

# BUSINESS DIALOGUE

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## Supplier Diversity Has Changed Forever: A new economy demands a whole new way of doing business.

by Melvin J. Gravely, Ph.D.



No matter what you call our current economic situation two things are clear. The business shift is significant (and unfinished) and how we do business will be different on the other side. The economy is resetting and adjusting to a new normal. New rules. New expectations. New realities. What will these changes mean to efforts to include and grow diverse businesses? No one really knows for sure but there are subtle signs of at least four elements likely to be different.

**1. More mergers and acquisitions.** This was always a strategy more talked about than actually implemented. That will change starting this year and for the next few years. Merger and acquisition activity will be pushed along by an increase in troubled suppliers in struggling industries, age motivated succession of early minority CEOs and global competitiveness demanding more scale and less risk. Although capital will continue to be difficult to find, merger and acquisition activity will increase substantially among diverse firms.

**2. More business with existing suppliers.** The cost and risk of sourcing new suppliers will make it even more advantageous to do a higher volume of business with existing suppliers. The market will demand ever increasing efficiency in all sourcing including diverse suppliers. This will mean more opportunity for the strongest suppliers but it will also make the hurdle for new suppliers higher.

**3. Shift in focus from included suppliers to successful suppliers.** The activities of inclusion have been focused primarily on getting more opportunities for an increasing number of diverse suppliers. Participation of diverse firms is important but the success of diverse firms will become the guiding priority. Organizations will begin to measure their success by how well they develop competitive diverse suppliers; suppliers who are profitable and growing. Organization's growing reliance on the strength of their supplier's demands a new attention to successful over just included.

**4. Less sensitivity to social motivations.** The genesis of all of the work in minority business development was a reaction to social pressures. Things have evolved. Communities, corporations and other organizations are now beginning to see the economic importance of inclusion. Although we are still neophytes in our appreciation for the real opportunities for economic impact, it really will be all about business in the future. People will want to "see" how an increase in the success of diverse suppliers tangibly makes us collectively better.

Our economy is "resetting". The rules of business will be different and the new rules will also drive a permanent change in how supplier diversity and minority business development will unfold. Inclusion will be no less important (although to some it will appear that way). How inclusion looks, our methods, and measures will also need to change. That's what I think. What do you think? E-mail your comments to [Dialogue@entrethinking.com](mailto:Dialogue@entrethinking.com).

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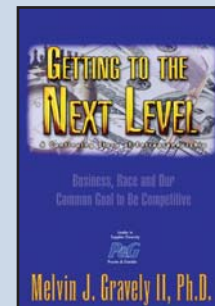
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