at large corporations. This report explores the present dynamics of supplier diversity programs from multiple viewpoints with an eye towards providing a factual foundation for developing action items for policymakers, advocacy groups, women business owners, and corporations to improve the utilization of women-owned businesses across the supply chain.

Supplier Diversity Program Background

Programs designed to increase the participation in federal contracting of small business owners and women in particular have been ongoing for decades and generally pre-date the wide-spread implementation of corporate supplier diversity programs. Since the Small Business Administration (SBA) was formed in 1953, the federal government has used set-aside programs as well as other assistive programs, such as government guaranteed loans, to promote the inclusion of small and diverse-owned businesses in federal contracting. Although a few corporations implemented supplier diversity programs along a similar timeframe as the federal government,⁷ corporate programs became widespread only after the SBA had been established for several decades. Ford spokesman Bob Roach noted that “[i]n today’s increasingly diverse society, you can’t maintain a leadership position with people from the same background, who all think alike” and Jay Wetzel of General Motors echoed that sentiment noting that diversity is “just good business.”⁸

⁵ Greene, M.V. et al. *Billion Dollar Roundtable: Supplier Diversity Best Practices*. MBN Custom Publications. 2012.

⁶ This report contains a glossary outlining several key terms and acronyms used throughout.

⁷ An example is Boeing, whose program was founded in 1951. For more information, please see <http://www.boeingsuppliers.com/esd/>

⁸ Washington, Frank, and Rebecca Wall. “Time to Diversify.” *Ward’s Auto World*. March 2000.

Women Business Owners and Supplier Diversity

Contracting with large corporations is an opportunity for women business owners to grow their revenue streams, enhance their social networks, and scale up their businesses. According to the United States SBA, small businesses that sell to large corporations report average revenue growth of 250 percent spanning the period one year prior and two years post receipt of their first contract with a large corporation. Further, average employment for supplier firms increased by over 150 percent during the same period.⁹

As an example of a program in action, Walmart has had a supplier diversity program in place since 1994.¹⁰ Ellie Bertani, Senior Manager for Women's Economic Empowerment at Walmart, noted that at Walmart, the majority of the chain's 200 million customers are women.¹¹ Further, Walmart research shows that 90 percent of female customers in the United States believe that products from women-owned firms are higher quality and would go out of their way to purchase products made by women.¹² Walmart's supplier diversity program capitalizes on this research and supports women-owned firms in the process.

Who's Who and What's What in Supplier Diversity

The corporate supplier diversity landscape includes multiple actors at different levels of the process. Before beginning an in-depth discussion of how women business owners engage with supplier diversity programs, this section provides a description of each of the corporate contracting actors and how corporate supplier diversity programs and purchasing organizations operate.

- **Corporate Buyers:** These individuals are typically responsible for executing contracts and monitoring contract progress. Corporate buyers are a key point of contact between the corporation and the firm acting as a supplier.
- **Suppliers:** Firms that provide goods and/or services to large corporations on a contract basis.
- **Supplier Diversity Program Managers:** Managers oversee the implementation of corporate supplier diversity programs and work directly with women and minority

⁹ U.S. Small Business Administration and Visa. *Women Entrepreneurs Summit Series Report*. 2012.

¹⁰ "No Wall in Wal-Mart: Wal-Mart Stores' Supplier Diversity Initiatives Break Down the Barriers Minority and Woman-owned Businesses Face in Entering the Market." *Us Business Review*. May 2007.

¹¹ Valikai, Kara. "Why Bringing Women-owned Businesses into the Supply Chain Makes Business Sense." *Devex Impact*. October 4, 2013. <https://www.devex.com/news/why-bringing-women-owned-business-into-the-supply-chain-makes-business-sense-82015>

¹² "The Women's Business Enterprise National Council and WEConnect International Introduce the Women Owned Business Logo." *Women Owned*. March 13, 2015.

business owners who wish to contract with the corporation. However, managers are not typically responsible for executing contracts or hiring firms to perform work.

- Corporate Decision-Makers: Corporate leaders, such as Presidents and Chief Executive Officers have the power to issue directives within their respective corporations.

The government and public policymakers also have a role in ensuring adequate representation of women in contracting. In theory, the government has the ability to develop and enforce public policies and directives that influence how corporations work with diverse suppliers, such as women. As a hypothetical example, the government could promote tax breaks for corporations that meet supplier diversity utilization goals and targets. Precedent for this level of government involvement in corporate affairs includes SupplierPay, a White House initiative that aims to speed payments to smaller firms in a company's supply chain by encouraging these large companies to pay invoices promptly.¹³ This report includes additional recommendations for what the government can do to enhance women's participation as corporate suppliers.

Certification is an important component of the supplier diversity landscape. The majority of corporations require certification of diverse status to participate in their supplier diversity efforts. Certification entails an analysis of the ownership and operating structure of a company and is designed to provide corporations assurance that the diverse-owned firms with whom they contract are actually owned and lead by women and minorities. The top third-party certifiers of women-owned businesses are the Women's Business Enterprise National Council (WBENC) and the National Minority Supplier Development Council (NMSDC). Benefits of certification as a women-owned enterprise reach beyond the label of women-owned business (WOB). In addition to offering programs to enhance acquisitions from women-owned firms, some certifying organizations offer more complete programs designed to assist their vendors, including business development, training, mentor/protégé programs, joint ventures, and investment assistance, among others.

Supplier diversity program effectiveness reflects the functionality of the supplier diversity program in place, as well as the level of integration with the overall corporate purchasing department and goals. Often, corporate buying departments issue a request for proposal (RFP) for goods or services. Suppliers then submit bids for such goods or services directly to the corporate buyers. If a supplier is a supplier diversity program participant, the supplier diversity program manager will typically advise the supplier of the upcoming opportunity in their industry. However, the corporate buyer typically has the final say in which supplier is hired for the job.

¹³ For more information about the SupplierPay initiative, please see <https://www.sba.gov/about-sba/sba-initiatives/supplierpay-initiative>

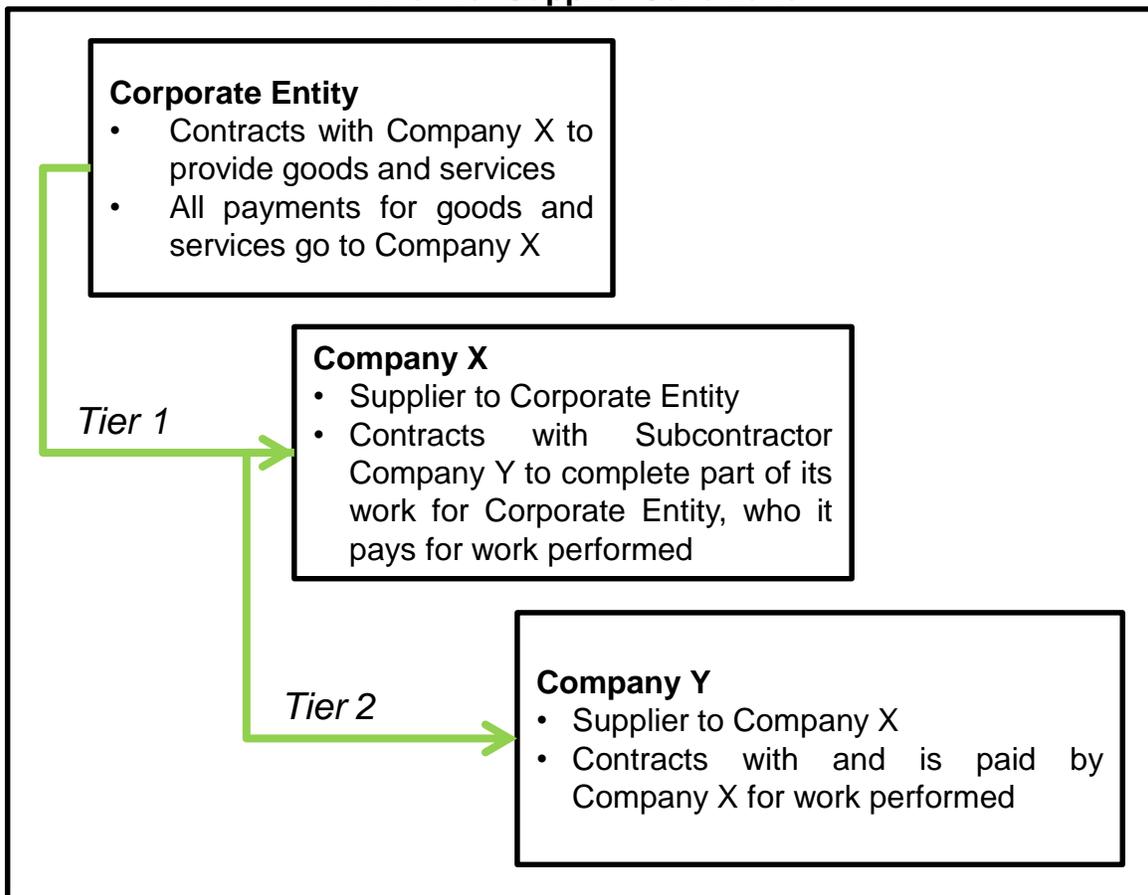
In some corporations, significant discussion exists among the supplier diversity departments and the purchasing departments to facilitate the fair and equitable use of diverse suppliers. However, other corporations, despite having a supplier diversity program in place, do not promote communication between the supplier diversity manager and the buyers. This creates a structure where buyers are free to use diverse suppliers, but receive no recommendations or input in purchasing decisions from the supplier diversity manager.

In addition to maximizing their relationships and business opportunities with primary suppliers, supplier diversity programs can extend their reach by employing a second tier. The second tier aids diverse *subcontractors* in generating more opportunities and business. In 2011, over 90 percent of companies with supplier diversity programs included second tier initiatives.¹⁴

Figure 1-1 provides a hypothetical example of a two-tiered supplier relationship. As shown, Tier 2 suppliers report to and are paid by Tier 1 suppliers, who deal directly with the large corporation. The Tier 2 supplier does not have a contract with the corporate entity, but instead works for the Tier 1 supplier to the corporate entity. Corporations with two-tier supplier diversity programs aim to encourage Tier 1 suppliers to hire and subcontract with minority-owned and women-owned firms, consistent with how the corporate entities operate when selecting their suppliers.

¹⁴ Greene et al., op. cit. p. 90

**Figure 1-1
Two-Tier Supplier Schematic**



The Business Case for Supplier Diversity

The business case for supplier diversity continues to evolve from one of social good to one of financial pragmatism. In the past, many corporations created supplier diversity programs because it was the “right thing to do.”¹⁵ Increasingly, however, corporate programs have begun to cite the mutually beneficial nature of working with these firms.¹⁶

In his research on supplier diversity programs and their effect on firms, Ian Worthington, a professor of business in the United Kingdom, explores the corporate perception of supplier diversity program benefits.¹⁷ Specifically, he identifies four perceived benefits to utilizing diverse suppliers:

¹⁵ Hernandez, Richard J., op. cit.

¹⁶ Morgan, James. “How Well are Supplier Diversity Programs Doing?” *Purchasing*. August 2002.

¹⁷ Ian Worthington. “Corporate Perceptions of the Business Case for Supplier Diversity: How Socially Responsible Purchasing Can ‘Pay’.” *Journal of Business Ethics*. Volume 90, No. 1. November 2009.

1. Improved organizational performance
2. Contribution to strategic objectives
3. Growth of stakeholder relationships
4. Ability to respond to a changing external environment

In addition, according to this research, thriving supplier diversity programs may allow corporations to increase their market penetration.¹⁸ Specifically, some research indicates that supplier diversity programs facilitate access to diverse markets and reduce costs while boosting corporate reputation and customer loyalty resulting from their commitment to working with suppliers that more closely resemble the demographics of their customers.¹⁹ Supplier diversity programs may play a role in large corporations accessing growing markets, gaining competitive advantages, and increasing value.²⁰

Motivations for implementing and growing supplier diversity programs vary by corporation. Some corporations voluntarily focus on supplier diversity to improve their overall corporate image.²¹ Corporations without programs cite expenses and administrative difficulties as reasons for not implementing them. However, some research demonstrates the correlation between supplier diversity programs and strong revenue: companies that emphasize supplier diversity generate 133 percent greater returns on procurement investments than those firms without supplier diversity initiatives.²²

The decision to engage with diverse suppliers is often touted as advantageous from a business perspective. In 2012, the Billion Dollar Roundtable (BDR) published a book titled *Supplier Diversity Best Practices* that profiles large corporations with developed supplier diversity programs. In the book, professionals at these large corporations espouse the benefits of working with diverse suppliers ranging from increased efficiency to enhanced profitability. Each book chapter includes first-hand accounts of the benefits and best practices of supplier diversity programs at companies that belong to the BDR, as well as rationale for starting and expanding supplier diversity programs. For instance, Walmart discusses the growth and impetus for its Tier 2 program, and Avis Budget Group explains its continuous improvement process with respect to its supplier diversity program.

Supplier Diversity Program Quality

While the BDR outlines best practices for program development, Ralph G. Moore & Associates (RGMA) designed a rubric for cataloging and evaluating corporate

¹⁸ Aarts, op. cit.

¹⁹ Worthington, op. cit.

²⁰ Thomas, David A. "Diversity as a Strategy." *Harvard Business Review*. September 2004.

²¹ "Diversifying Suppliers Isn't Costly: Hackett." *Financial Executive*. November 2006.

²² Ibid.

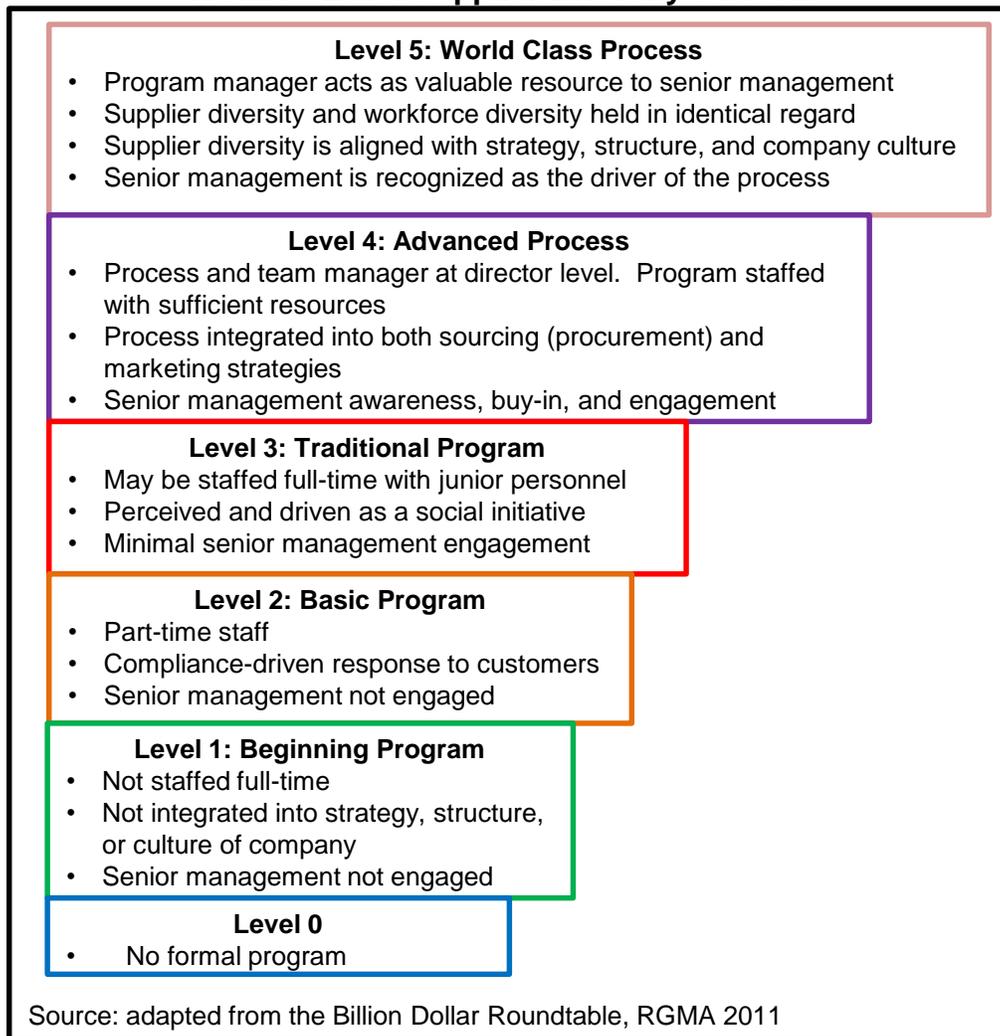
supplier diversity programs.²³ The RGMA Five Levels of Corporate Supplier Diversity Program Development (“Five Levels”) is a benchmarking mechanism designed to help program leaders evaluate their current supplier diversity programs, detail the benefits of enhancing their programs, and understand what steps are necessary to achieve the detailed program enhancements.

This information may also be useful for business owners from underrepresented groups who wish to interact with these programs as these business owners can gain a clearer set of expectations and tailor their potential customer list to those corporations offering beneficial and well-developed programs. As shown in Figure 1-2 on the next page, as of 2011, the Five Levels include:

- Level Zero: No program
- Level 1: Beginning program
- Level 2: Basic program
- Level 3: Traditional program
- Level 4: Advanced program
- Level 5: World class program

²³ For more information, please see <http://www.rgma.com/>

**Figure 1-2
RGMA 5 Level Supplier Diversity Structure**



The distinction between what constitutes an “advanced” and a “world class” program is nuanced but important. Both level 4 and 5 are distinguished from the lower levels by executive leadership and accountability. These programs are most likely to assist business owners in earning more corporate contracts. **Advanced programs** incorporate sourcing organizations with a strong commitment to supplier diversity. This contrasts **world class programs**, where the *entire corporation* demonstrates a strong commitment to supplier diversity. World class supplier diversity programs effectively communicate the strategic value of connecting with increasingly diverse markets and suppliers.²⁴ Other differences exist as well, including the intent of the program. For example, BDR details the intent of Level 4 programs as “we should do this,” versus Level 5 programs, “this is what we do.”

²⁴ Slaven, Mike, and Robert D. Esquivel. “Supplier Diversity Best Practices White Paper.” November 2013. <http://spotidoc.com/doc/268185/arizona-hispanic-chamber-of-commerces-supplier-diversity-...>

According to the Billion Dollar Roundtable book, “the single most critical element in the governance of a supplier diversity program is measurement.”²⁵ The “gold standard” benchmark in the industry is the total value of dollars spent with diverse suppliers.²⁶ Although value is critical, a more holistic analysis of the programs and their effects is warranted to help gauge efficacy. The use of surveys is one avenue to generate qualitative data regarding program performance by surveying suppliers, stakeholders, and managers to gather performance information.²⁷

Supplier Diversity and the Federal Government

Work to understand how diverse suppliers and corporations interact is ongoing. In June 2015, a congressional member-sponsored survey obtained responses from 69 of the Fortune 100 companies contacted and examined diversity at three levels: Board of Directors, Executive Teams, and Suppliers.²⁸

The survey demonstrated that the share of dollars spent with women-owned and minority-owned firms decreased from 2011 to 2014 and remained disproportionately low, indicating potential underutilization. On average, companies spent approximately 3 percent of total procurement dollars with women-owned businesses. However, nearly every company that responded reported having a formal supplier diversity program and 44.1 percent of respondents indicated that using more diverse suppliers than they had in the previous year. Surveys such as this provide important information, particularly concerning how corporations view and run their programs. By contrast, Chapter 2 of this report examines how the women-owned firms themselves perceive supplier diversity programs, their efficacy, and their offerings.

The federal government has an active and demonstrated interest in promoting the growth of women-owned businesses across all industries. Enhancing women’s participation in business-to-business sales by providing them the necessary tools and information to succeed is an extension of ongoing work and will lead to stronger women-owned firms, a significant engine of today’s economy. This report delves into the corporate supplier diversity landscape from the perspective of the woman business owner and the corporation to uncover informational asymmetries and points for improvement and policy development. However, much work remains to fully understand the complex web of policies and players that impact women’s business to business sales activity and prospects. Chapter 5 discusses avenues for future work.

²⁵ Greene et al., op. cit. p. 73

²⁶ Boston, Thomas. “Capacity Building in the New Economy: A Mandate for Minority-owned Businesses.” *Georgia Institute of Technology*. 2011.

²⁷ Greene et al., op. cit. p. 76

²⁸ *2014 Corporate Diversity Survey*. Office of U.S. Senator Bob Menendez. June 2015. <http://www.menendez.senate.gov/imo/media/doc/2014%20Corporate%20Diversity%20Survey%20Report.pdf>

2. Women Business Owners' Perspective and Experience

Research Design and Methodology

The first component of this research explores how respondents to a survey on participation and experiences in corporate supplier diversity programs engaged with, and benefitted from, participation in these programs. This section includes a discussion of the data source, followed by the research plan. Key research questions include:

- What barriers do women business owners report when seeking to do business with corporations?
- What opportunities and/or obstacles exist with respect to leveraging corporate supplier diversity programs to facilitate the growth of women-owned businesses?
- What trends, reasons, or data exist to illuminate why certain women-owned businesses have not sought out relationships with corporate supply chains as a means to grow and scale-up their businesses?

Data Source – NWBC Sponsored Survey

In 2015, the NWBC sponsored a survey of women-owned businesses to identify and analyze factors that facilitate or impede women business owners' participation in private sector supplier diversity programs. The survey also explores what activities and practices supplier diversity programs undertake that facilitate increased contract access or create challenges in securing corporate contracts. The survey is a first of its kind effort to gather data that address women's participation in corporate supplier diversity programs.

Participants met the following criteria:

- The respondent must be the principal owner or designated by the principal owner as the survey respondent to respond on behalf of the owner.
- The business must have been founded or acquired in 2014 or prior.
- The business must be at least 51 percent woman-owned.
- The business must have at least \$25,000 in annual revenues.

The NWBC distributed the survey²⁹ in March 2015 via email through certifying organizations that agreed to send the survey to all members in their databases.³⁰ The survey gathered information to facilitate:

²⁹ The survey was designed and implemented under a prior contract by a different contractor.

- An understanding of the barriers faced by women business owners when doing business with large corporate supply chains;
- An understanding of how leveraging corporate supplier diversity programs can facilitate women-owned business growth;
- Development of policy recommendations, processes, and activities that may promote increased opportunities for women business owners in obtaining corporate contracts.

The data do not represent a random, statistically significant, nationally representative sample of the entire population of women business owners. The results represent a sample of 836 women business owners and are not intended to be extrapolated to the entire population. Throughout this report, all conclusions and statistics refer only to the data provided by survey respondents. Because PQC, Inc. did not develop the survey instrument or test for bias or under sampling, accepting the data as-is, the survey may contain bias, oversampling, or under sampling of specific populations. The survey collected information from willing respondents that were members of select certification organizations. This does not lessen the usefulness of the dataset; rather, readers should recognize that the responses are limited in scope to addressing issues facing women business owners when interacting with supplier diversity programs.

The survey has thirty five questions covering a variety of topics, and the NWBC received responses from entrepreneurs with different backgrounds and business sizes.³¹ Response types vary across the survey and include:

- Questions with specifically-defined mutually exclusive responses, such as: What was the total gross revenue of this business in 2014?
- Questions that require the user to respond on a Likert scale basis, such as: How likely would you be to participate in the following services offered by corporate supplier diversity programs? (Answers include “Not Likely,” “Somewhat Likely” or “Likely”)
- Questions that allow multiple responses, such as: Why have you not used (or attempted to use) any corporate supplier diversity programs to grow your business (*mark all that apply*)?

³⁰ WBENC, NMSDC, NWBOC, U.S. Women's Chamber of Commerce, El Paso Hispanic Chamber of Commerce all sent out the survey to their members on behalf of the NWBC. NWBOC is the National Women Business Owners Corporation.

³¹ These questions are contained in Appendix I.

- Questions that provide a user-generated response, i.e., allow the respondent to enter in an “other” category where they must specify. Such as: listing a challenge or barrier encountered in attempts to gain business through corporate supplier diversity programs.

In addition, the survey included questions regarding participation that required tiered responses detailing program quality. For example, one question asks respondents to “rate the helpfulness of participating in different organizations in achieving development of knowledge and skills, as well as overall business success.” For each answer choice, survey respondents marked that the service was not applicable, not helpful, somewhat helpful, or helpful. Several questions of this type existed throughout the survey instrument. This question structure permits both “yes/no” and quality responses, providing deeper information and insights regarding women’s perceptions of corporate supplier diversity programs.

Analysis Techniques

To answer the research questions identified above, this work relies on univariate statistics, frequency distributions, and cross-tabulation statistics. The analyses explore how different variables are related and what differences exist in terms of corporate supplier diversity program participation across a series of characteristics, such as revenue or business strategy. Key analyses included the following:

- Generating univariate statistics such as the mean and standard deviation for applicable variables, while also developing variable distributions. This analysis also includes univariate statistical analysis on subsets of survey data to ascertain differences between respondents.
- Developing frequency and cross-tabulation statistics based on the response behavior for questions. Frequency diagrams permit the identification of specific reasons why certain women-owned businesses are either using or not using corporate supplier diversity programs.
- Expanding the prior analysis to use joint frequency analysis to examine trends among responses given particular criteria. An example is analyzing the joint frequency of respondents in a particular NAICS (industry) with respect to obstacles faced in using corporate supplier diversity programs. This approach allows for subpopulation analysis and comparison.

While the survey analysis is the focus of this chapter, the NWBC also conducted supplier diversity-related focus groups in conjunction with a prior contractor as part of a separate contract. The NWBC held in-person focus groups in Washington, D.C., New York City, Chicago, and Los Angeles, which represent four of the top five metropolitan areas with the largest number of women-owned businesses. The NWBC provided focus group notes in conjunction with the survey data. This report incorporates insights

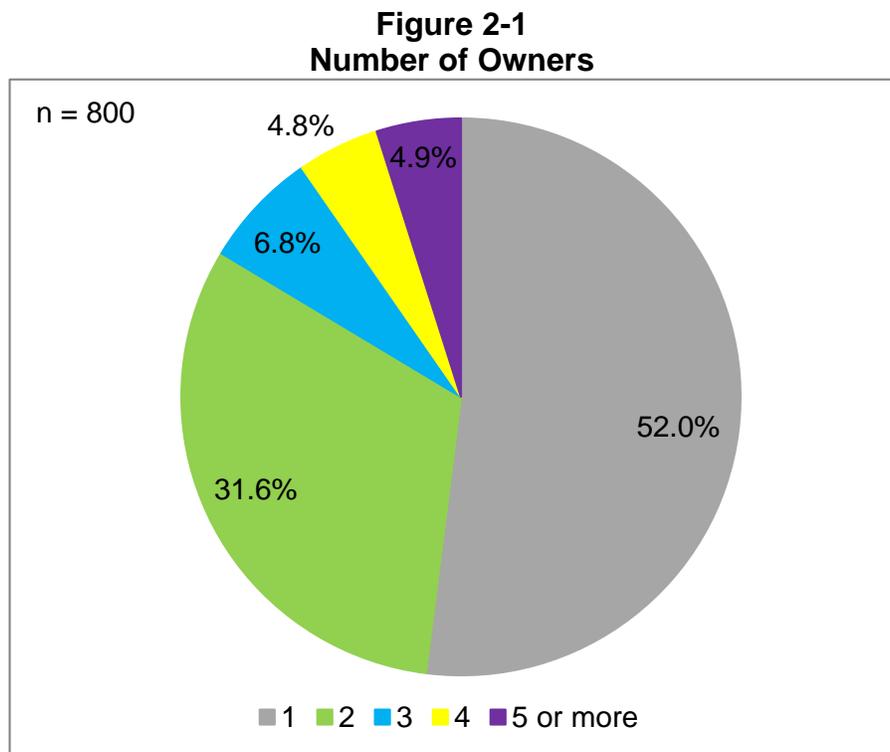
from the focus group notes to help identify different research areas and to lend anecdotal and qualitative support to the results of the quantitative survey analysis. These insights are included as part of the results section, when appropriate.

Results

This section contains quantitative analysis of the survey results that were most germane to the research questions. The results focus on a select number of variables and questions that best address the key research objectives. First, this section presents univariate analysis of the owners and firms that participated in the survey and their program experiences. Next, this section provides cross-tabulation analysis and control statistics, which elucidate further interactions among variables.

Who Responded to the Survey?

Figure 2-1 shows the distribution of the number of owners for firms that responded to the survey.³² Approximately 52 percent of responding firms had only one owner.



³² In the figures throughout this report, “n” refers to the sample size of respondents used in the analysis shown. The sample size for a particular analysis varies depending on how many firms responded to the particular survey question being analyzed. For example, the Figure 2-1 analysis contains results from 800 respondents.

As supplier diversity programs exist to promote inclusion of both women and racial or ethnic minorities in corporate contracting, the survey included questions asking respondents to indicate the racial or ethnic groups to which they belong. Per Table 2-1, 16.7 percent of respondents were ethnic or racial minorities. For comparison, according to the Survey of Business Owners and Self-Employed Persons (SBO), 28.8 percent of firms are minority-owned and 38.2 percent of women-owned firms were also minority-owned firms. Minority status firms have owners that responded that they belong to at least one of the following categories:

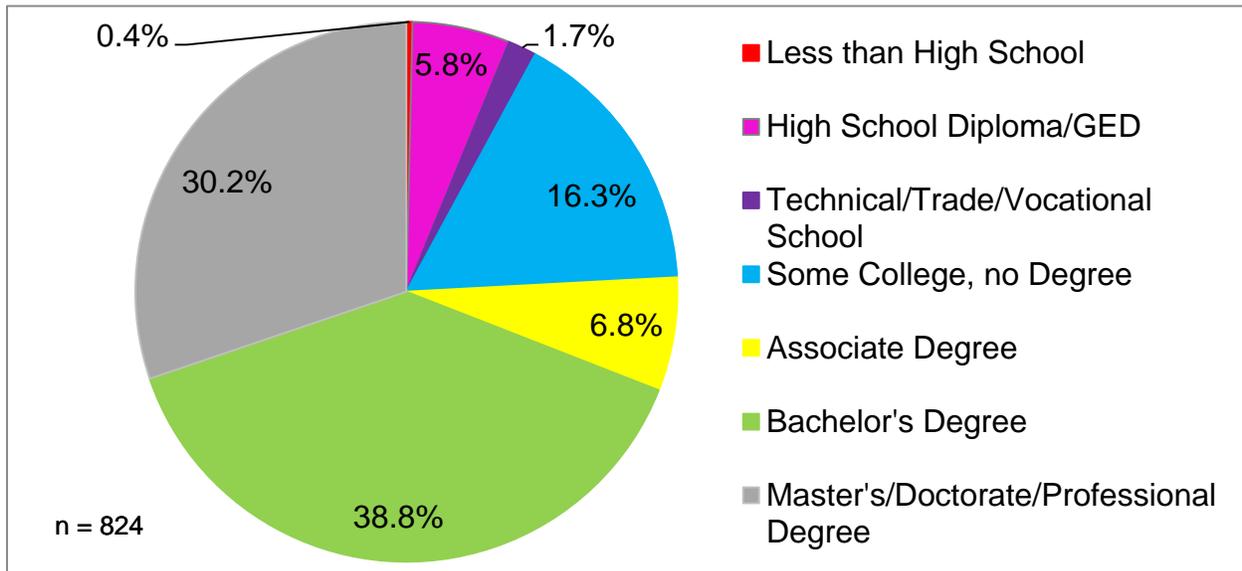
- Hispanic/Latino
- American Indian or Alaskan Native
- Asian
- African America/Black
- Hawaiian or Pacific Islander

**Table 2-1
Minority Status Breakout**

Minority Status		
White	679	81.2%
Minority	140	16.7%
No Response	17	2.0%
Total	836	
Note: minorities include all race/ethnicity categories except caucasian/white		

As shown in Figure 2-2, almost 70 percent of survey respondents held a Bachelor's Degree or higher. Compared to the SBO, where approximately 40.5 percent of business owners had a Bachelor's Degree or higher, survey respondents are more educated, on average, than the United States population.³³ This raises an interesting point regarding firms involved in business to business sales. Do firms that supply corporations have more highly educated owners or does the survey instrument include selection bias in terms of response likelihood? This question may be worthy of exploration in future research on causality in the corporate supplier diversity landscape.

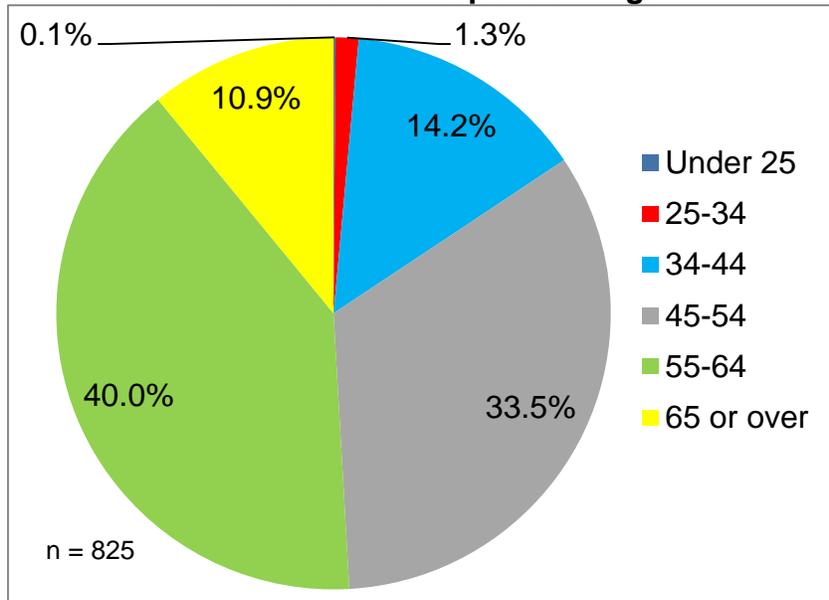
**Figure 2-2
Owner Education**



³³ According to the United States Census, Current Population Survey (CPS), the average education level in the United States is an Associate's Degree or Occupational Training. For more information, please see <http://www.census.gov/hhes/socdemo/education/data/cps/2014/tables.html>

In addition to education, this research explored the distribution of respondent age. As shown in Figure 2-3, over 80 percent of respondents were 45 years old or older, and over 50 percent of respondents were over 55 years old. This contrasts the general business owner population observed using other surveys, including the SBO, where owners tended to be younger, on average, than respondents to this survey.

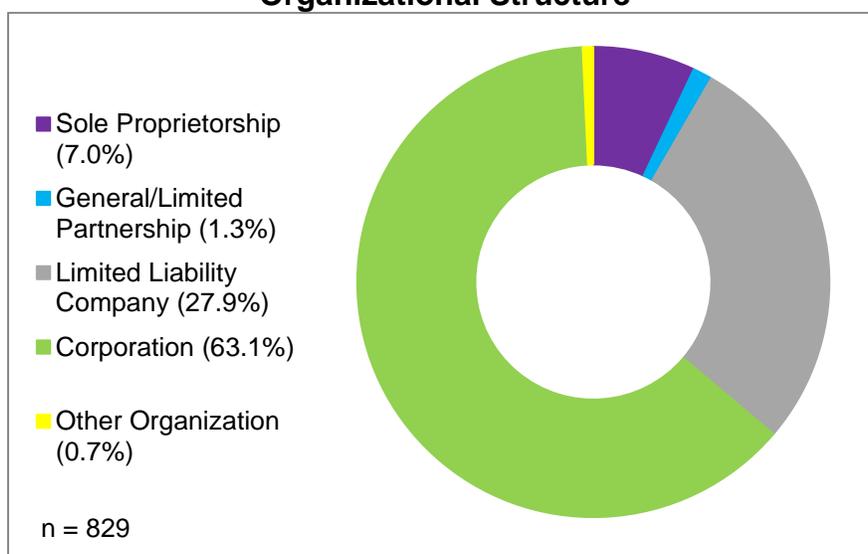
Figure 2-3
Distribution of Respondent Age



Business Characteristics

Figure 2-4 shows the organizational structure distribution for respondent firms. The “Corporation” category includes firms organized as S Corporations, C Corporations, and General Corporations.³⁴ Only 7 percent of firms are organized as sole proprietorships, despite approximately 50 percent of firms having only one owner. This is an interesting note as it relates to growth status. Previous NWBC work indicates that incorporation as either an S or C Corporation positively affects both access to capital and firm survival.³⁵ Extrapolating from these results, it appears that respondents to this survey may be less likely to face access to capital issues than the general population of nascent firms.

Figure 2-4
Organizational Structure

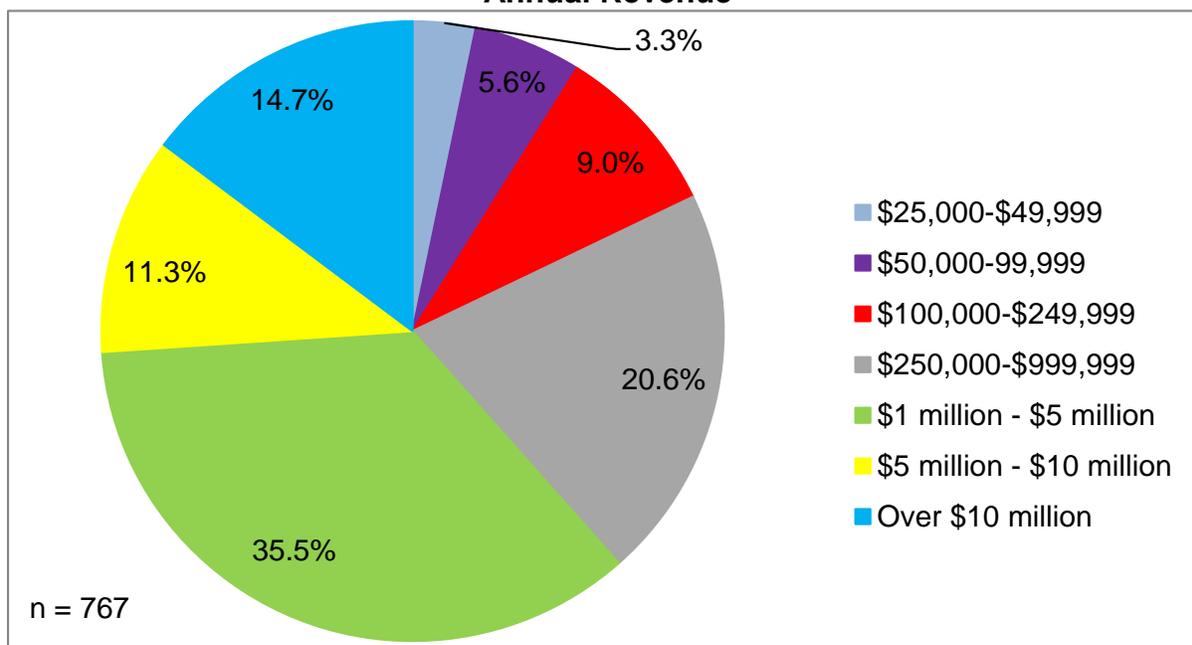


Firm revenue is a noteworthy factor in terms of size and preparedness to supply large corporations and deliver on large contracts. It may be that large contracts result in increased revenue or alternatively, that higher levels of firm revenue indicate capacity to supply a large corporation and result in additional contracts. Figure 2-5 depicts the proportion of firms in each revenue class, based on responses for 2014 revenue. Over 60 percent of firms had annual revenues in excess of \$1 million and over 80 percent of firms had revenues in excess of \$250,000. This survey only contains data from women-owned businesses with at least \$25,000 in annual revenues. This contrasts the SBO, which includes all firms, regardless of revenue level.

³⁴ For a more detailed description of this data element, please see the Glossary to this report.

³⁵ United States. National Women’s Business Council. *Research on Undercapitalization as a Contributor to Business Failure for Women Entrepreneurs*. August 2015. By Lee O. Upton, III and Emma J. Broming.

**Figure 2-5
Annual Revenue**



Revenue and scale are important issues for women-owned firms supplying large corporations since there are capability requirements for corporate procurement actions that depend on the size and scope of the contract. Corporations use firm information, such as revenue and scale, to define the capacity of a particular firm; this information ultimately affects the types of procurements on which the business may bid. To address this, a supplemental analysis probed how revenue and supplier diversity program awareness and participation related. When examining just those businesses that were aware of supplier diversity programs, approximately 83 percent had annual revenues in excess of \$250,000. Exploring the issue further by examining just those respondent firms that actively participated in supplier diversity programs, 66 percent of program participants had annual revenues in excess of \$1 million and 85 percent had annual revenues in excess of \$250,000.³⁶ That is, those women who responded to the survey and participated in supplier diversity programs had higher revenue than those that did not participate in supplier diversity programs.

Annual revenue and business size vary by industry. As a result, understanding the industries in which women business owners operate is important to understanding the capital, networking, and supplier commitments made. Table 2-2 shows the top 5 industries, which account for over 75 percent of all survey respondents. The top 5

³⁶ 628 respondents indicated that they are aware of supplier diversity programs. Of those 628, 83 percent had revenues in excess of \$250,000. 495 respondents indicated that they have used (or attempted to use) supplier diversity programs. Of those 495, 85 percent had annual revenues in excess of \$250,000. As a result, 75 percent of survey respondents were aware of corporate supplier diversity programs and 59 percent had participated or attempted to participate.

industries for respondents to this survey differ from those in the SBO, a nationally representative survey. In the SBO, other services, health care and social assistance, professional, scientific, and technical services, administrative support and waste management and remediation services, and retail trade are the top 5 NAICS codes. Only two of the top 5 NAICS codes for this survey were in the top 5 NAICS codes for women-owned businesses nationwide. The largest industry in this survey is NAICS³⁷ 54, Professional, Scientific, and Technical Services.

**Table 2-2
Respondent Top 5 Industries**

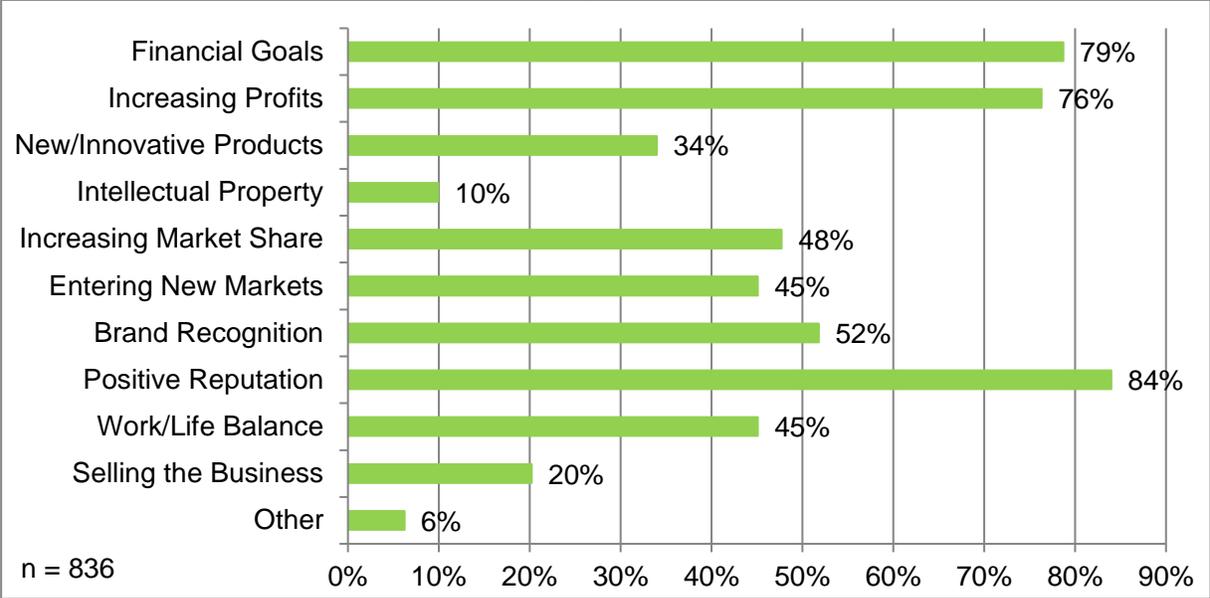
NAICS	Count	Share
54 Professional, Scientific, and Technical Services	270	33.9%
31-33 Manufacturing	119	14.9%
56 Administrative Support, Waste Management, and Remediation Services	90	11.3%
42 Wholesale Trade	71	8.9%
23 Construction	64	8.0%

³⁷ NAICS stands for North American Industrial Classification System, which is a uniform system for classifying firms by industry according to a six-digit system. The first two digits refer to the major industrial classification, while additional digits provide more specificity within the major industry.

Women Business Owners' Experiences with Supplier Diversity Programs

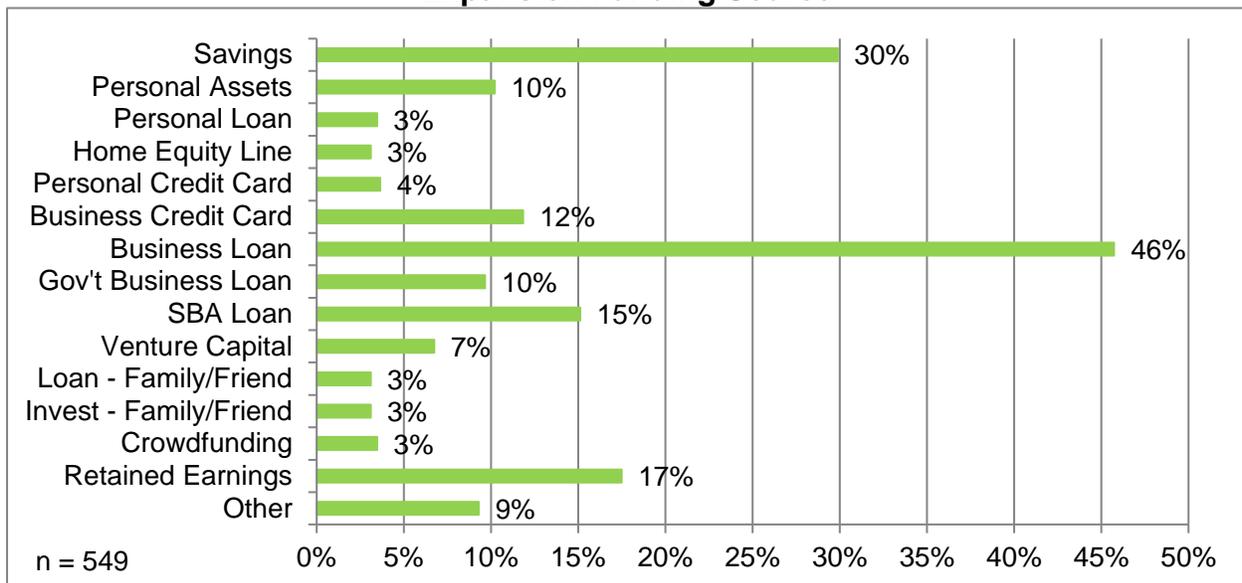
Building on the qualities of the respondent firms, this section includes univariate and cross tabulation analysis of respondent experiences with corporate supplier diversity programs. Entrepreneurial definitions of success vary by industry and individual. Figure 2-6 shows the distribution of responses to the question: How do you define success for your company? Respondents could select more than one answer and the majority of survey participants did. The top three definitions of success were general financial goals, increasing profits, and positive reputation. The number of overlapping responses indicates that the women business owners surveyed do not measure success by a single metric.

**Figure 2-6
Defining Success**



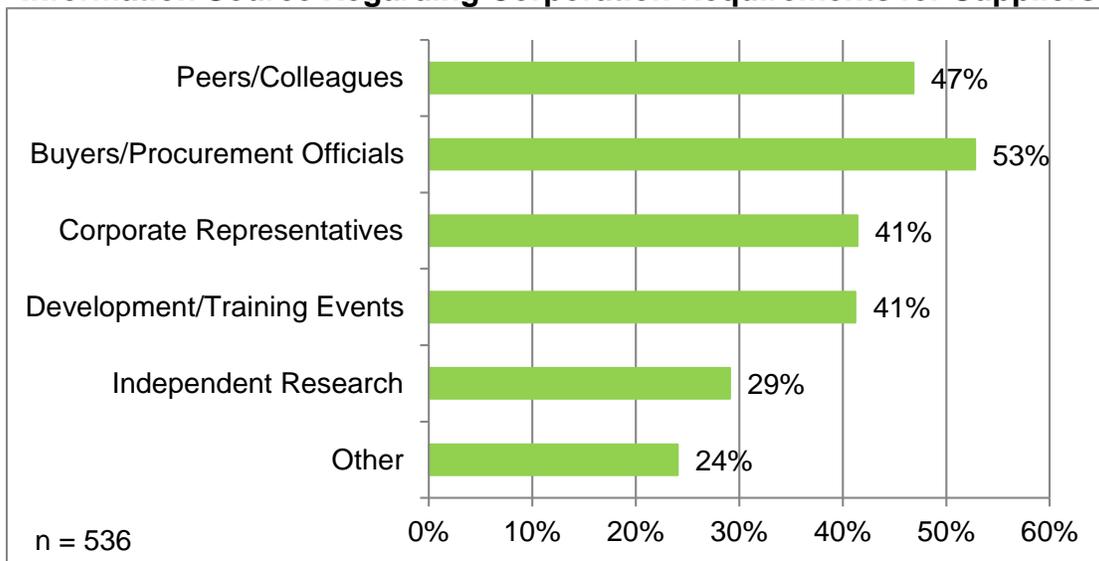
In line with achieving business success, over 65 percent of respondents indicated that they have plans to expand their businesses. Figure 2-7 details how respondent firms planned to fund their business expansions. Respondents could select more than one category, for instance, both “personal assets” and “business loans” were possible choices. The results indicate that business loans were the capital source that most entrepreneurs planned to use, followed by savings and then retained earnings from the business. External equity, an important funding source for high-growth firms, was relatively high for the sample as compared to the general business population; in particular, 7 percent of respondents indicated a plan to use venture capital for external equity. Typically, firms that receive external equity, such as angel investments and venture capital, are growth-oriented startup firms. In this survey, a larger proportion of respondents than expected from a random sample indicated that they intend to pursue external equity as a source of expansion capital.

Figure 2-7
Expansion Funding Source



Suppliers must meet corporate capacity requirements to act as a supplier.³⁸ The survey asks whether respondents were aware of the requirements to do business with large corporations at the outset of starting their firms. Those who responded yes (536 firms) learned about the requirements in a variety of ways, as shown in Figure 2-8. The results provide valuable information about the information channels used to gain business and entrepreneurial knowledge at the nascent stage. Approximately 53 percent of respondents indicated that they learned of supplier program requirements by speaking directly with buyers and procurement officials in large corporations. 47 percent learned of the requirements to become a supplier from their peers and colleagues. **It appears that less formal channels, such as networking meetings and “knowing the right people,” play an integral role in bridging the information gap in regards to gaining access to supplying large corporations as a business strategy.** The focus group transcripts provided anecdotal evidence to this effect. One participant noted that without introductions, there was “no way” for her to join the conversation. Women continued to struggle with penetrating the “good old boys club.”

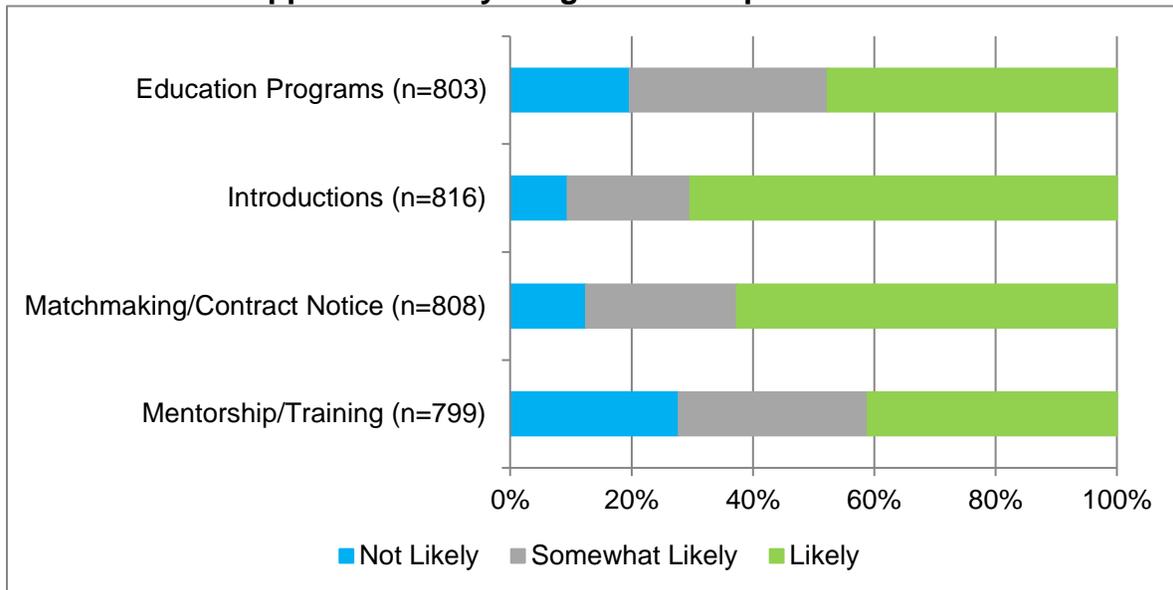
Figure 2-8
Information Source Regarding Corporation Requirements for Suppliers



³⁸ The corporate perspective on such requirements is further explored in chapters 3 and 4.

Effectively leveraging a supplier diversity program requires that the participating entrepreneurs familiarize themselves with the services offered. Figure 2-9 shows the likelihood distribution of respondents' interest in supplier diversity program specifics. Consistent with the social network focus identified above, the most desired hypothetical services offered as part of a supplier diversity program were introductions and matchmaking/contract notifications. Interestingly, respondents were less interested in mentorship and training and more interested in meeting decision-makers. The least desired offerings were education programs and mentorship/training programs.³⁹

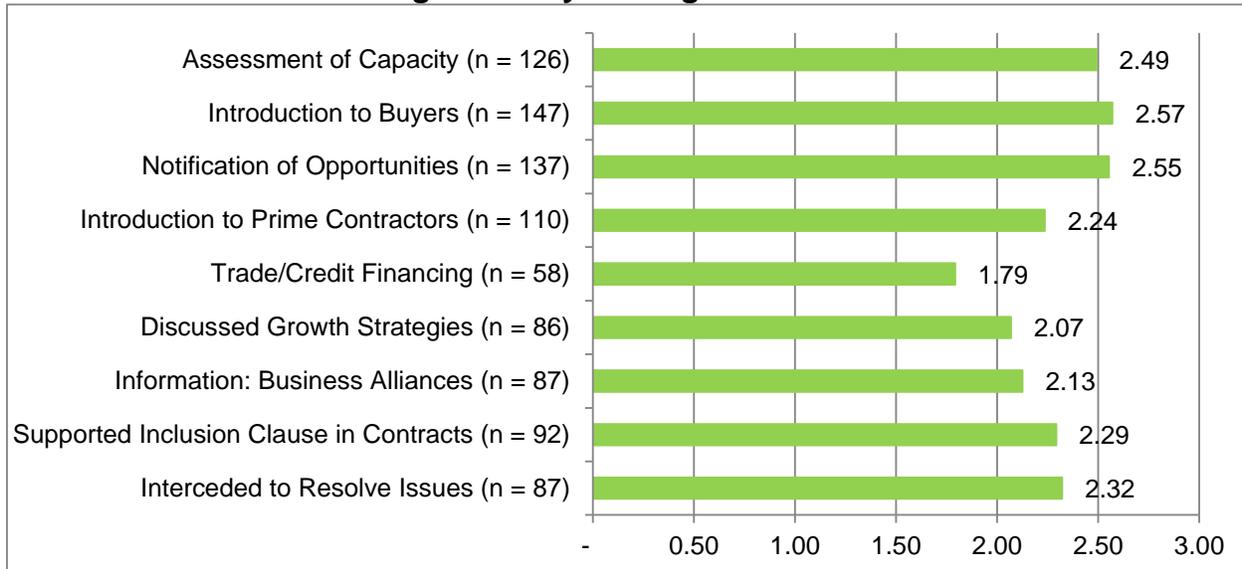
**Figure 2-9
Supplier Diversity Program Participation Interest**



³⁹ This may partially be an age-related response bias. This analysis shows that older survey respondents are less likely to be interested in mentorship. For example, 6.9 percent of respondents in the 35 to 44 age category were not interested in mentorship, versus 12.7 percent of respondents in the 55 to 64 age category.

In addition to asking about the services that women business owners desired in a supplier diversity program, the NWBC's survey explored the perception of supplier diversity program efficacy. Only 171 of the 836 survey respondents answered affirmatively to the survey question: has a corporate supplier diversity manager taken any actions or provided any advice that helped you gain business with large corporations? Figure 2-10 shows the average responses to this question on a rating scale where 1 is not helpful, 2 is somewhat helpful, and 3 is helpful.⁴⁰ As shown, most services fall within the somewhat helpful to helpful range, with the exception of Accessing Better Terms for Trade/Credit Financing. As discussed above, this may relate to the respondents to this particular survey, who are more likely than the general population to be incorporated and therefore less likely to face capital challenges. These results also indicate that survey respondents felt that the financial and access to capital resources provided by supplier diversity programs were not the greatest benefit to participation.

Figure 2-10
Average Efficacy of Program Resources

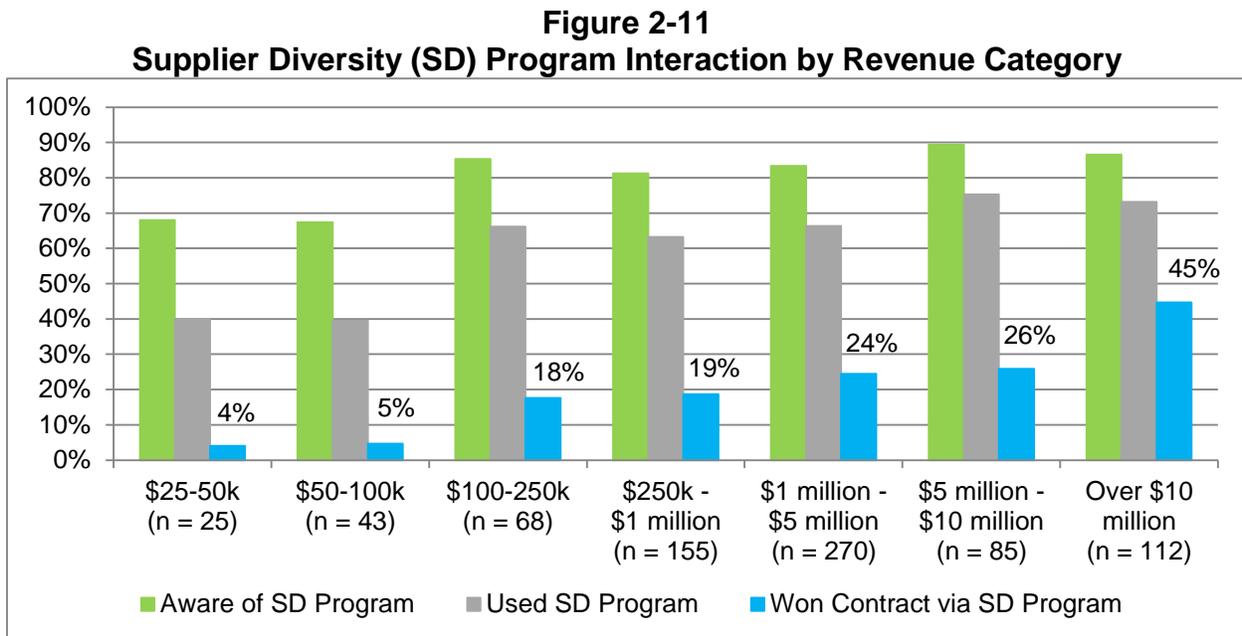


⁴⁰ This analysis takes the average of the respondent ratings. For example, if there are five respondents that answered 1, 3, 2, 2, 1, the average would be $(1+3+2+2+1)/5 = 1.80$.

The Interaction between Firm Characteristics and Supplier Diversity Experiences

This section presents cross-tabulation and frequency distribution figures to explore program experiences and perceptions of owners whose firms are similar along dimensions such as revenue category. In this subsection, the green columns indicate the percentage of firms in that age category that are aware of supplier diversity programs. The gray columns indicate the percentage of firms in that age category that participate in or use supplier diversity programs. Finally, the blue columns indicate the percentage of firms in that age category that have won a contract via a supplier diversity program.

Figure 2-11 explores how success in utilizing supplier diversity programs to win contracts varies by annual firm revenue.⁴¹ As shown, lower revenue firms rarely win contracts with large corporations and are much less likely than their high revenue counterparts to participate in a supplier diversity program. The share of firms winning contracts via supplier diversity programs steadily increases as firm revenue increases. This relationship *raises*, rather than *answers*, the question of whether winning corporate contracts bolsters firm revenue or whether strong firm receipts increase the likelihood of securing a corporate supplier contract.



Barriers Facing Women Business Owners in Supplying Large Corporations

An essential task in improving women's access to supplying large corporations is identifying and removing barriers. One survey question requested information regarding

⁴¹ Higher revenue firms tend to have more owners and more full-time employees than do low revenue firms.

“any major challenges or barriers” faced in attempting to gain business via supplier diversity programs. Of the 836 total survey respondents, 640 indicated that they encountered major barriers. Table 2-4 shows the response distribution, where individuals could select more than one impediment or barrier. The two largest categories were lack of contacts with decision-makers and lack of buyer relationships, consistent with the results shown in Figure 2-10, which indicate the program services in which women are most interested. This sentiment was echoed throughout the focus group transcripts. Notably, women felt that the supplier diversity professionals were “gatekeepers” as opposed to “decision-makers” and lacked the ability to direct a contract to a women-owned firm. The power dynamic observed is directly related to the prominence of supplier diversity at the corporation, and the participants agreed that the supplier diversity personnel need to be “at the table,” making decisions with the corporation.

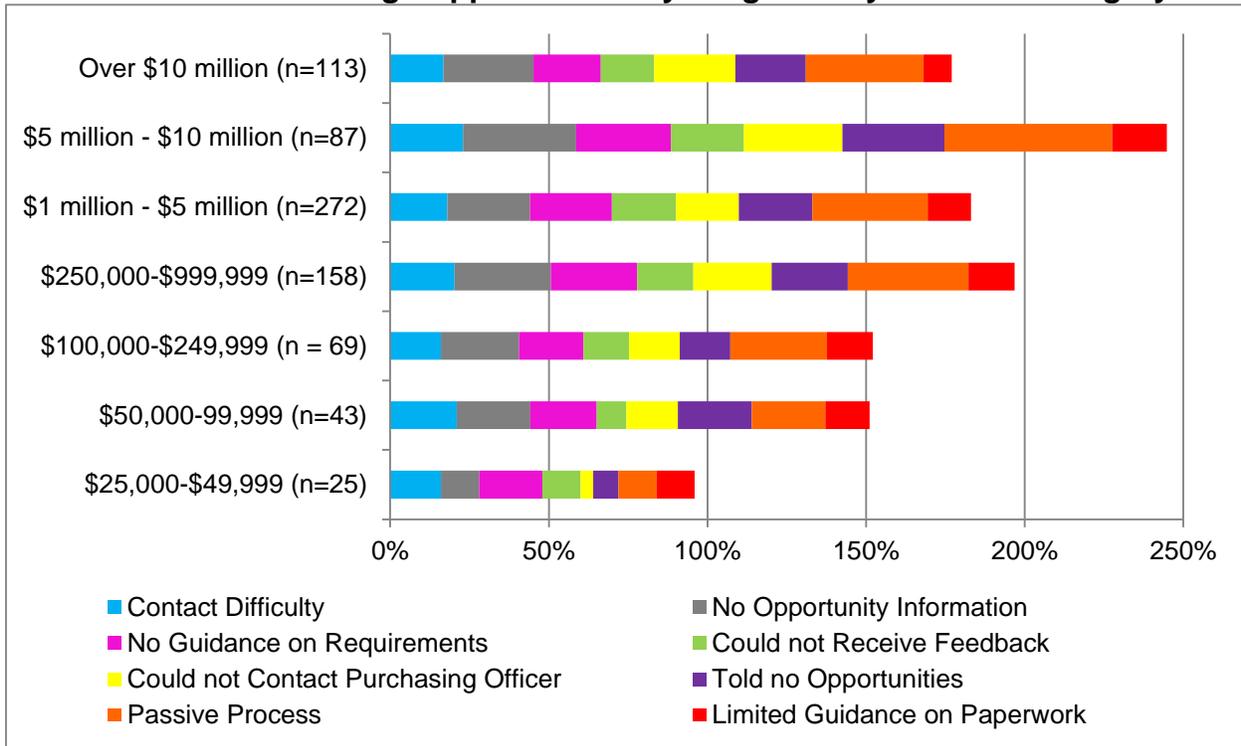
The issues women face, as indicated by this survey, reveal informational asymmetries and social network deficiencies, which limit their efforts to supply large corporations. Nearly half of survey respondents indicated that the contracting process was too complex and overly bureaucratic. These results indicate a need to streamline the process as well as reach more firms via invitations or outreach. In addition, women do not feel that they face a capacity deficit that negatively impacts their contracting wins. In fact, according to one focus group participant, there is “no question” that qualified women exist throughout the supply chain.

Table 2-4
Impediments to Supplying Large Corporations

Impediments	
Lack of Contacts: Decision-Makers	54.8%
Lack of Relationships: Buyers	54.4%
Lack of Capacity to Meet Demand	12.5%
Insufficient Capital	17.7%
Insufficient Contract Opportunity Information	36.6%
Insufficient Vendor Requirement Information	12.2%
Contracting Process Complexity/Bureaucracy	48.1%
Other	13.8%
n = 640	

A primary research hypothesis of this project is that higher revenue firms face different barriers in terms of using supplier diversity programs than those faced by smaller firms. Figure 2-12 explores this relationship and shows percentage of firms in each revenue category that identified each barrier. The largest barrier or issue encountered in using supplier diversity programs was the passive process, followed by a lack of opportunity information. The results in Figure 2-12 demonstrate that the barriers faced by participating firms do not vary greatly from the overall revenue distribution of survey respondents. **As such, it does not appear that firm revenue is a major divisor in terms of barriers and issues faced in utilizing supplier diversity programs on a “barrier-by-barrier” level analysis.** However, this analysis does not take into account the severity of the barrier faced and whether the barrier is ongoing or something that the firm overcame in successfully acting as a supplier.

Figure 2-12
Barriers Faced Using Supplier Diversity Programs by Revenue Category



Differences in Supplier Diversity Experiences

This section details what differences do and do not exist when analyzing survey responses categorized by revenue, initial strategy intent, and future plans regarding supplier diversity programs. For the Participation and Usefulness analyses, the responses are on a four point scale, zero to three:

- Zero = not offered
- One = not helpful
- Two = somewhat helpful
- Three = helpful

While Figure 2-12 indicates similarities along revenue lines when exploring barriers encountered, differences in program experience exist for firms in different revenue categories. Table 2-5 presents mean values of several response values by revenue category. Key findings include:

- High revenue firms have more owners and also more full-time employees than low revenue firms. Additionally, high revenue firms face fewer barriers to acting as corporate suppliers than low revenue firms.

- There is little to no difference among survey respondents in the likelihood of participation in any of the four supplier diversity program service categories. Interestingly, the needs of firms do not differ in terms of their expectations of supplier diversity programs by revenue category.
- Differences exist in perception of program usefulness in several categories. Firms with revenue in excess of \$1 million annually found the prime contractor introductions, access to financing assistance, growth and strategy advice, and advocate services more helpful than did the low revenue firms. This raises important policy ideas and actionable items regarding *who* supplier diversity programs reach.

Table 2-5
Differences in Supplier Diversity Participation and Utility by Revenue Category

	\$25,000 - \$1 million		Over \$1 million		Difference
	<i>Mean</i>	<i>Count</i>	<i>Mean</i>	<i>Count</i>	
Number of Owners	1.58	278	2.25	461	0.67
Number of Certifications	1.30	244	1.39	449	0.09
Number of Full-Time Employees	5.00	294	40.75	472	35.75
Number of Barriers Faced	6.22	215	6.04	373	-0.18
<u>Likelihood of Participation:</u>					
Mentorship and Training	2.13	290	2.08	449	-0.05
Matchmaking	2.47	290	2.50	459	0.03
Introductions	2.56	293	2.62	463	0.05
Educational Programs	2.26	289	2.25	454	-0.01
<u>Usefulness of Program:</u>					
Capacity Assessment	1.69	36	1.94	124	0.25
Purchasing Officer Introductions	2.31	36	2.33	123	0.02
Opportunity Notifications	2.26	35	2.16	122	-0.09
Prime Contractor Introductions	1.11	35	1.62	121	0.51
Access to Financing	0.37	35	0.73	120	0.36
Growth and Strategy Advice	0.75	36	1.17	121	0.42
Support of Inclusion Clause	1.24	33	1.32	122	0.08
Advocate	0.97	34	1.36	119	0.39

Table 2-6 shows the average responses and the differences between firms that did and did not have the intention to supply large corporations as part of their initial business strategy.⁴² Key findings include:

⁴² The sample size for the program usefulness metric was prohibitively small to present.

- Firms that initially intended to supply corporations have more full-time employees and responded that they faced fewer barriers on average, similar to the result observed in the revenue analysis above.
- Firms that initially planned to act as corporate suppliers were more likely to participate in all four categories of services offered by supplier diversity programs. It is also possible that women entrepreneurs who initially include supplying large corporations as a strategy do so because they perceive fewer barriers.
- On average, regardless of initial supplier diversity strategy, survey respondents reported facing more than 6 barriers in attempting to work as suppliers to large corporations. This implies the need for a multifaceted solution to enhancing these programs and the participation of women-owned or led firms.

Table 2-6
Differences in Supplier Diversity Participation and Utility by Supplier Strategy Category

Supplier to Large Corporations as Initial Strategy	No		Yes		Difference
	Mean	Count	Mean	Count	
Number of Owners	1.94	181	1.96	619	0.02
Number of Certifications	1.41	154	1.33	586	-0.08
Number of Full-Time Employees	18.21	194	27.56	641	9.34
Number of Barriers Faced	6.43	92	6.13	548	-0.31
<u>Likelihood of Participation:</u>					
Mentorship and Training	2.01	174	2.17	625	0.16
Matchmaking	2.28	179	2.56	629	0.29
Introductions	2.33	180	2.69	636	0.36
Educational Programs	2.11	175	2.33	628	0.21

Table 2-7 divides the survey respondents into two categories: those with plans to increase their revenue by acting as corporate suppliers and those that do not have plans to increase their revenue by acting as corporate suppliers.⁴³ This analysis permits exploration of how firms with growth aspirations differ from those without growth aspirations in terms of supplier diversity program desires. These results provide insight when designing a new program and modifying an existing program to maximize impact and results. Key findings include:

- Firms that want to act as suppliers have a slightly higher average number of certifications and more full-time employees.
- As anticipated, firms that wish to increase revenue by supplying corporations are more likely to participate in all four supplier diversity program categories.

**Table 2-7
Differences in Supplier Diversity Participation and Utility by Supplier Revenue Intentions**

Plans to Increase Revenue by Supplying Corporations	No		Yes		Difference
	Mean	Count	Mean	Count	
Number of Owners	2.01	185	1.95	615	-0.06
Number of Certifications	1.29	159	1.36	581	0.08
Number of Full-Time Employees	17.33	196	27.86	639	10.53
<u>Likelihood of Participation:</u>					
Mentorship and Training	1.71	177	2.25	622	0.54
Matchmaking	2.03	180	2.64	628	0.60
Introductions	2.13	180	2.74	636	0.61
Educational Programs	1.81	176	2.41	627	0.60

⁴³ The sample size for the program usefulness metric was prohibitively small to present.

Key Takeaways

Supplier diversity programs offer a wide variety of services depending on the corporation and the industry in which the program is installed. Understanding how program participants perceive service quality and usefulness is instrumental in developing more effective and efficient programs. The other side of the coin is developing a framework for how corporations view and administer their supplier diversity programs, with an eye towards what characteristics women business owners can strive to cultivate in order to generate increased business.

The survey results indicate that women business owners seeking to expand their firms by doing business with large corporations face multiple barriers. **The most prominent impediments faced were the lack of contacts with decision-makers and the lack of relationships with actual buyers.** The focus groups confirmed the quantitative survey results: women felt that lack of access to an individual who could actually execute a contract and hire them was a major impediment and barrier yet to be removed. However, women were confident in their ability to meet the demand of large corporations, with only 12.5 percent of women indicating that they felt capacity was an issue. Women felt more hampered by the complexity and bureaucracy of the contracting process, as over 48 percent of survey respondents selected this barrier.

Despite women business owners' confidence in their capacity to serve large corporations, fewer than half of survey participants who were registered or seeking corporate business as part of a supplier diversity program actually earned a contract or generated revenue from their participation. Therefore, it is essential to explore how corporations decide with whom they contract. This is the topic of both Chapters 3 and 4 of this report. Women business owners will benefit from learning about the process by which women-owned businesses enter supplier diversity programs and how the programs decide which businesses to leverage to meet their needs. Understanding the process by which corporations award contracts will give women business owners more power to act proactively and effectively in seeking contracts from large corporations as they will be educated as to exactly what corporations seek in suppliers.

3. Understanding the Level of Public Information Regarding Corporate Supplier Diversity Programs

Data and Methodology

In-depth understanding of corporate supplier diversity program qualities is a critical component of developing targeted policies and actionable items to increase women's participation as corporate suppliers. Therefore, the objective of this component of the research is to review, collect, and analyze information and data from corporate supplier diversity websites to catalog which companies have corporate supplier diversity programs and evaluate each program's publicly-advertised certification requirements, information requirements, and program offerings. The results provide an essential connection between the barriers identified in the survey analysis and the requirements and operations in place at America's largest corporations with supplier diversity programs.

The website review and data collection effort targeted companies listed in the S&P 500 index, which includes 500 leading publicly traded companies with respect to market capitalization.⁴⁴ Of the 500 companies in the S&P 500:

- 279 company websites explicitly discussed and maintained a supplier diversity program
- 221 company websites lacked any information on a supplier diversity program

The 279 companies with publicly-advertised supplier diversity programs provide a base for the study of corporate supplier diversity programs' desires and offerings. An in-depth review helped categorize the following information for each company's supplier diversity program. Three principal dimensions of programs were examined:⁴⁵

- **Program Basics** such as definitions of diverse supplier and the presence of an online portal.
- **Information Required** of prospective suppliers, such as qualifications and experience.
- **Program Offerings** publicly listed on the corporate supplier diversity websites.

Using the collected data, this research performed descriptive statistics and cross-tabulation analyses to develop of a profile of what corporations advertise in terms of supplier diversity requirements and program offerings. The analyses explored how different variables are related and what differences exist in terms of corporate offerings to women-owned businesses who desire to become suppliers. Key analyses included the following:

- Univariate statistics such as the mean and standard deviation for applicable variables. This includes comparisons of variable distributions.

⁴⁴ Market capitalization is a measure of value of a corporation. It is calculated by multiplying the number of shares outstanding by the share price.

⁴⁵ A complete list of the data elements collected in this effort is available in Appendix II.

- Frequency and crosstab statistics based on data elements and collections of elements. In this section of the project, the use of frequency diagrams elucidates key trends in available information regarding corporate supplier diversity programs, as well as what programs offer and require to participate.
- Where appropriate, joint frequency analysis to examine trends among corporations. For example, what share of corporations accept both NMSDC and WBENC certifications?

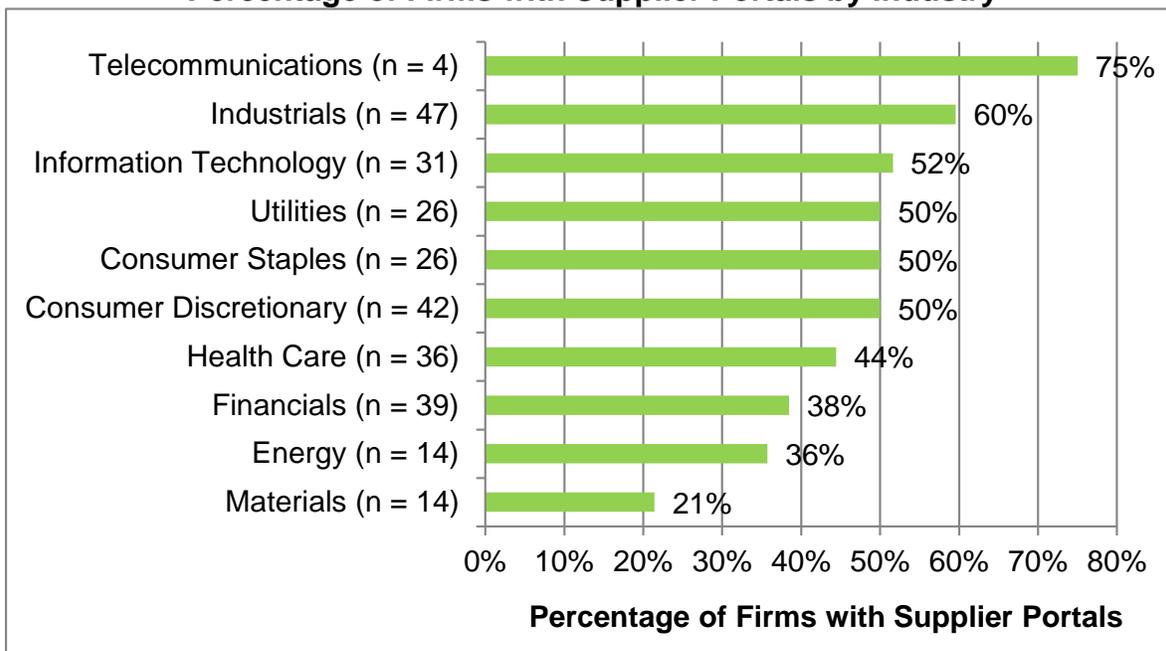
Results

The results of the website review and data collection effort include data on certifications, required information, program offerings, and transparency. The following analyses include data that is publicly available and advertised about each company. To that end, it is possible that a company might have a supplier diversity program but does not detail its offerings and requirements publicly and as a result, non-public information is not captured in the dataset. Nevertheless, when viewed from the perspective of a woman business owner as a potential supplier, the results contained herein thoroughly analyze what corporations advertise as their supplier diversity required firm information and program offerings. These data and results also serve as a springboard for discussing targeted issues and actionable items within this realm.

Supplier portals are an important connection between potential suppliers and the corporations with which they wish to do business. A supplier portal is an online log-in system where prospective and current suppliers create a profile and submit their credentials. Current suppliers often submit invoices and communicate through the portal as well. Robust supplier portals positively benefit women business owners since they provide an avenue to apply for opportunities, streamline submission of invoices, and remain connected to buyers and supplier diversity personnel.

As shown in Figure 3-1 on the next page, supplier portals are common fixtures within the supplier diversity landscape. The industries with the highest share of firms with supplier portals are telecommunications and industrials. Less than half of all Health Care, Financials, Energy, and Materials companies in the S&P 500 with supplier diversity programs have supplier portals. To do business with corporations that do not have online supplier portals, potential suppliers need to establish relationships with key contracts within the supplier diversity program.

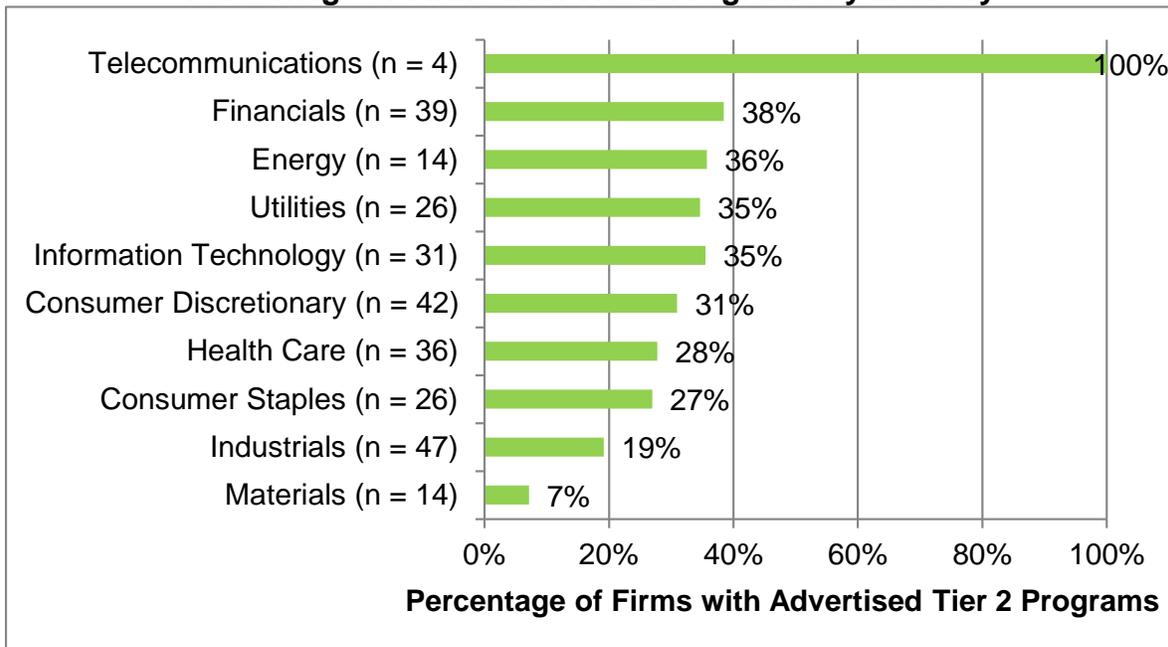
Figure 3-1
Percentage of Firms with Supplier Portals by Industry



Opportunities to participate in corporate supplier diversity programs exist for firms of all sizes. A major best practice of supplier diversity programs outlined in the Billion Dollar Roundtable is the utilization of a second tier. Tier 2 is an important business opportunity for small firms who may not have the experience, size, or scope necessary as of yet to tackle a “prime” or Tier 1 contract. To that end, Tier 2 may be an effective strategy for women-owned firms depending on their growth stage.

As shown in Figure 3-2 on the next page, less than half of the firms with supplier diversity programs publicly advertise any Tier 2 programs. Most women-owned businesses are small and could benefit from participating in monitored and targeted Tier 2 programs. Many corporations report their Tier 1 diverse spend in annual reports and trade press. Increased Tier 2 programs and offerings could increase the level of opportunity for women-owned businesses and highlight the issue of diversity through the supply chain, not exclusively at the Tier 1 level.

**Figure 3-2
Percentage of Firms with Tier 2 Programs by Industry**



Accepted Certifications

Table 3-1 presents summary data analysis on accepted certifications, the number of pieces of information required from potential suppliers, and the number of program offerings for S&P 500 companies with a supplier diversity program. This table offers a variety of insights. First, only 37 percent of S&P 500 companies with supplier diversity programs advertise and publicly promote program offerings and benefits. This is an interesting point that is explored in Chapter 4, interviews with corporate supplier diversity leaders. Second, only 61 percent of companies stated what information they require of potential suppliers on their websites or within their registration procedures. However, corporations are generally transparent about their certification requirements and sometimes preferences among certification agencies. The vast majority of companies list acceptable certifying agencies and the average company in the sample accepts four different diversity certifications. On average, corporations with listed information requirements request 3 to 4 pieces of information. Finally, of those corporations that publicly list their offerings and services, the average corporation details two such items.

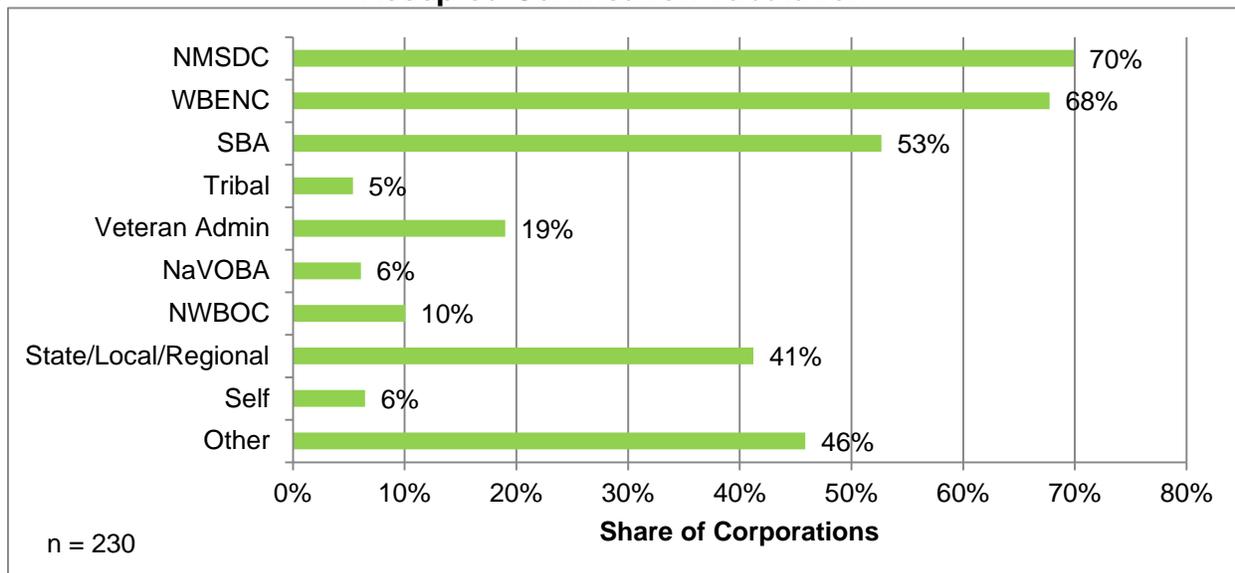
All of the programs identified serve both women-owned and minority-owned businesses. Further, all 279 corporations require that the firms participating in their supplier diversity program be certified, although not all 279 corporations listed what certifications are acceptable or how to register.⁴⁶ Figure 3-3 shows this distribution.

⁴⁶ 49 corporations did not list what certifications they require and/or accept to participate as a diverse supplier.

Only 18 corporations noted that firms could self-certify. Of the 230 corporations that list certification information, the most commonly accepted certifications are from the NMSDC and WBENC, with 70 and 68 percent of corporations accepting them, respectively. The NMSDC figure is not surprising since 41 of the overall NMSDC members are in the S&P 500. The widespread acceptance of the WBENC certification is also not surprising since it is the largest third-party certifier of women-owned firms.⁴⁷

Other certifications are less popular or desired within the S&P 500 supplier diversity community. Obtaining certification from a widely-accepted organization may open the door to contracting with a larger pool of corporations. For example, a small business may be able to work with a greater number of organizations by choosing a single, prominent certifier, versus maintaining various smaller certifications as opportunities requiring them arise.

Figure 3-3
Accepted Certification Tabulation⁴⁸



Self-certification is not widely accepted among large firms with supplier diversity programs. This is a potential barrier to small and emerging firms that may not have the requisite time and financial resources to successfully obtain acceptable third-party certification of their women- or minority-owned status. A positive note is that the vast majority of corporations accept multiple certifications and that state, local, or regional certifications held clout for companies with regional operations. Local certifications may be easier and less resource-intensive to obtain.

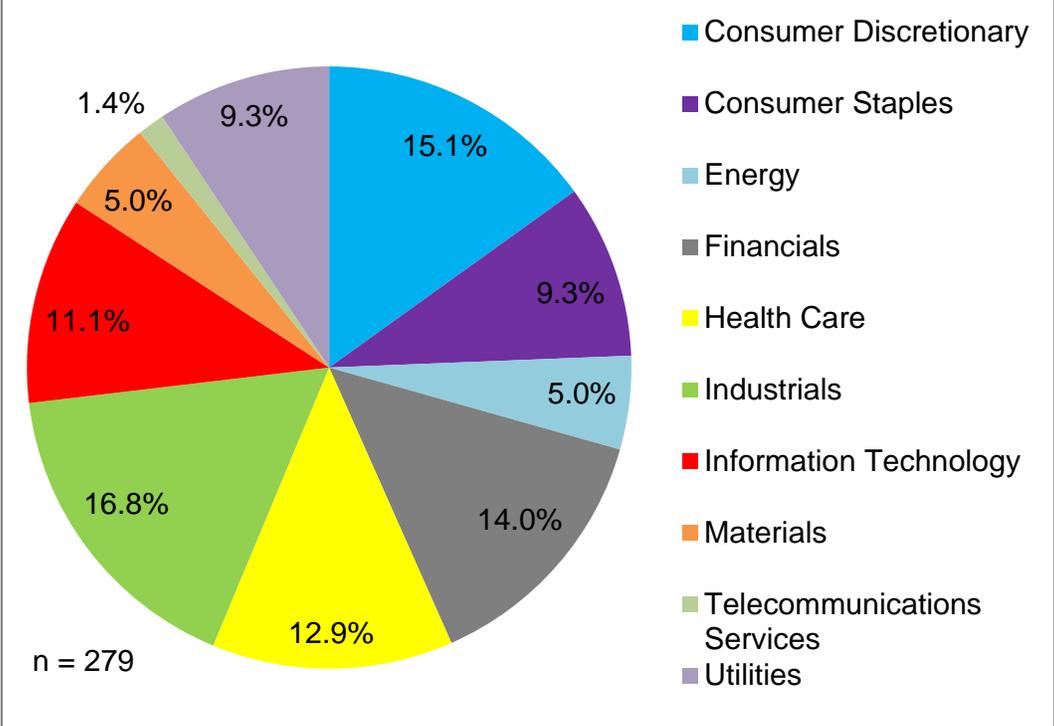
⁴⁷ For more information, please see <http://www.wbenc.org/about-wbenc/>

⁴⁸ Percentages do not add to 100 because firms can list more than one accepted certification.

Industry

S&P 500 companies with supplier diversity programs are not clustered within a select few industries. Figure 3-4 shows the broad industrial breakdown for the 279 members of the S&P 500 that have publicly-identifiable supplier diversity programs. As shown, the most popular industry for companies with supplier diversity programs is industrial products, which includes industries such as airlines and defense contractors.

Figure 3-4
Industry Breakdown – S&P 500 Companies with Supplier Diversity Programs



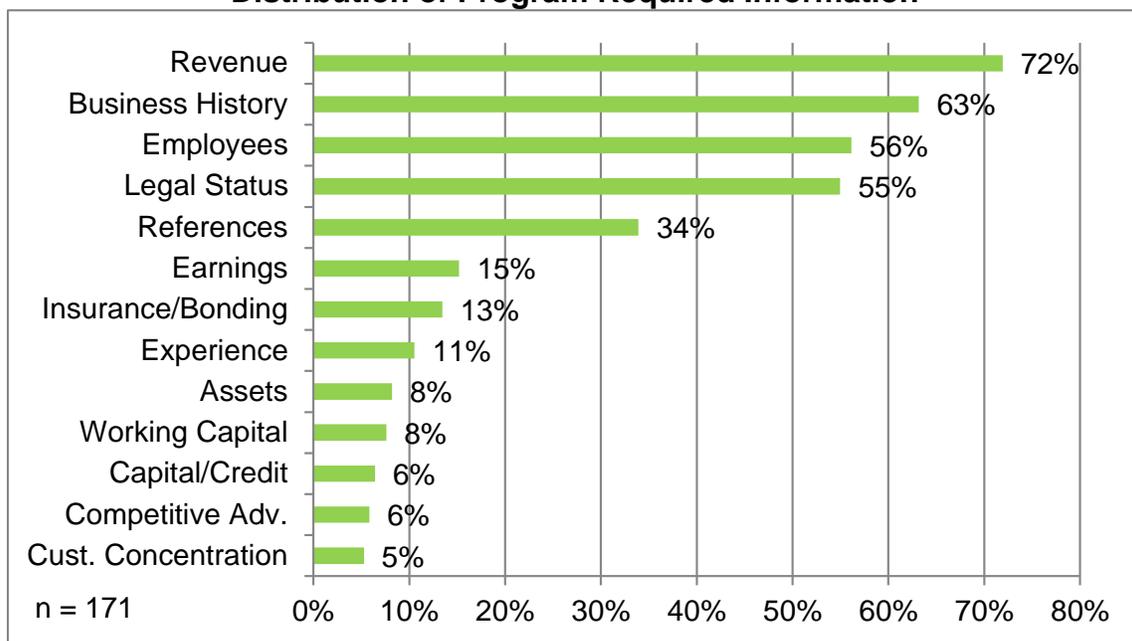
Required Information

As part of registration, many corporations request information about the owners and the business.⁴⁹ Multiple corporations include these items as part of potential supplier information and companies require this information to ascertain firm capability and to determine what potential opportunities may best fit a particular newly-registered firm. **A common theme in supplier diversity portals and websites is reliability and the ability to provide goods and services for the best price, the best quality, and on time.** Supplier applications and portal registrations collect information including revenue, employment, industry, and references.

⁴⁹ It is important to note that the figures contained in this section refer only to the corporations for which required information was listed. This section does not imply that the remainder of the corporations do not require references.

Figure 3-5 provides greater detail about the information that corporations require of suppliers during the initial registration process. This figure only presents data from those corporations that list at least one piece of required information. As shown, the most popular item requested is revenue, closely followed by business history and number of employees. Confirmed in the corporate personnel interviews discussed in Chapter 4, the registration information assists the corporations with the initial capacity evaluation process. In fact, many corporations included a “capability statement” option to accompany registration. Advocating increased public information regarding how corporations “qualify” suppliers could benefit women business owners.

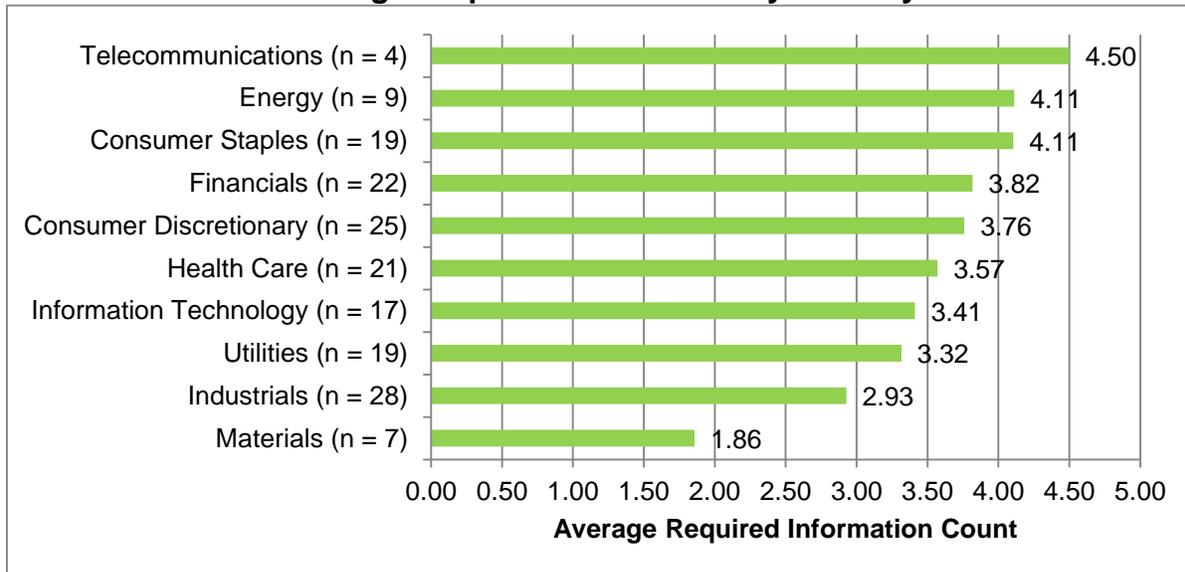
Figure 3-5
Distribution of Program Required Information



As part of the registration process, 58 corporations require references from contacts at businesses similar to the one that the women-owned business wants to supply. For example, a women-owned firm hoping to supply a large health insurance company would need to provide references from three other large healthcare companies that her firm had supplied in a similar capacity. This represents a potential substantial barrier to emerging firms. The requirement that a firm serve three comparable companies can be daunting for a firm just starting out or attempting to break into the corporate supply business. It is difficult to win contracts without experience and difficult to gain experience without having previously won a contract. One potential solution to overcoming this challenge is for businesses with minimal experience to target medium-size companies, as opposed to members of the S&P 500, or alternatively, seek opportunities as Tier 2 suppliers, until they can develop the requisite experience to prove their expertise and capability to the largest corporate buyers.

Figure 3-6 indicates that there are industrial differences in terms of required information. As shown, the telecommunications, energy, and consumer staples industries require the most information at registration. More technology-based fields, such as industrials and materials, have fewer initial requirements, on average. However, as noted above, these results are only based on what information is available on each corporation’s public website.

Figure 3-6
Average Required Information by Industry



Program Offerings

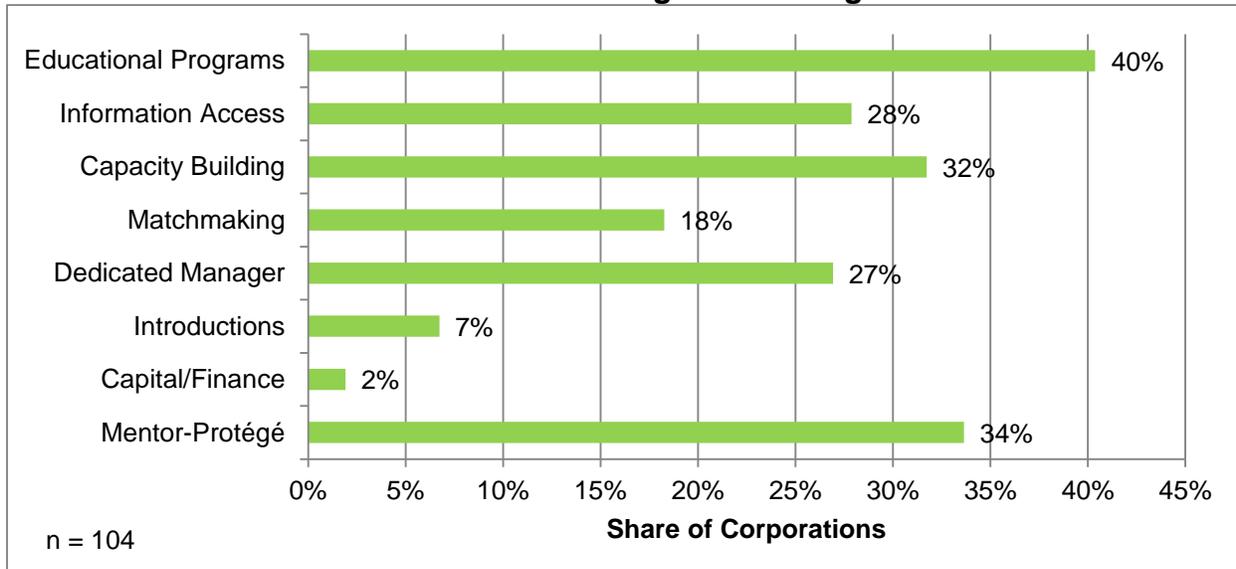
While information on accepted certifications and information requirements is available for the majority of the S&P 500 firms with supplier diversity programs, determining exactly what each supplier diversity program offers in terms of assistance and development is much less obvious from a website review. Only 104 of the 279 corporations listed specific programs or services offered to diverse suppliers. Table 3-1 on the next page contains a breakdown of how many program services are advertised and offered by corporations with supplier diversity programs. The column on the left indicates how many program offerings were listed on the corporate websites (for example, zero refers to firms that listed no program offerings on their websites). **As shown, nearly two-thirds of the S&P 500 members with supplier diversity programs did not publicly list the components of their programs, such as mentor-protégé or educational seminars.**

**Table 3-1
Corporate Supplier Diversity Listed Program Offerings**

Listed Program Offerings	Corporations	
0	175	62.7%
1	46	16.5%
2	32	11.5%
3	20	7.2%
4	5	1.8%
5	1	0.4%
<i>Total</i>	<i>279</i>	

Among those corporations that do list their program offerings, the most commonly mentioned offerings, were educational programs (40 percent), mentor-protégé (34 percent), and capacity building (32 percent). Figure 3-7 shows these results. The most-desired category from the women business owner perspective, introductions, was scarcely mentioned among the S&P 500 with supplier diversity programs.⁵⁰ This analysis raises concerns regarding potential informational and goal asymmetries between potential diverse suppliers and corporations.

**Figure 3-7
Distribution of Program Offerings**



⁵⁰ This was identified from the survey of women-owned businesses discussed in Chapter 2 of this report.

Overall Transparency

To compare the relative provision of program information among members of the S&P 500 with supplier diversity programs, binary scores for three categories were developed to capture transparency. Company transparency scores are a whole number value ranging from a low of zero to a high of three, computed based on whether or not a company's website (a) lists any accepted certifications, (b) requests specific pieces of information from participants, and (c) provides potential suppliers information on program offerings. A company receives a score of "1" for answering affirmatively to a particular category (e.g., a company web site explicitly indicates which certifications it accepts) and a score of "0" if the information is not readily available.

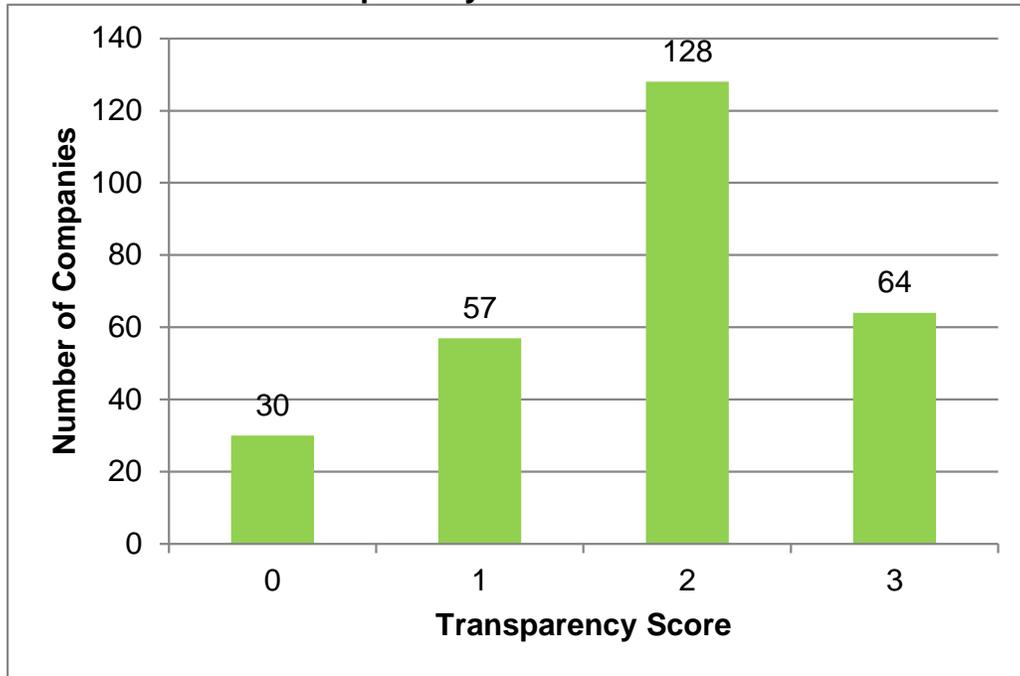
A total transparency score represents the sum of the individual binary results generated through the review of company supplier diversity websites. The transparency score highlights a key outcome of the Chapter 3 research: many top-rated programs do not broadcast their offerings and requirements online. The inputs were calculated as follows.⁵¹

- Firms that listed at least 1 accepted certification received a 1 in the certifications category. If no certifications were listed, that firm received a 0.
- Firms that listed at least 1 requirement/collected information received a 1 in the requirements category. If no certifications were listed, that firm received a 0.
- Firms that listed at least 1 program offering received a 1 in the offerings category. If no offerings were listed, that firm received a 0.

⁵¹ An example of this calculation is discussed in Appendix IV.

Figure 3-8 illustrates the distribution of corporations in the S&P 500 sample by transparency score.

**Figure 3-8
Transparency Score Distribution**



The plurality of firms were awarded a transparency score of two, indicating that they failed to include online information regarding either accepted certifications, required information, or program offerings. A low or zero transparency score does not necessarily mean a particular company fails to operate a robust supplier diversity program. Rather, it typically indicates that a particular company does not publicly advertise their program to potential participants via accepted certifications, required information for potential suppliers and program offerings. In fact, some firms with outstanding and recognized supplier diversity programs do not publicly advertise the components of their programs. Appendix IV contains a detailed distribution of transparency score composition.

Key Takeaways

The data collection and review of corporate websites for each member of the S&P 500 determined that 279 members of the S&P 500 have publicly advertised supplier diversity programs. The results indicate that corporations with supplier diversity programs are not clustered within select industries but instead represent a wide variety of industries from consumer staples to energy.

Tier 2 programs are not widely advertised on corporate websites. In fact, less than half of all S&P 500 members with supplier diversity programs publicly advertise the second tier. **Increasing the level of publicity, implementation, and interest in Tier 2 supplier relationships could benefit the women-owned business community and allow women business owners to gain valuable supplier experience, which they can later leverage to secure Tier 1 contracts.**

Women business owners attempting to break into the corporate supply chain through corporate supplier diversity programs must be certified. One-hundred percent of the S&P 500 members with supplier diversity programs required certification and over 93 percent required third-party certification (i.e., not self-certified). The most commonly accepted certifications are WBENC and NMSDC. As such, women business owners who can obtain one of these certifications stand to benefit substantially and could use that certification at multiple corporations, increasing its utility and potential value. Although other certifications are less desirable in the supplier diversity community, 41 percent of the corporations with listed certifications accepted state, local, and regional certification of diverse ownership status. However, the survey results indicated that certification remains a barrier for many women business owners, particularly those with limited time and financial resources and those who are just starting their businesses.

The first step to supplying large corporations is often registration on a supplier portal. Corporate portals and initial requirements provide insight into what information women business owners need to bring to the table in order to be prepared and increase their chances of winning a contract. **The most common piece of information collected is annual revenue, followed closely by business history and number of employees. References are also a popular requirement, and represent a potentially large barrier for women business owners starting new firms.** In addition to understanding the most common information requirements, the data collection and website review results show how the number of requirements varies by industry and that in the Energy and Consumer Staples industries, corporations require, on average, four pieces of qualifying information about the business. Corporations from other industries, such as industrials, typically require fewer than three pieces of initial information. It appears that required registration information allows corporations to vet potential suppliers as well as streamline the matching process to proposals.

The results indicate that only 37 percent of S&P 500 corporations with supplier diversity programs publicly advertised their program offerings. The most common offerings are educational programs (40 percent), mentor-protégé (34 percent), and capacity building (32 percent). The least popular item was provision or assistance with access to capital and financing, corroborating the survey results indicating that this was not a service frequently received by the surveyed women. Despite women's desire to receive more introductions to decision-makers in the procurement process, only 7 percent of firms with listed offerings mentioned introductions. However, as discussed in Chapter 4 below, 100 percent of supplier diversity leaders interviewed in this project mentioned the provision of introductions to program participants. This illustrates the

integral part that introductions play in well-functioning supplier diversity programs. Nevertheless, introductions may only be offered to firms that have been “vetted” and as such, not all potential suppliers will receive the benefit of introductions.

Finally, the research quantified the transparency of the publicly-available information for each of the 279 S&P 500 members with supplier diversity programs. The transparency score took into account the provision of information in three categories: certifications accepted, information required, and program offerings. Primary findings indicate that the majority of corporations listed at least two of the three items on their corporate website, presenting a valuable resource for women business owners who desire to act as suppliers. **Increased information may allow women business owners to target specific business segments within the corporations or understand who to network with in order to close the deal.**

4. Analysis of the Corporate Perspective: Interviews with Corporate Supplier Diversity Leaders

Data and Methodology

Chapter 4 explores the corporate side of supplier diversity using in-depth interviews with supplier diversity leaders at several large corporations. Presenting the corporate perspective complements the previous research insights derived from both the analysis of the survey of women-owned businesses discussed in Chapter 2 and the supplier diversity website review and data collection results discussed in Chapter 3. The interviews provide insights into how corporate supplier diversity programs function. While informative, it is important to note that the interviews do not represent all supplier diversity programs and instead, provide a cross-section of information at a single point in time from an individual corporate viewpoint. While similarities exist among programs, corporations operate differently and may have very different requirements, motivations, and outcomes regarding supplier diversity.

Research Design

The NWBC developed a list of interview questions designed to elicit information concerning corporate supplier diversity programs directly from corporate supplier diversity personnel.⁵² Fifteen interviewees agreed to answer questions during the course of one hour in-person or telephone interviews. Each interview was conducted on the condition of anonymity and any results presented herein are not attributable to any one specific company or individual.

The research design targeted supplier diversity individuals across a number of different industries to avoid having a homogeneous set of responses based on one particular industry. As a result, interviewees represented corporations in the following industries:

- Industrials
- Utilities
- Consumer Staples
- Consumer Discretionary
- Health Care
- Financials
- Materials

By following the same set of questions for each interview, the interview notes provided a basis for content analysis using a similar set of exploratory concepts. The subsequent analysis involved developing important themes and identifying response patterns based on the key concepts. Specifically, interview notes were reviewed to identify common phrases or ideas provided in the context of the interview questions.

⁵² The interview questions were developed by a different contractor under a prior contract.

With respect to this process, each interview asked questions about the following topics related to supplier diversity:⁵³

- Defining the business case
- Gaining corporate buy-in
- Developing corporate strategy
- Identifying barriers facing women-owned businesses
- Assisting diverse suppliers
- Exploring the role of Tier 2

Analysis of the interview notes and groupings of responses by question topic facilitated identification and interpretation of the different themes, which support the development of policy recommendations or actions to assist women-owned businesses in both understanding and engaging with corporate supplier diversity programs. The analysis evolved by identifying key concepts and related themes within each concept. The results reflect interviewees' perspectives, and are grouped as follows:

1. Supplier diversity programs are not social programs, they are good for business
2. Successful supplier diversity programs receive resources and support from all levels of the corporation
3. To best leverage diverse suppliers, corporations develop strategies and performance targets
4. Women face barriers in supplying large corporations for multiple reasons
5. While corporate programs assist women business owners in gaining contracts, they are not generally business development programs
6. Tier 2 programs vary in their engagement with women and their prominence and focus within corporations

The results section discusses the concepts in turn while presenting the prevalent themes within each concept.

Results

Concept 1: Supplier diversity programs are not social programs, they are good for business.

Each interview began by asking the interviewee to describe their company's business case for supplier diversity. This introductory question provided insight into supplier diversity motivations and a consistent response pattern emerged across all interviews. **Corporate supplier diversity programs are both “the right thing to do” and “good business.”** Notably, most interviewees described the origins of their corporate supplier diversity program as being rooted in “the right thing to do.” Yet, the interviewees consistently described an evolution of the supplier diversity business case,

⁵³ Full questions as approved by the Office of Management and Budget are included in Appendix III.

progressing from one based largely on social responsibility to one encompassing a number of key business initiatives including innovation, increased profitability, and stronger supply chains. One interviewee noted that supplier diversity is no longer a “program” but is instead a business strategy that provides substantial value and contributes to the bottom line. Other interviewees echoed this sentiment, noting that the business case for supplier diversity is more obvious now than ever, bringing innovation, new ideas, and cost savings to corporations with programs.

Diverse suppliers drive innovative supply chains. Interviewees frequently identified the benefit that diverse suppliers brought to corporate supply chains in the form of innovation. In an era where large corporations seek to optimize their supply chains, many interviewees touted diverse suppliers as a critical element in realizing this corporate goal. According to interviewees, diverse suppliers have a positive impact on efficiency, which translates into cost savings and an increase in corporate profit. Innovation also impacts competitiveness, such that firms with innovative diverse suppliers have a competitive edge of those firms who do not leverage the diverse supply base.

Demand for supplier diversity initiatives is generated by internal *and* external forces. At some corporations, clients or consumers helped define the business case for corporate supplier diversity professionals. A number of interviewees cited government rules and regulations that require a certain percentage of contract dollars awarded to small or diverse businesses as being a strong influence in developing their corporate supplier diversity. Other interviewees discussed the strong business case related to the demographics of the customer base. For example, several interviewees noted a desire to purchase goods and services from women-owned businesses since, in the United States, women make the vast majority of purchasing decisions. Yet, the desire to match the customer base in terms of demographics transcends industry. A number of other interviewees discussed the business case for using a supplier base that matches the diversity in the local community or communities in which their company operates. This is consistent with the common overall objective of having a diverse workforce.

Concept 2: Successful supplier diversity programs receive resources and support from all levels of the corporation.

Each interview explored the concept of corporate buy-in as it relates to supplier diversity. Two consistent themes emerged from the content analysis of the interview notes:

A top-down approach to supplier diversity encourages buy-in across the organization. Managing a supplier diversity program with direct input from — and direct reporting to — C-level leaders and executives facilitates corporate buy-in at all levels. The involvement of senior management also strengthens the supplier diversity business case. Other responses highlighted the importance of Chief Diversity Officers,

a task force, or management councils to provide oversight and generate buy-in for supplier diversity programs across the organization. At the core of each response is the observed pattern of *accountability*; in some cases, individual compensation is tied to the effective development and success of supplier diversity. This corroborates the RGMA five level supplier diversity system, where the interviewee responses indicated that the majority of corporations in the sample are Level 4 or Level 5 in this respect, commanding buy-in and participation from leaders and C-suite executives.

Direct buyer communication drives buy-in. While not quite akin to a “bottom-up” approach, most interviewees volunteered that generating corporate buy-in required educating and training buyers to help advance the use of diverse suppliers within the corporate supply chain. In this respect, it is not surprising that a significant number of the interviewees were located within their company’s procurement department, as opposed to human resources or another department. This theme is logical given the role of buyers in selecting suppliers and administering contracts.

Concept 3: To best leverage diverse suppliers, corporations develop strategies and performance targets.

Each interviewee was asked about corporate strategy related to supplier diversity. In response, most interviewees discussed a similar approach to how their program set and tracked progress towards advancing the use of diverse suppliers.

Nearly all interviewees set goals using procurement forecasts, growth rates and past performance, and diverse spend. While the size and scope of the goals varied based on a number of different factors, all interviewees conveyed a desire to continue to grow the amount and percentage spent with diverse suppliers. Most respondents noted that their company was diligent about reporting an overall diverse spend goal at an aggregate, corporate-wide level. Thus, the company might state it has spent or seeks to spend “X percent” with diverse suppliers in a given year.

In addition to reporting annual spend in aggregate, many companies only set goals at an aggregate level among all diverse suppliers including gender, racial/ethnic minorities, disabled, veteran, and LGBT suppliers. However, minority-owned and women-owned businesses are not homogeneous and reporting an aggregated spending amount and aggregated goals masks the differences and challenges that each population uniquely faces. To that end, increased goal setting and public announcement of spend by diverse supplier category would be advantageous to women business owners.⁵⁴ Interviewees noted that “information is power.” Therefore

⁵⁴ However, it is necessary to ensure an apples to apples comparison based on how companies compute percentage spend. For example, some companies might exclude certain expenditures that are not available to diverse suppliers, such as postage, taxes, certain accounting and finance, or legal expenses. As a result, companies with different policies with respect to these exclusions could yield significantly different diverse supplier spend goals when expressed as a percentage.

increasing the information available to women business owners about how women-owned businesses fare at each corporation should be a future priority.

Significant differences exist in measuring program and strategy effectiveness. Some respondents explicitly discussed the return on investment in their supplier diversity program, tied to revenue generation, matching demographics, or increasing profit through efficiency and cost reduction. Other companies were less stringent in tracking quantitative data related to corporate supplier diversity strategies and initiatives, and, therefore, less able to measure and report return on investment. In some of the smaller programs, it was simply not feasible to implement large scale program monitoring and instead, the companies focused on anecdotal success stories. Corporations with less information and program measurement may present a lower value opportunity to women business owners seeking to grow their firms via corporate contracts. For example, corporations that publicly broadcast their spend with women-owned firms may allow women business owners to identify corporations with increasing WOB spend and target those as a business opportunity, recognizing the pattern of increasing women-owned suppliers. In addition, a woman business owner actively searching for a mentorship opportunity can better manage her resources when corporations indicate the extent of their mentorship programs and the process to join.

Concept 4: Women face barriers in supplying large corporations for multiple reasons.

The survey analysis discussed in Chapter 2 highlighted a number of barriers that woman business owners cited as preventing successful procurement with major corporations. During the course of the interviews, the corporate supplier diversity personnel echoed these sentiments, but often with a slightly different perspective on the “barriers” concept. Critical themes included longstanding relationships, competition or overconcentration, and lack of viable diverse suppliers to fill certain needs.

Longstanding relationships between corporations and existing suppliers may prevent new, diverse suppliers from participating in the supply chain. A common point of discussion in almost every interview was the difficulty of breaking long-term relationships with existing suppliers, particularly if those suppliers have done an exceptional job supplying the large corporations and are a trusted partner. As a result, supplier diversity personnel indicated they were less likely to entertain outreach and communication with women-owned businesses that had a very small probability of obtaining a contract or establishing a vendor relationship with the company. In this sense, it is “nothing personal, just business.”

Interviewees observed an overconcentration of women-owned businesses in select industries, leading to greater competition. Interviewees identified the staffing, promotional, and janitorial services industries as common among women-owned firms seeking to act as suppliers. Almost every interviewee noted this phenomenon, where women (and minorities in general) were apt to focus on

businesses with low barriers to entry. As a result, the market becomes oversaturated with these businesses, leading to increased competition. The supplier diversity professionals noted almost uniformly that during outreach events, they are much more willing to meet with diverse suppliers that fill current needs compared to suppliers in categories where there is oversaturation. While this does not necessarily mean that a women-owned promotional or staffing business will never win business with a large corporation, it certainly presents a competitive barrier to entry for such businesses.

By contrast, interviewees noted a relative dearth of women-owned businesses in other key industries. In general, most interviewees cited certain industries such as high-tech, manufacturing, and engineering, where there were a disproportionately low number of diverse suppliers, including women-owned businesses. A majority of the interviewees noted that technology-based firms are exactly what large corporations need right now and are the most desirable companies from a diverse supplier standpoint. If a qualified and capable women-owned business is a supplier in one of these in-demand areas, the firm will face reduced competition and a higher likelihood of contracting success than it would face in an oversaturated industry. However, the startup and operational costs associated with high-tech and manufacturing companies present a barrier to women in that they still lack adequate access to capital and other resources. Interestingly, several interviewees noted how the regulatory and competitive environment served to reinforce this theme. Namely, the increase in requirements related to health, safety, cybersecurity, bonding or insurance, and other regulations acted as a barrier to the many suppliers, thereby reducing the pool of potential diverse suppliers even further. For example, corporations may require cybersecurity protocols and systems that a smaller firm would not be able to implement or maintain. For this reason, the small, yet capable, firm would not be selected for an opportunity, despite offering the service that the corporation desires.

Concept 5: While corporate programs assist women business owners in gaining contracts, they are not generally business development programs.

The interview questions explored the assistance that corporate supplier diversity professionals provided to potential and current diverse suppliers. The questions specifically explored mentor-protégé programs, financial assistance, and increasing networking opportunities as potential areas for supplier diversity programs to assist diverse suppliers. The responses varied based on the specific nature of each company's supplier diversity program, including factors such as size, industry, and program resources. Content analysis identified several themes evident across multiple interviews.

The overall impression from interviewees is that supplier diversity programs are not designed to assist firms requiring intensive development, including new firms. Instead, the programs are designed to move qualified and capable diverse suppliers into the conversation for large corporate contracts. This fact brings into question the name "program," where the majority of the

corporations did not provide a structured program in the traditional sense, but instead worked hard to promote diverse suppliers within the procurement organization. This contrasts the picture painted by the S&P 500 data collection and review effort of multiple offerings and developed programs. Corporations that do not offer concrete development and training curricula should be more transparent with potential diverse suppliers regarding their offerings. This benefits corporations by lessening the chance that valuable supplier diversity resources will be spent evaluating and responding to less qualified potential suppliers.

Mentor-protégé programs are limited to few participants. Mentor-protégé programs are used as a tool to assist diverse suppliers in gaining greater opportunities to do business with a particular company. The scope and breadth of mentorship programs varied greatly by companies, ranging from several that only had an informal program (or possibly none at all) to those with well-defined and robust programs. Those with more established programs noted participation levels were generally between five and twenty participants at any given time, including all diverse businesses (i.e., not just women-owned businesses). In addition, programs typically last between one and three years, depending on program specifics. In almost all cases, mentored companies were selected based on filling a particular need for the company, creating a mutually beneficial relationship. Women business owners should be aware that although heavily promoted online and in trade-press, mentor-protégé programs as part of supplier diversity programs are an extremely limited offering. Out of thousands of diverse suppliers, only a small fraction is able to participate at each corporation.

Corporate supplier diversity programs are not designed to assist with access to capital. The discussions surrounding financial assistance received mixed responses. Most companies do not provide any direct financial assistance to diverse suppliers, although several had separate venture funding organizations under the overall corporate umbrella.⁵⁵ Interviewees stressed that qualifications for diverse suppliers are not different than those for non-diverse suppliers. For example, bonding limits may not be lower for diverse suppliers solely because of their diverse status. However, in certain instances, supplier diversity professionals indicated their company provides assistance via introductions to local banks or financial institutions, or alternatively, attempts to restructure projects to potentially lessen the scope (e.g., unbundle a larger contract or focus on regional projects instead of national) and assist diverse suppliers in meeting bid requirements.

Supplier diversity professionals identify opportunities, search for, and connect diverse suppliers. Supplier diversity professionals represent a source of knowledge for potential suppliers. All interviewees acted as advocates for diverse suppliers in the contracting process, submitting them for inclusion on competitive bids and providing valuable meetings and introductions at the right opportunity. These

⁵⁵ Interviewees noted that these programs are almost exclusively for businesses developing emerging technologies.

individuals are also proactive in contacting potential suppliers to request bids, given that suppliers typically do not have access to a centralized list of upcoming opportunities. Several corporations indicated that they provide advice and coaching for continuous improvement and growth for women business owners already supplying the corporation. In addition, diverse suppliers, like all suppliers, undergo regular performance reviews. While these services are valuable, they are only provided to current suppliers, not prospective suppliers. With respect to prospective suppliers, supplier diversity professionals were candid about providing realistic information and being transparent about procurement prospects. Given the barriers identified above, many supplier diversity professionals indicated that they were honest with women-owned firms (and all diverse suppliers) that simply did not have any realistic chance at obtaining a contract with a large company.

Resources influence the provision of introductions, meetings, and networking assistance. Given time and resource constraints, supplier diversity professionals expressed difficulty in meeting with every supplier that requests an in-person meeting. In this regard, the interviewees noted that attending conferences where corporations will be present is important for WOBs, as it leverages the limited resources that corporate supplier diversity personnel have to offer diverse suppliers. Several interviewees recommended that business owners attend such conferences prepared and with a targeted set of researched corporations. The interviewees expressed that they are pointed and careful in allocating their networking resources. Several may, on occasion, facilitate meetings with executives and managers. These introductions are a valuable resource for women business owners, but are relatively rare and related to strategic importance and partnership.

Corporate supplier diversity leaders cooperate and collaborate with their counterparts at competing organizations. Many supplier diversity professionals considered their counterparts at competing companies to be “competimates,” which refers to the level of cooperation that exists between competing companies when it comes to assisting diverse suppliers. The most common example was the sharing of information concerning qualified, capable, and recommended diverse suppliers. The supplier diversity landscape is collaborative, as evidenced in the interviews. All of the interviewees mentioned dedication to assisting as many diverse-owned businesses as possible with gaining supply contracts and because contracts may last multiple years, corporations may not be looking for certain products or services at all times.⁵⁶

⁵⁶ For example, Company A’s supplier diversity professional is introduced to a qualified diverse supplier in a particular industry. Yet, Company A currently has no procurement opportunities at the moment. However, Company A’s supplier diversity professional might share contact information with a Company B’s supplier diversity professional, in order to assist the diverse supplier to potentially obtain a contract with Company B, even though Company B might compete directly with Company A. With the goal of assisting diverse suppliers, Company A sends a qualified prospect to Company B because Company A knows that for the foreseeable future, they cannot hire the prospect. As such, Company A does not damage its own supply pool by passing at the present time on a capable supplier, but instead provides a solid business lead to a diverse supplier. This is an ideal situation for women-owned businesses in terms of using Company A’s supplier diversity professional as a marketing resource.

Concept 6: Tier 2 programs vary in their engagement with women and the extent to which they are emphasized within organizations.

The interview questions explicitly asked corporate supplier diversity professionals about their companies' Tier 2 supplier diversity efforts. While this concept is “pre-defined” by the question, the interview results offered a variety of responses. In some cases, companies had nascent or informal Tier 2 programs, without set Tier 2 spend or reporting requirements. In contrast, several other programs had well-established Tier 2 programs that had been in effect for many years. The evolution of the Tier 2 programs had several common threads, including the general trend to increase Tier 2 reporting by primes, the addition of specific subcontracting goals, and holding Tier 1 suppliers accountable for both reporting Tier 2 spend and meeting goals. The vast majority of interviewees noted that their departments track Tier 2 spending via data collection with prime suppliers. However, due to resource constraints, only one corporation mandated Tier 2 supplier diversity requirements and data reporting.

Tier 2 programs are a way for first-time women-owned suppliers to gain necessary experience and demonstrate their expertise. Supplier diversity professionals indicated that they often encouraged women-owned firms to seek out relationships with primes to begin as a Tier 2 supplier instead of a Tier 1 supplier. Yet, several interviewees noted reluctance among women-owned businesses and other diverse suppliers to act as Tier 2 suppliers, as opposed to prime suppliers. Women business owners who neglect Tier 2 opportunities do themselves a disservice in terms of both current and future opportunities. In fact, Tier 2 opportunities need to be evaluated in terms of current capacity and as a strategy for targeting the appropriate market based on growth stage.

Key Takeaways

The interviews conducted as part of this research present a valuable opportunity to clarify what supplier diversity programs offer and the challenges that supplier diversity leaders encounter. Critical insights and key conclusions related to the interview effort include:

- Women are clustered in service-based industries, while corporations tend to seek diverse suppliers in the technology and manufacturing sectors—industries with high startup and operational costs. Further, the survey results indicate that innovation and intellectual property are not key motivations and goals for women business owners. Therefore, policies to foster increased awareness and interest in technology, innovation, and manufacturing, coupled with increased access to capital will develop a larger pool of qualified suppliers in in-demand industries in the long-term.

- Status as a diverse supplier is not sufficient to gain a contract. Diverse suppliers are required to earn business on their own merits and be competitive in terms of offerings and price. The function of the supplier diversity program is to ensure that diverse suppliers are included on bids and procurements for which they are qualified, not necessarily to divert business to diverse suppliers. Long-standing relationships influence this process as well. While a diverse supplier may be qualified, it is difficult to make the business case for removing an existing supplier with a long-term relationship that provides outstanding value, products, and services.
- The idea that customers prefer to buy products and services that are representative of their gender, racial, and ethnic profile is intuitively appealing and makes business sense, providing a business case for supplier diversity programs and the increased inclusion of diverse suppliers in the supply chain.
- Corporation goal-setting for procurement with diverse suppliers is generally considered more of an art than a science. The process incorporates the availability of suppliers, upcoming opportunities and sourcing, and targets for growth towards parity in contracting. While goals for all diverse categories, including women-owned businesses, are not always public, the majority of corporations do track spending by diverse supplier type.
- The vast majority of the interviewees noted that their mentor-protégé programs had between five and twenty participants at any given time. Given that corporations may have thousands of registered diverse suppliers, not all companies will be paired with a mentor. Mentees are typically selected because of their strategic importance and potential returns to the corporation via innovation or increased efficiency. This is an important consideration for women business owners seeking a mentor, as only a small percentage of program participants will typically receive a mentorship opportunity.
- Supplier diversity programs are not designed to provide financial assistance to diverse businesses. While the survey indicated this as a desired program offering among women business owners, the interviewees noted that their programs are designed to bring qualified and capable suppliers into the supply chain, not to necessarily *develop* suppliers.
- Nearly all of the interviewees expressed that joining organizations such as WBENC and NMSDC, as well as local chapters, was an effective way to meet procurement officials and supplier diversity professionals who can act as an advocate in the procurement process. Interviewees noted that while technology has improved communication, there is no substitute for establishing a business relationship face-to-face, incorporating the human touch. An added and often overlooked benefit of organizational meetings is that other diverse corporations are in attendance and may require the goods and services of other diverse

suppliers. Women business owners can advance their businesses by making both large corporation supply relationships and smaller deals with other diverse-owned businesses at these meetings to maximize value.

- The number one piece of advice given by the interviewees was that women business owners “do their homework.” The interviewees noted that often, women contact them without an understanding of what department or service or need their business can fill for the large corporation. Researching the business and how a given product or service adds value to the corporation prior to making a pitch will increase the success of women-owned firms in securing contracts with large corporations.
- Doing business with some large corporations is difficult. Large corporations have to manage risk with respect to suppliers and product quality. Other factors that influence corporate decision-making include regulatory requirements, cyber security, and liability. While supplying large corporations is a large business opportunity, not every firm that wants to supply corporations will meet the stringent requirements put in place by the corporation to ensure top quality and safety.
- Tier 2 is an opportunity for smaller or less experienced women-owned firms to develop and prove their worth as a supplier. Given the noted reluctance of some women business owners to work as a Tier 2 supplier, alongside the opportunity Tier 2 programs provide for businesses seeking to scale up, this research recommends that women interested in supplying larger corporations consider the benefits of serving as Tier 2 suppliers at an appropriate stage in their growth trajectories.

5. Conclusions and Next Steps

Corporate supplier diversity programs represent an opportunity for women business owners to grow their revenue streams, enhance their entrepreneurial social networks, and scale up their businesses via supplying large corporations. While most corporate supplier diversity programs do not exclusively target women, research by the SBA indicates that businesses that supply large corporations experienced increased revenue growth and employment growth.⁵⁷ Supplying large corporations provides an introduction to business-to-business sales opportunities, which can strengthen women's competitive market positions and potentially lead to sustainable growth. Further, women-owned firms are not the only parties that may benefit from increased diversity in the corporate supply chain. Some corporations with successful supplier diversity programs report that they positively affect the corporate supply chain by increasing efficiency, flexibility, innovation, and diversity while offering a critical pathway towards sustainable growth and increased sales for women business owners. An enhanced understanding of women business owners' supplier diversity program perceptions and experiences, as well as the corporate perspective on program administration and offerings, can provide insights to policy makers, program managers, and fellow women business owners regarding how to improve and best leverage programs to penetrate valuable untapped business opportunities.

This research analyzes corporate supplier diversity programs from three perspectives to offer a complete picture of corporate supplier diversity programs and women using a mixed-methods approach. Chapter 2 details a survey of 836 women-owned firms to examine the interaction of firm and owner characteristics, such as revenue and owner education, and supplier diversity program participation and experiences to ascertain key trends and insights into who participates and why. The survey component of this research utilized a survey conducted by the NWBC under a prior contract for all quantitative analyses. Although the survey is not a random sample and the results only apply to the respondents and not the entire population of women-owned firms, it provides valuable insights regarding women's participation in corporate supplier diversity programs as well as perceptions of both quality and key issues. The survey represents a first of its kind effort to understand how women business owners perceive and interact with corporate supplier diversity programs.

Chapter 3 presents a data collection and website review effort to understand what information is publicly available regarding corporate supplier diversity programs. Specifically, the research detailed in Chapter 3 collected information on accepted certifications, informational requirements, and program offerings directly from corporate websites. To that end, it is possible that a company might have a supplier diversity program but does not detail its offerings and requirements publicly and as a result, non-public information is not captured in the dataset. However, the results demonstrate what women business owners can learn from corporate supplier diversity websites to inform their decisions regarding participation as well as their understanding of program quality and qualifications. The sample included the entire S&P 500 and the analyses

⁵⁷ U.S. Small Business Administration and Visa, op. cit.

explored relationships between key variables including industry and program offerings. The data collection and website review effort and related analyses resulted in pointed areas for further clarification and discovery via the in-depth interviews with supplier diversity leaders, accomplished in Chapter 4 of this research.

Supplier diversity programs offer a wide variety of services depending on the company and the industry in which the program is installed. Understanding how program participants perceive service quality and usefulness is instrumental in developing more effective and efficient programs. The other side of the coin, explored via the interviews, is developing a framework for how corporations view and administer their supplier diversity programs, with an eye towards what expectations women business owners can strive to meet in order to secure more contracts and what policymakers can do to facilitate mutually beneficial relationships.

The final component of this research involved in-depth personal interviews with fifteen corporate supplier diversity leaders at some of America's largest corporations, providing the corporate perspective on supplier diversity programs. Interviewees participated in one-hour sessions that delved into program operations, goals, and offerings, among other items. Content analysis and thematic grouping followed the interviews, providing an essential corporate perspective to the supplier diversity landscape, complementing the women business owner perspective obtained via the Chapter 2 survey and the public-facing results compiled in Chapter 3. The interviews conducted with supplier diversity leaders provide insights into how select corporate supplier diversity programs function, including the selection of diverse suppliers for contracting opportunities.

This research incorporated both quantitative and qualitative analysis. The quantitative analysis utilized univariate techniques, cross-tabulation, and frequency distribution to explore the barriers that women face in supplying large corporations as well as perceptions of program quality as well as to profile corporate program characteristics via website review and information collection. In-depth interviews with supplier diversity corporate leaders provided a qualitative basis upon which to explore gaps identified in the survey analysis and information beyond what is available publicly via the website review and data collection.

Recommendations

Increasing and improving supplier diversity program quality, utility, and awareness of opportunities will require action on a variety of fronts. This analysis presents multiple viewpoints, resulting in action items for corporations, policymakers and advocacy organizations, and women business owners such that corporations can increase their spend with women-owned suppliers and women can grow their businesses via supplying large corporations. Key recommendations, segmented by stakeholders, include:

Women Business Owners

- **Women business owners should focus their businesses and present strategic and targeted services or products when aiming to act as corporate suppliers.** A handful of interviewees noted that diverse suppliers, including women-owned businesses, will benefit from having a concise and pointed capabilities statement. By focusing their businesses, women business owners will build their brands and reputation for quality, ultimately attracting a greater number of opportunities. Effective capabilities statements present the potential supplier's value proposition and core competencies in an easy to follow manner. The interview component of this research identified the capabilities statement as a necessary and important component of inclusion on bids and assessment of capacity.
- **Women business owners can grow their business social networks by proactively seeking out supplier diversity personnel.** By cultivating these relationships and making connections with decision-makers, women business owners can increase their chances of contracting success. Networking provides greater insight into what potential clients desire in a supplier and ensures that the woman's business is "top of mind" for procurement and supplier diversity professionals when preparing bids. This process facilitates movement past the "certify and wait for a contract" paradigm. Researching corporations to create a targeted list whose qualifications, offerings, and needs are a good fit is a necessary step for women business owners. Initial steps in this process may include connecting via social media (e.g., LinkedIn, Facebook) and researching company-specific requirements without overburdening the individuals in charge.
- **Women considering starting a business should tailor their business strategy to consider industries in which there is growing demand for services.** A critical concern with respect to women-owned businesses is concentration within select industries. Often, the industries have low barriers to entry and require little startup capital, hinting that the reason for the dearth of women in high-tech and manufacturing industries and the overall excess of firms in services industries including staffing and janitorial services is related to access to capital and general economic trends. Businesses operating in oversaturated industries will not have the same opportunities because they do not exist. Programs are necessary to assist women in starting firms in industries with growth potential to bridge this gap. Corporations cannot hire diverse suppliers for tasks where there are no qualified diverse suppliers. This is a long-term challenge for the business community and will require effort from a variety of ecosystem members.
- **Women business owners should actively seek out opportunities to serve as suppliers at the level that best suits their capabilities; businesses prepared to seek Tier 1 contracts should do so, but Tier 2 contracts should**

also be considered by some as an avenue to scale-up. The second tier is an untapped resource for women-owned businesses and represents a valuable opportunity to gain experience in supplying corporations while building their entrepreneurial social networks. Interviewees noted resistance from women business owners regarding Tier 2 participation. However, to grow their businesses, women need to start with contracts that match their scale and capacity. Often, Tier 2 businesses grow into prime contractors.

Corporations

- **Corporations should publicly convey and act on the genuine scale of their supplier diversity capacity.** The website review and data collection effort and the interviews revealed informational and program scope differences in terms of the actual programs and the public-facing information. While some companies offer more services than they broadcast, many offer fewer and the size and scale of the programs is much smaller than is conveyed to the public and women business owners. This action will result in fewer undirected calls from prospective suppliers seeking business development programs in tandem with business opportunities, and will streamline corporate operations.
- **Encouraging procurement officials and women business owners at corporations to attend supplier conferences or procurement fairs.** This action would provide women-owned firms in attendance the opportunity to both learn about the supplier diversity program in place and also to network with an individual who can serve as their advocate in the contracting process and work with them to successfully secure a contract. While meeting with the supplier diversity manager or director is helpful, connecting directly with a buyer will bridge the gap of “meeting the decision-maker” regarding contract awards identified in the survey. This action dovetails the recommendation that women-owned businesses seeking to supply large corporations via supplier diversity programs become certified. As shown throughout, certification by a third-party is required by the vast majority of corporate supplier diversity programs. In addition, certification is required to attend certain business fairs and conferences and as such, is a value-added opportunity for women business owners.
- **Corporations should work to provide advance guidance on the contracting process including upfront requirements and timelines.** Survey respondents as well as focus group participants felt that the process of contracting with large corporations was bureaucratic and complex. If there are specific requirements in place, such as bonding and insurance, corporations should provide this information upfront such that women business owners can look elsewhere if they do not meet the requirements at a particular corporation. Additionally, corporations should provide more information regarding the products and services that corporations are seeking and currently purchase. This would

enable women business owners to better target specific corporations, increasing efficiency.

- **Corporations should consider additional ways to tie executive performance to supplier diversity.** While the top-down approach to corporate supplier diversity program buy-in is already prevalent, corporations can increase buy-in by tying specific objectives and rewards, such as bonuses and compensation, to meeting supplier diversity goals. Additionally, giving supplier diversity managers a say in what firms win contracts and direct dialogue with procurement officials will align corporate intentions and actions regarding increasing utilization of women-owned business suppliers. This includes full integration of the supplier diversity mission into the purchasing entity and the business organization.

Policymakers and Advocacy Organizations

- **Congress and advocacy organizations should lead a national “charge” to increase transparency in supplier diversity operations and spending.** This initiative would raise public awareness of the issues facing women business owners in contracting with corporations. In addition, it would highlight the role of supplier diversity in business growth.
- **The Small Business Administration and its resource partners, such as Women’s Business Centers, should develop resources to build and assess the technical capacity of women-owned firms that are ready to act as corporate suppliers.** The survey indicated that women business owners need and desire technical assistance to understand and effectively market themselves to corporations. Women’s Business Centers and the SBA could develop programs for women-owned firms that incorporate assessment of capacity and development of pointed capabilities statements, both of which were mentioned as important points by the corporate supplier diversity leaders interviewed in this research. One example is the development of a standardized capacity matrix that corporations can use to efficiently evaluate the capacity of potential suppliers as well as indicate to potential suppliers their baseline requirements, such as insurance, bonding, and experience. The SBA, after soliciting corporate perspectives, could develop a blueprint document that potential suppliers fill out and that corporations can use to efficiently evaluate capacity of a particular supplier. This would improve efficiency for supplier diversity departments while providing women business owners a clearer indication of what the corporations require.
- **Programs to facilitate joint ventures among women-owned businesses may provide increased opportunity because of the pooled resources available.** For example, smaller firms can collaborate to submit a joint bid on a larger contract, resulting in cost efficiencies and risk mitigation to the corporation and a win for the women business owners. There are multiple players in advocating

and facilitating increased joint venture and partnership activity among women business owners. Women's Business Centers can create networking events with this goal in mind, while also facilitating introductions among women business owners. Women business owners should also actively seek out competitors to create joint ventures for large-scale projects.

- **Certifying and advocacy organizations should call for increased transparency on the part of corporations.** A creative option for providing women business owners with information regarding program quality and services is the addition of corporate recognition, beyond awards. This information would provide potential suppliers with details about program offerings and corporate needs without placing an undue burden on the corporations administering the programs. , An example would be a government campaign that incorporates companies that adopt standards or goals for increasing or advocating supplier diversity, similar to how many corporations have adopted SupplierPay, the government's private sector initiative that asks companies to adopt prompt payment standards for small businesses.

This research is a first-of-its-kind effort towards understanding the supplier diversity landscape from multiple perspectives. The results indicate that significant barriers and informational asymmetries exist among entrepreneurs and corporations. This research explores through the lens of business owners and corporations the barriers that women face and the experiences that women have in supplying large corporations as well as how corporations perceive women business owners, run their programs, and select suppliers. Despite the thoroughness of this endeavor, there remain a number of avenues for future research and policy considerations.

- The survey, combined with the website data collection and the interviews, provide the foundation for the development of a step-by-step guide for women business owners who want supply large corporations. As discussed, informational asymmetries exist in terms of program offerings and services as well as how to leverage those services. A comprehensive and concise guide would provide women business owners the information they need to effectively target large corporations or alternatively, decide to pursue an alternate business strategy.
- Corporate supplier diversity leaders mentioned the critical role that diverse and women-owned businesses play in driving innovation across the supply chain. Additional work is necessary to understand the role of women-owned suppliers in this capacity such that corporations and the government can increase the overall level of innovation throughout the economy.
- This research identified the importance of Tier 2 opportunities to women business owners as an entry and growth mechanism. Future work should endeavor to understand the motivations and challenges facing this segment of

women business owners, offering a comparison to the women business owners engaged in Tier 2 opportunities presented here. Key topics to explore include the role of the social network, stigma surrounding Tier 2 opportunities, and the process of becoming a Tier 2 supplier.

- This research demonstrated the importance of considering, promoting, and developing Tier 2 supplier diversity programs for women business owners. Tier 2 programs represent an opportunity to start smaller and scale up, and many Tier 2 suppliers eventually become prime suppliers. However, there is little information in the public domain regarding the functionality, implementation, and women's perceptions of Tier 2 programs. Future research should explore the mechanics of Tier 2 contracting thoroughly.
- Given the importance of certification to the supplier diversity contracting process, future work to understand the origins, dynamics, and value of certification is necessary. Specifically, the work should undertake to develop profiles of women-owned businesses and how each group stands to benefit from obtaining certification of their women-owned status.

The supplier diversity landscape includes multiple participants at various levels of the market. This research study explored the viewpoints and experiences of women business owners as well as corporations to provide policymakers, corporations, and women business owners with valuable information related to optimizing the opportunity to increase the number of women-owned businesses in the corporate supply chain. While this research developed several action items for all participants, work remains to engage more women-owned businesses in the supply chain.

Glossary

- Angel investors: individuals that provide capital to firms in exchange for an ownership stake. Angel investments are a type of equity investment.
- Billion Dollar Roundtable (BDR): an organization dedicated to advancing corporate supplier diversity program best practices. The BDR is comprised of 18 high-profile corporate members and works to “drive supplier diversity excellence through best practice sharing and thought leadership.”
- Certification: the process of establishing and proving the ownership of a business through an independent, third-party organization. For example, firms can become certified as women-owned or as minority-owned.
- C Corporation: a legal structure where income is taxed at the corporate level and at the owner level.
- Crowdfunding: a process by which businesses raise money by collecting small amounts of money from a large number of people. This is typically accomplished online.
- Minority-owned business: a business that is at least 51 percent owned by an individual belonging to a racial or ethnic minority group.
- M/WBE: a minority-owned or women-owned business enterprise.
- NAICS: a standard code for cataloging industry in North America. NAICS stands for North American Industrial Classification System.
- NMSDC: a certifier of minority-owned businesses. NMSDC stands for National Minority Supplier Development Council.
- NWBOC: a certifier of women-owned and veteran-owned businesses. NWBOC stands for National Women Business Owners Corporation.
- Prime: a contract that is won and sourced directly to the corporation. A prime contractor is the firm that reports directly to the corporation. Prime contractors may contract out part of their obligated work under the prime contract to subcontractors.
- Retained Earnings: company profit or earnings that are not distributed as dividends to owners.

- S corporation: a legal structure where all profits are passed to the owners and taxed at the individual, as opposed to the corporate, level.
- Self-certification: the process by which business owners indicate that they are either women-owned or minority-owned without applying for certification via a third party.
- Social network: the collection of individuals on which an entrepreneur relies in developing and running a firm.
- Sole Proprietorship: a business ownership structure where there is only one owner and no legal distinction exists between the owner and the business.
- Survey of Business Owners and Self-Employed Persons (SBO): a nationwide survey of business owners conducted by the United States Census Bureau. The SBO surveys businesses and collects information on both the business owners and the business itself.
- Tier 1 suppliers: businesses that provide goods and services directly to a large corporation.
- Tier 2 suppliers: businesses that provide goods and services to a Tier 1 supplier and do not directly supply the large corporation.
- Venture capital: a source of capital typically used by a nascent or growth-oriented firm in exchange for an equity stake in the business. Venture capital investments typically carry a higher level of investor risk and are a key source of capital for high-growth startup businesses.
- WBENC: the largest third-party certifier of women-owned businesses in the United States. WBENC stands for Women's Business Enterprise National Council.
- Women-owned business (WOB): a business that is at least 51 percent owned by women.

Appendix I: Survey of Women Business Owner Questions

I. ABOUT THE BUSINESS

Please answer the following questions about your current business. If you own multiple businesses, please provide information for your primary business.

1. **Are you the principal owner or designated to complete this survey on behalf of the principal owner (Chair, President or CEO) of this company?**
 Yes, principal owner
 Yes, designated by the business owner
 No → Conclude survey
2. **When did you start/acquire this business (year)?** _____
→ Conclude survey if business was started/acquired in 2012, 2013, 2014 or 2015
3. **What percentage of this business is woman-owned?** (Combine all woman owners.)
 51% or more 50% Less than 50% → Conclude survey
4. **In 2014, did this business have gross revenues of at least \$25,000?**
 Yes No → Conclude survey
5. **How many individual owners are there in this company?** (Do not combine two or more owners to create one owner. Count spouses and partners as separate owners.) _____
6. **Is your business certified as a woman-owned or minority-owned business? (Mark all that apply.)**
 Yes, certified as a woman-owned business → Continue
 Yes, certified as a minority-owned business → Continue
 No → Go to Q8

Indicate which organization(s) certified your business. (Mark all that apply.)

- WBENC (Women's Business Enterprise National Council)
- NMSDC (National Minority Supplier Development Council)
- NWBOC (National Women Business Owners Corporation)
- U.S. Women's Chamber of Commerce
- El Paso Hispanic Chamber of Commerce
- Regional, state, or local organization or agency (specify)
- _____
- Self-Certified
- _____ Other (specify)

growth

Understanding sociopolitical issues, diverse cultures and groups, and how different cultural views might impact your business and strategies

Creating and communicating an effective and compelling value proposition that clearly conveys the unique benefits of doing business with your company

Using technology

9. What is the 5-digit NAICS code for your primary business?

(If needed, please use the link www.census.gov/naics. In the "2012 NAICS Search" box on the left side of that page, enter a keyword that describes your kind of business. A list of primary business activities containing that keyword and the corresponding NAICS codes will appear. Choose the one that most closely corresponds to your primary business activity, or refine your search to obtain other choices.)

10. What is the legal structure of this business?

- Sole proprietorship
- General/limited partnership
- Limited liability company
- Subchapter S corporation
- General corporation
- Other _____ (specify _____)

11. Is this a home-based business?

- Yes No

12. Business owners may have different perspectives on the meaning of "success." How do you define success for your company? (Mark all that apply.)

- Achievement of business plan goals, objectives, and financial projections
- Increasing profits
- Development of new and innovative products
- Patents, trademarks, and copyrights owned by the company
- Increasing market share
- Entry into new markets

- ___ Brand recognition
- ___ Positive business reputation
- ___ Increased work/life balance
- ___ Selling the business and getting a return on my investment
- ___ Other _____ (specify _____)

13. In 2014, how many people (including you and other owners) worked for this business as the following?

Full-time employees: _____ Part-time employees: _____ Contractors: _____

Between 2011 and 2014, the number of people who work for this business generally:

	Full-Time Employee s	Part-Time Employee s	Contracto rs
Increased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decreased.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stayed about the same.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. What was the total gross revenue of this business in 2014?

- \$25,000–\$49,999
- \$50,000–\$99,999
- \$100,000–\$249,999
- \$250,000–\$999,999
- \$1 million - \$5 million
- \$5 million – \$10 million
- Over \$10 million

How does the total gross revenue of this business in 2014 compare to that of the previous years:

2013	2012	2011
___ Increased	___ Increased	___ Increased
___ Decreased	___ Decreased	___ Decreased
___ Stayed about the same	___ Stayed about the same	___ Stayed about the same
___ NA (was not in business)	___ NA (was not in business)	___ NA (was not in business)

How does the total profit earned by this business in 2014 compare to that of the previous years:

2013	2012	2011
___ Increased	___ Increased	___ Increased

<input type="checkbox"/> Decreased	<input type="checkbox"/> Decreased	<input type="checkbox"/> Decreased
<input type="checkbox"/> Stayed about the same	<input type="checkbox"/> Stayed about the same	<input type="checkbox"/> Stayed about the same
<input type="checkbox"/> NA (was not in business)	<input type="checkbox"/> NA (was not in business)	<input type="checkbox"/> NA (was not in business)

15. Do you currently have plans to expand your business?

Yes → Continue No → Go to Q16

When do you plan to expand?

Within the next three years
 In more than three years
 Unsure, it depends on the economy and/or other factors

How do you plan to fund the expansion of your business?

Personal savings of the owner
 Personal assets other than savings of the owner
 Personal loan
 Home equity loan
 Personal credit card(s)
 Business credit card(s)
 Business loan from a bank or financial institution
 Government-guaranteed business loan from a bank or financial institution
 SBA loan
 Venture capital investment
 Loan from family/friends
 Investment from family/friends
 Crowd funding
 Other (specify) _____

II. EXPERIENCE WITH CORPORATE SUPPLIER DIVERSITY PROGRAMS

Supplier diversity programs are offered by many corporations in order to increase their purchasing from and contracts with minority and women-owned business enterprises. Please answer the following questions about your experiences with such programs.

16. When you first started/acquired this business, did you plan to provide good or services to large corporations as a strategy to grow the business?

Yes No

17. When you first started/acquired this business, were you aware of the requirements you would have to meet in order to do business with large corporations?

___ Yes → Continue

___ No → Go to Q 18

How did you learn about the requirements you would have to meet in order to do business with large corporations? (Mark all that apply)

- ___ Spoke to peers and colleagues who were doing business with large corporations
- ___ Spoke to buyers or procurement officials in large corporations
- ___ Spoke to various corporate representatives
- ___ Attended business development and/or training events
- ___ Conducted independent research using the internet or other methods
- ___ Other (please specify: _____)

If YES on Q17 go to Q 19 after answer

18. Why did you not plan to provide good or services to large corporations as a strategy to grow the business?

- ___ Product/Service was targeted to consumers
- ___ Did not want to grow too large
- ___ Requirements to become a vendor were too onerous and/or intrusive
- ___ Did not think my company had the capacity to meet the demands of large contracts
- ___ Did not think I could secure financing to meet contract demands
- ___ Did not think large corporations would be interested in doing business with my company
- ___ Other (please specify: _____)

19. Do you currently have plans to increase your company's revenue from contracts with large corporations?

___ Yes → Continue ___ No → Go to Q21

When do you plan to increase these revenues?

- ___ Within the next three years
- ___ In more than three years
- ___ Unsure, it depends on the economy and/or other factors

What do you believe are/will be the greatest impediments to your ability to obtain contracts with large corporations? (Mark all that apply.)

- ___ Lack of contacts within decision-makers in large corporations
- ___ Lack of relationships with buyers in large corporations
- ___ Lack of capacity to meet demand

- Insufficient capital
- Insufficient information about contract opportunities
- Insufficient information about vendor requirements
- Complexity/bureaucracy of the contracting process
-

Other

(specify _____)

20. Have you or do you plan to form a joint venture or strategic alliance in order to pursue contract opportunities with large corporations?

- Yes No

21. How do you most frequently learn about contract opportunities with large corporations?

- Corporate supplier diversity managers
- Corporate purchasing/contract managers
- Notification from business and/or service organizations (e.g., WBENC, Chamber of Commerce, NAWBO, etc.)
- Relationships with business peers
- Networking with other business leaders
- Networking events (including trade shows and fairs, matchmaking events, etc.)
- Trade press or other media
- Other

(specify

_____)

22. Are you aware of corporate supplier diversity programs?

- Yes → Continue No → Go to Q26

23. Have you used or attempted to use any corporate supplier diversity programs to grow your business?

- Yes → Continue No → Go to Q25

Have you received any contracts or subcontracts as a result of your participation in corporate supplier diversity programs?

- Yes → Continue No → Go to Q26

Between 2011 and 2014, has the total gross revenue earned through corporate supplier diversity programs generally:

- increased?
- decreased?
- stayed about the same?

GO TO Q26 AFTER ANSWER

24. Why have you not used (or attempted to use) any corporate supplier diversity programs to grow your business? (Mark all that apply.)

- Not a key component of my company's business strategy for generating revenue
- Too much red tape
- Procedures/paperwork too time-consuming
- Procedures/paperwork too intrusive
- Do not know about corporate supplier processes and/or how to access them
- Do not know why certification is important to procure contracts
- Business not approved for certification
- Certification pending
- Takes years to get a contract
- Do not believe supplier diversity is helpful
- Some other reason (specify) _____

25. How likely would you be to participate in the following services offered by corporate supplier diversity programs? (Mark all that apply.)

	Not Likely	Somewhat Likely	Likely
Mentorship/business development training	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Matchmaking with prime contractors/notice of subcontracting opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introductions to corporate buyers/procurement decision-makers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Educational programs about a specific company's procurement process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

NOT LIKELY FOR ALL → CONTINUE SOMEWHAT LIKELY/LIKELY FOR ANY → GO TO Q28

26. Why would you not be likely to participate in any of the services of corporate supplier diversity programs? (Mark all that apply.)

- Don't believe they would help me grow my business
- Too time-consuming
- Would prefer to work directly with buyers
- Believe being identified as a woman-owned business would limit opportunities for my company
- Believe my company would be stigmatized by affiliation with supplier diversity programs
- _____
(specify) _____

IF NO ON Q.23 AND/OR Q. 24 → GO TO Q 30

27. **Has a corporate supplier diversity manager taken any actions or provided any advice that helped you gain business with large corporations?**

___ Yes → Continue ___ No → Go to Q 29

Indicate the level of actions or advice provided for each of the following:

	Not Provided	Not Helpful	Somewhat Helpful	Helpful
Assessment of my company's capacity to provide their corporation with goods/services	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introduction to purchasing officers and buyers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Notification of upcoming contract opportunities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Introduction to prime contractors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Facilitated access to and/or better terms for trade credit or financing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Discussed ways to grow my business (e.g., licensing, new products, global expansion, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided information about how to create effective business alliances	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Supported inclusion clause in contracts to ensure diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Interceded on my behalf to resolve issues, problems, etc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

28. **Did you encounter any major challenges or barriers in your attempts to gain business through corporate supplier diversity programs?**

___ Yes → Continue ___ No → Go to question 30

What challenges or barriers did you encounter? (Mark all that apply.)

- Could not contact anyone in the corporate supplier diversity office
- Could not receive any information about upcoming opportunities
- Could not obtain any guidance or useful guidance on requirements to become a vendor
- My company's certification was not accepted
- Could not obtain any feedback on proposals and/or paperwork submitted, my company business model, standards, quality or safety standards
- Was referred to purchasing officer but could not contact him/her
- Was told there were no upcoming opportunities
- Process was passive; was not actively connected to opportunities
- Received very little or no guidance about the completion of required paperwork
- Some other challenge or barrier (specify _____)

Were you able to overcome these challenges and barriers?

- Yes → Continue
- No → Go to question 30
- Decided to walk away as there were too many hurdles → Go to

question 30

How did you overcome them?

- Talked to someone higher in the organization
- Sought advice from someone else in the organization
- An advocate from outside the company interceded on my behalf
- Performed as a subcontractor to better understand business requirements
- Other:

III. ABOUT THE PRINCIPAL BUSINESS OWNER

Please answer the following questions about the principal owner of this business.

29. Are you of Hispanic or Latino origin? Yes No

30. What is your race? (Mark one or more.)

- American Indian or Alaska Native
- Asian
- Black or African American
- Native Hawaiian or Other Pacific Islander

White

31. What is your age?

- Under 25
- 25–34
- 35–44
- 45–54
- 55–64
- 65 or over

32. What was the highest level of school you completed?

- Less than high school
- High school diploma or GED
- Technical, trade, or vocational school
- Some college, but no degree
- Associate degree
- Bachelor's degree
- Master's, doctorate, or professional (e.g., J.D. or M.D.) degree

33. What is your current marital/relationship status?

- Never married
- Married
- Domestic partner
- Widow
- Divorced
- Separated

34. Are you a primary caregiver for any of the following? (Mark all that apply.)

- Children 18 years old or younger
- Children over 18 years old
- Elderly parents or other relatives

CONCLUSION

35. Is there anything else you'd like us to know about your experiences in the corporate market or with corporate supplier diversity programs?

- Yes → Continue No → Conclude Survey

What would you like us to know?

Appendix II: Data Collected on S&P 500 Corporations

- Program Basics
 - Presence of an online supplier portal⁵⁸
 - Diverse supplier types accepted
 - Minority-owned
 - Women-owned
 - Disability-owned
 - LGBT-owned
 - Veteran-owned
 - Small business
 - Certifications accepted⁵⁹
 - National Minority Supplier Development Council (NMSDC)
 - Women's Business Enterprise National Council (WBENC)
 - Small Business Administration (SBA)
 - Tribal Organizations
 - Veterans' Administration
 - National Veteran-owned Businesses Association (NaVOBA)
 - National Women Business Owners Corporation (NWBOC)
 - State/Local/Regional Agencies
 - Self
 - Other
- Information Required of Participants: At diverse supplier registration for a corporation, what information about potential suppliers is collected?
 - Business history
 - Experience level
 - Financial: revenue, earnings, assets, working capital
 - References
 - Insurance or bonding
 - Capital or credit
 - Number of employees
 - Legal status
 - Competitive advantages
 - Customer concentration level
- Program Offerings
 - Mentor-protégé program
 - Capital and financing assistance

⁵⁸ A supplier portal is an online log-in system where prospective and current suppliers create a profile and submit their credentials. Current suppliers often submit invoices and communicate through the portal as well.

⁵⁹ Certification is a method by which corporations can ensure that the diverse suppliers with which they contract are, in fact, diverse.

- Introductions
- Presence of a dedicated manager
- Matchmaking
- Capacity building
- Increasing information access
- Educational programs
- Tier 2 program

Appendix III: In-Depth Interview Questions

1. A 2011 Institute for Supply Chain Management study noted that “The challenge in running the programs (Supplier Diversity Programs) that stands out most is ‘finding quality suppliers’ with over 70% of participants including it in the challenges. No other challenge comes close statistically...” What is your perspective on this issue?
2. What is your company’s supplier diversity business case? When was the case first developed? How has it evolved over the years?
3. What is the role of the supplier diversity department? [**Interviewer: Mark all that apply.**]

<input type="checkbox"/> Advocating	<input type="checkbox"/> Identifying diverse firms
<input type="checkbox"/> Advising	<input type="checkbox"/> Screening diverse suppliers
<input type="checkbox"/> Referring certified firms	<input type="checkbox"/> Assisting in selecting suppliers
<input type="checkbox"/> Determining corporate supplier diversity policies, procedures, and compliance	
4. How do you gain “buy-in” for supplier diversity with executive managers and buyers throughout the organization?
5. Please share one or more best practices that have yielded good results for your company.
6. Does your supplier diversity department have a strategic plan? If so, what are the top three to five objectives? How do these objectives align with/facilitate achievement of the company’s strategic objectives?
7. Does your company have a second-tier program to encourage or require prime contractors to purchase goods and services from diverse suppliers? If so, is it mandatory or voluntary? How do you measure compliance?
8. Does your company have stated purchasing goals for women-owned businesses? If so, what are the goals? Does your company break down these goals by racial/ethnic/cultural demographics?
 - a. In general, has your company met its purchasing goals for women-owned businesses? What do you think has most contributed to the success/lack of success in meeting these goals?
9. How can your company increase its use of women-owned businesses?

10. What is your single most critical concern for the success of your program for women-owned businesses?
11. How does your company select new vendors? Can you briefly describe the vetting process for new vendors?
12. What characteristics would make a potential vendor an “ideal” candidate for doing business with your company?
13. What percentage of vendors actively doing business with your company are certified WBEs or WOSBs? What percentage are small businesses owned by women but not certified?
14. In terms of race and ethnicity, how diverse are the women vendors currently doing business with your company? What processes and practices do you use to assure a racially and ethnically diverse pool of women vendors?
15. What are some of the most common characteristics shared by women-owned businesses that have succeeded in doing business with your company?
16. Are there circumstances under which your company would consider investing in innovations or assisting vendors to gain access to financing? If so, what are they?
17. What should women vendors expect when they call on your company?
 - What will they need to know or do before calling on your company?
 - On average, how long does it take before a potential vendor does business with your company?
 - Is there a template for success?
 - Is there a template for guaranteed failure?

Appendix IV: Transparency Score Detail

The following example illustrates how the transparency score was calculated for each S&P 500 member with a supplier diversity program.

**Table IV-1
Transparency Score Illustration**

Company A	Yes/No?	Score
Lists Accepted Certifications?	Yes	1
Indicates Required Information for Potential Suppliers?	No	0
Provides Information on Program Offerings?	Yes	1
Total Transparency Score		2
Company B	Yes/No?	Score
Lists Accepted Certifications?	No	0
Indicates Required Information for Potential Suppliers?	No	0
Provides Information on Program Offerings?	No	0
Total Transparency Score		0

If Company A’s website listed accepted certifications and program offerings, but not required information, it would receive a total transparency score of 2, per Table IV-1. In contrast, Company B does not provide any information in the three categories (certifications, required information, and program offerings) and as a result, receives a transparency score of 0. Firms with a score of 3 responded to all categories and are considered the most transparent with regard to their supplier diversity programs.

To provide further detail to the composition of the transparency scores, Table IV-2 summarizes the transparency score component combinations. The first digit is the score for certifications, the second digit is the score for required information, and the third digit is the score for program offerings. For example, a corporation with a score of 101 has information about accepted certifications and program offerings on its website, but no information about requirements. As shown, the most common combination is having both certifications and requirements, but not listing program offerings. It may be that this is related to the informal nature of many program offerings, as learned via the in-depth interviews. It is also possible that the websites are designed to set initial requirements as opposed to providing information, serving as a “weeding out” mechanism. These issues are explored from a qualitative lens via the in-depth interview analysis in Chapter 4.

**Table IV-2
Transparency Score Component Distribution⁶⁰**

Transparency Component	Transparency Score	Number of Corporations
000	0	30
001	1	2
010	1	11
100	1	44
011	2	6
101	2	32
110	2	90
111	3	64
Total		279

⁶⁰ Firms with a “000” score had an identifiable supplier diversity program online and a landing page, but did not offer any information regarding program specifics, requirements, or offerings.