

The New Reality for Diverse Suppliers *Does Anybody Really Care About Supplier Diversity?*

by Melvin J. Gravely, Ph.D.



I've been thinking. If you've been thinking it's more difficult to get real attention from a major organization, you're not crazy. It's true. There is a new reality. There are new rules, new expectations and they all demand a new approach for suppliers. The change is not isolated to diverse suppliers yet the impact on diverse suppliers could be more significant. Diverse suppliers are more likely to be new suppliers, smaller and with fewer resources. It is even more important to understand the new environment for how suppliers are selected, the implications of the changes and the key strategies to compete and win.

The environment for supplier success is challenging and is becoming increasingly so in three significant ways.

1. The turnover rate for suppliers is low therefore new supplier opportunities are less frequent. Organizations stay with the same suppliers because switching suppliers cost money, introduces risk and takes time. Plus suppliers generally do a pretty good job. Organizations do not change suppliers often because it rarely makes much business sense.

2. Customers (actually individuals inside of organizations) are busier and have less time to consider new suppliers. Everyone is being asked to do more with less. This reality forces buyers to focus and prioritize their activities even more. This means less

time to listen to new suppliers and definitely less time to proactively consider switching suppliers. Even if you get their attention, distinguishing yourself from the many other options is even more difficult.

3. The period from when you meet a new potential customer to when you even have an opportunity to pursue business (we call it the Lag Time) is longer, less clear and more difficult. No one has time to be bothered. Sounds harsh but our research suggest you will get more canned responses to inquiries (does go to our web site and register sound familiar?) and less information from a prospect to help you continue to learn about their business.

None of this is new but it appears to be more prevalent. These realities are no longer just in large, multinational organi-

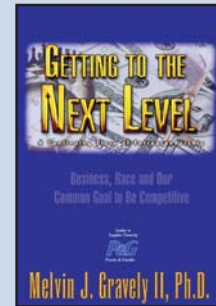
zations. Even medium sized regional customers are moving in the same direction. The implications on how suppliers do business in this environment frame the hurdles of success for all suppliers and especially diverse suppliers.

So what do successful suppliers understand and other suppliers miss completely? Successful suppliers understand it takes a sustained combination of factors to win in this environment. Four of the factors to consider are:

- Make your relevant capabilities evident early. Successful suppliers show customers how what they do fits specifically with what the customer wants. They do it early and they do it often. This means suppliers have to

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know which attributes and capabilities matter most to which customers. Some capabilities will be obvious and others will take some effort and investigation to determine. Don't be so concerned about the effort it takes. The more it takes the fewer suppliers who will put forth the effort and the more different you will look to the customer. The clearer you are on your capabilities on the things that matter most to your customer, the better the customer will see you through the clutter of so many options.

- Leverage referrals. What do people do when they are busy, they need something and they want to lower the risk of making a bad decision? They

get referrals. New customers don't know you. Every new supplier shows up with a big blinking sign that says RISK! Referrals from those they know and trust lowers the risks and again makes you more attractive. We have performed a number of

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surveys asking how corporations find new diverse suppliers and the consistent number one answer is a referral from a peer. Referrals work for the busy customer because they help get objective, reliable information with less time and less effort. Make sure referrals work for you too.

- Understand timing is everything. You can get a NO today and six months later the situation is totally different. Why? Timing. You may fail to get a customer's attention if you catch them when they are focused on something else or when they are happy with their current supplier or when they just signed a long-term deal with someone else. Things

change. Truth is you aren't going to change the timing. Suppliers have to come to understand the difference between a NO and "not now." They often sound the same but breaking through in today's environment means suppliers must understand the difference. "Not now" means keep doing your homework. Understand the situation. Stay in touch. Depending on what you sell "not now" can last for years before you actually get a chance. Most suppliers won't work that long. That is good for you if you will.

- Commit to long-term marketing and sales. Suppliers simply cannot compete long-term without some approach to sales and marketing. The sell cycles are too long. The follow-up is too important. The relationships are too vital. The environment is too competitive for a supplier to believe they will compete based on capabilities alone. Capabilities and capacity may have been enough in the

past but they are not now. Busy customers have current suppliers and a long list of others who wish they were current suppliers. The customer has options and without some rational plan to market and sell you won't be one of them.

Some say all of this means major organizations no longer care about diversifying their supplier base. Not true but it does mean they are going about it differently. I understand why diverse suppliers are frustrated. No one has shared the new reality and what to do about it. Some might say this article is too harsh or too critical or not "up-beat" enough. It is upbeat because it allows us all to understand the rules of the current environment. It's not harsh or critical because it's not judging the environment. This is not about right or wrong. It is about giving all suppliers the information they need to be successful. Isn't that what we all want? I don't know. I'm just thinking.

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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). Melvin Gravely is the President of Validex Employment Screening Services and the Founder of the *Institute for Entrepreneurial Thinking*. He is also the developer of COMSDA.com, an on-line benchmarking tool for supplier diversity programs. E-mail Dr. Gravely at Mel@Entrethinking.com.