

A New Focus on Competitiveness *Third in the Getting to the Next Level series*

by Melvin J. Gravely, Ph.D



I've been thinking. There is no doubt there has been significant progress in the focus on minority business development and specifically the level of spending with minority owned businesses. Corporate spending alone, as reported by the National Minority Business Development Council (NMSDC), has grown 25% over the last few years. The amount of dollars spent with minority owned firms is an important element of success. (Although it is not a very good measure; See *Obsessed with the Spend*, April 2006 issue of *The Entrepreneurial Thinker* www.entrethinking.com/newsletters.asp). The critical question is will spending levels ever equal success for minority owned firms? If success is the ability to compete in the open market without third party intervention, then the evidence suggest that spending with minorities alone will not make that happen.

Although this year major corporations will spend more than \$100 billion with minority owned firms, although there are a dozen or so corporate members of the Billion Dollar Roundtable (those spending at least \$1 billion dollars with diverse firms), although the 39 affiliates of the NMSDC hold hundreds of events and although top tier corporations hold their own focused tradeshows, the evidence of any increase in competitiveness is lacking. For example, there are still only a handful of

minority owned firms larger than \$500 million. There is virtually no industry leadership by minority owned firms. And despite the common notion, the few equity funds focused on minority owned businesses seem to have more money than venture ready minority firms in which to invest.

The reasons for this reality are complex. First, it has to do with how corporations set goals and the types of opportunities they make available. Historically the opportunities have been marginalized, low risk, low margin, commodity goods and services. Second, is the social motivation to spread the opportunities around to more and more minority owned firms. Although this is contrary to the trend to consolidate suppliers, "spreading the wealth" is an unspoken desire of many organizations. These realities bleed into how minority business owners structure their businesses, how they pursue opportunity and the desirability of minority businesses to equity investment. These factors all hurt the opportunity to gain economies of scale and the viability of developing an industry leading position. But it also has to do with the simple fact that no one is talking about an increase in competitiveness. Sure people wonder about capacity and capability but those factors are a part of but not the same as competitiveness.

Competitiveness is a difficult metric

to capture, count and track but it has quietly become the measure that will matter most in the future. The reasons are simple and compelling. The world is changing and changing more rapidly than our strategies for inclusion of minority businesses. The speed in which our economic structure has become global and the shift in the dynamics of how suppliers are sourced makes the current focus on level of spending difficult to sustain. If our current spending with minorities has not equaled success,

The critical question is will spending levels ever equal success for minority owned firms?

how much spending will it take? That is why the answer is not just in the spending but in an increased and systematic focus on competitiveness. The growth rate in spending is far greater than the most optimistic estimate of

the growth in the level of competitiveness. Yet it is competitiveness that will make inclusion stick.

No, this does not mean that spending levels with minority firms does not matter. No, it does not mean that our current approach is not working. What it does mean is the infrastructure for including minority owned businesses and the progress we have made to date finally make us ready to *get to the next level*. It means now is likely the first time we have all of the right elements to focus on competitiveness.

So what do we do? The simple answer is, expect increasingly competitive minority firms. Maybe that means

we expect minority firms to have a competitive development strategy. It could mean an expectation to know how they will increase their capacity, improve their financial flexibility, sharpen their value proposition, enhance their operational efficiency and develop their management team. It likely means a fundamental expectation that access to doing business is not just about getting a contract but is about gaining access to accelerants to success. Accelerants like developing relationships, experience and credibility that will increase competitiveness. Many minority

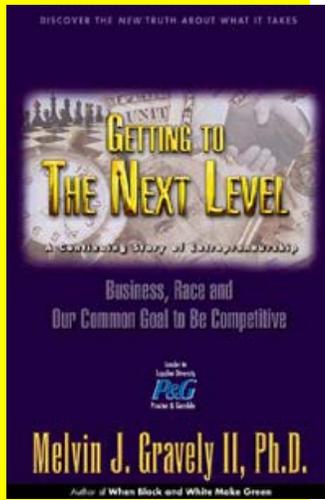
entrepreneurs have gotten it but not enough and the focus is not shifting fast enough.

It is not easy. But what are the real alternatives to sustaining our efforts in supplier diversity and minority business development? How do we expect to get to the next level without a focus on competitiveness? If minority business development is not about developing a larger number of more competitive and more successful minority owned firms, what is it about? This whole idea makes many people nervous because it sounds like we are asking something from minor-

ity suppliers that we do not ask from others. The concern is understandable and even if it is true, we already ask minority firms to get certified. We already suggest they enter through a special portal on our web site and we already request they attend special minority business events. The minority business gets something in return for these requests. Supplier diversity and minority business development provides access to market opportunity, technical assistance and often financial resources. The remaining question is do these programs provide access to sustainable success?

Business is about competing and until minority business development efforts are about increasing competitiveness then is this really about business? I'm just thinking. © Melvin J. Gravely, II 2007

Competitiveness is a difficult metric to capture, count and track but it has quietly become the measure that will matter most in the future.



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.

Order your copy today
SPECIAL OFFER AT
www.GetTheNextLevel.com.
(FREE Shipping)

Quantity discounts available
e-mail: robin@entrethinking.com

SPONSORED BY:



Dr. Mel Gravely is the author of the new book *Getting to the Next Level: Business, Race and Our Common Goal to Be Competitive* (www.GetTheNextLevel.com). 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.