

Getting To The Next Level: The Real Challenges of Supplier Diversity

by Melvin J. Gravely, Ph.D



I've been thinking. What are the *real* challenges of growing competitive diverse suppliers? The challenges generally fall into two big buckets. The first is the bucket of the *stereotypical and impossible*. The second is the bucket of *real and manageable*. The bucket that appears to be the most relevant seems to depend on how committed an organization is to the growth of minority businesses. The truth is there *are* real challenges to supplier diversity and minority business development. Just like there are real challenges to any business initiative. For example, there are challenges to growing market share, and to reducing internal cost and to continually improving quality. Successful organizations repeatedly confront and overcome challenges on their path to success. Dealing with challenges is a fundamental of business. It is what businesses do.

The two different buckets define more of the approach to dealing with the challenges than they explain the challenges themselves. The words that support the bucket of the stereotypical and impossible are the concerns you hear most often. Common messages like *we cannot find them, it is not our culture, we buy high end supplies and we cannot sacrifice quality*. As with all stereotypes, the issues are often rooted in facts and real experiences

but actually are not true. More importantly, these are the issues to which we struggle to find real solutions. People and organizations driven by this bucket are often stuck on not moving. They are still asking questions like *why should we*, and *what is the business case*. People and organizations that are in the bucket of stereotypical and impossible are stuck in a cynical cycle. They do not believe so they do not commit the resources and the effort needed to address the challenges. They do not succeed, as with any other initiative that does not get the resources it needs, therefore confirming their original lack of belief.

It is true that businesses are really in the business of meeting and overcoming challenges but there is something different about this challenge. There is something about this challenge that drives some organizations to highlight the stereotypes and reasons why not; when they could focus on the strategies and opportunities of getting better results. Organizations living in the first bucket are vested in understanding the reasons they cannot make more progress. They see supplier diversity as an expense and not an investment. They are complying more than they are committing. Complying is probably better than no involvement at all but it does add to the frequency and volume coming from the bucket of stereotypical and impossible.

Organizations that live in the bucket of real and manageable recognize the real challenges of growing the size and competitiveness of diverse suppliers. The approach is fundamentally different. These organizations address the challenges with the assumption they must succeed to be a successful organization. Those that operate from the bucket of real and manageable consistently do two things. First, they see supplier diversity

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as an opportunity. The nature of the opportunity varies. Some organizations see it as an opportunity to serve their customer better because their customer cares about supplier diversity. Others understand that minority business development drives the long-term economic outcomes that create the purchasing power for their customers to buy more products from them. Still others understand that a diverse supply base provides access to markets otherwise unavailable to them. Whatever the motivation, the outcome is they see it as an opportunity. Opportunities get what opportunities always get; resources, plans and strategies, internal accountability, and intense activity. There is no shortage of available knowledge on how to get better results in supplier diversity. The shortage is in the level of commitment to make it an opportunity.

The second consistent theme for firms who operate from the bucket of real and manageable is they descend

from the clouds of myths and stereotypes. These organizations move down through the general issues to specific situations, individual opportunities and particular challenges. This is the only level that is actually manageable. There is not much that can practically be done for vague challenges like “we can’t find them.” Yet there is no challenge that cannot be met when you are considering a specific situation.

There are real challenges in supplier diversity. Minority suppliers are generally smaller and often lack experience in particular types of transactions.

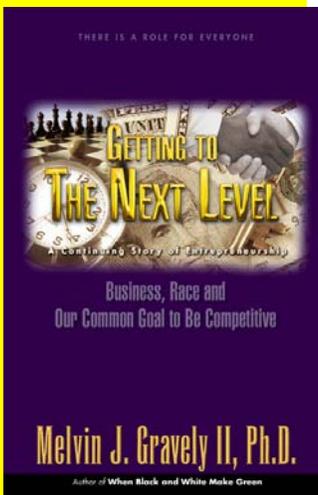
The best you can get is dictated by the content of your bucket.

Relationships with minority suppliers are frequently new and untested. It is also not uncommon for these firms to experience challenges related to economies of scale. The limiting demographics of minority suppliers are a common topic of discussion. The conversation about their lack of capacity is a staple of the bucket of stereotypical and impossible. The reality is capacity in supplier diversity is a two way street. The direct and simple fact is those organizations that have resources applied, metrics of success in place, and internal accountability, succeed in supplier diversity. They find the minority suppliers. They

work with the suppliers to develop value added solutions, partnerships and opportunities. There is no doubt that the question of the capacity is the right question. The problem is it is rarely applied to both sides of the supplier-customer relationship.

It comes back to where it typically starts; the level of commitment to diversifying the supplier base. The question is which bucket of challenges is your bucket? One bucket gives us the comfort and cover that stereotypes often do. The other drives us to manage the challenges like every other business challenge we need to overcome to be successful. What is clear is that the best you can get is dictated by the content of your bucket.

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Getting To The Next Level: Business, Race and Our Common Goal to be Competitive

Mel Gravely, the popular author of *When Black and White Make Green* and *The Lost Art of Entrepreneurship*, is back with *Getting to the Next Level*. The book is full of the real lessons learned from the most successful minority business owners, the corporations that are most committed and the communities that truly understand their role in growing successful diverse businesses. *Getting to the Next Level* is direct, candid and at times challenging. The book makes no excuses, places no blame and finally makes the path to success clear. If you want to get to the next level this book will show you what it takes including answers to important questions like:

- Why is access essential but not sufficient?
- What are the two ultimate indicators of long-term business success?
- What lies in the trap of minority business programs?
- What is the most important element of business capability?
- How do you build effective business relationships?

Getting to the Next Level is a business parable with many characters you will recognize and others you will enjoy meeting. The pace is quick and the solutions are practical. This book holds the key to getting to the next level of thinking, expectation and business opportunity.

A must read for diverse firms and those who hope to understand our common goal to be competitive.

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Dr. Mel Gravely is the author of *When Black and White Make Green* and his new book due in February 2007, *Getting To The Next Level: Business, Race and Our Common Goal to Be Competitive*. He is also the developer of COMSDA.com, an on-line benchmarking tool for supplier diversity programs and the Managing Director of the *Institute for Entrepreneurial Thinking*. E-mail Dr. Gravely at Mel@Entrethinking.com.