



## Diverse Contracting at Woman-Owned Companies

At NWBOC's recent event, Decades of Excellence, a group discussion took place on the topic of supplier diversity programs within WBE certified companies. This article captures the content of the discussion.

### About the participants:

**Christie Knable** is a Strategic Account Manager for ALOM Technologies Corporation in Fremont CA. The company provides supply chain management services for top brands worldwide. Owner Hannah Kain is the recipient of the 2014 Eclipse Award Winner for Outstanding Supplier Diversity Program. <http://www.alom.com/>

**Nicole Copp** of Copp Media Services in Wichita, KS. Started 22 years ago by Bonnie Copp, Nicole is part of this mother-daughter team. The advertising agency provides media planning and buying services. The company is considering starting a supplier diversity program; Nicole participated to learn what others are doing. <http://www.coppmedia.com/>

**Phyllis Hill Slater** of Hill Slater, Inc. in Mt. Sinai, NY, engineers and architects since 1969. Her company has participated as a supplier in literally hundreds of supplier diversity programs over the years with corporations and government entities; Hill Slater Inc. has always watched their supplier diversity spend but now it has a more formalized program.

**Beth Harshfield** of Exhibit Arts in Wichita, KS. The company provides trade show production, promotional products, and management services. An 8a success story, Exhibit Arts has incorporated its own supplier diversity initiative. <http://www.exhibitarts.net/>

**Nancy Zurbuchen**, NWBOC's communications person. Her company is Motional Multimedia, a marketing strategy and communications firm specializing in B2B clients.

<http://www.motional.com/>

**Janet Harris-Lange**, is President of NWBOC. [www.nwbo.org](http://www.nwbo.org)

### **Commentary:**

Janet: The trend that we see happening within the corporate and government supplier diversity programs is for the contractor to ask whether or not the woman-owned company has *their own* utilization programs. In other words, is she doing business with women, minorities, disabled veterans, and so on. Does she track her spend with these groups? Some contractors have been asking about this for some time now, while others are newly adding this line of inquiry. This is a natural progression of companies ensuring that those they do business with are also creating opportunities for women and minorities.

Phyllis: It is a fact that having diversity in the workplace, including the supplier base, is a marketing advantage. It is one way of aligning your goals to the company you are wanting to do business with. There are so many opportunities to make that happen today, with the explosion of women and minorities as business owners. I remember back in the day when companies would say we cannot find diverse suppliers. That argument certainly doesn't hold water any more.

Christie: We find that in many cases, women or minority owned suppliers are more loyal to you, compared to others. Our selection process is not simply taking the lowest bid; rather, we choose by quality and track record. We check out the company, and we look for ones that share our passion for quality and performance. It's that dedication that makes a huge difference. So it goes beyond just how it looks, it can be a business advantage.

Nancy: Also, the research shows women business owners tend to hire more women and minorities, as well as subcontract with more WBE/MBE companies. So in that sense, having a more formalized supplier diversity program as part of the company structure underscores what the women owners are already doing.

**Janet: Ultimately this results in smaller companies down the food chain being given opportunities they would not have had otherwise. That said, it would benefit any company to start their own program, formal or not.**

Beth: We have found that the questions appear at the bidding stage. You get points for certain things like location, being woman owned, past performance for this type of work, experience with this company or agency. Each one has points assigned to it, and now there are also questions about having our own supplier diversity program. At this point it is questions only; later in the process you would need to be prepared to show the detailed plan and results.

Christie: We are working with our customers on reporting not just our tier one spend, but also tier two spend. Our customers have asked for more detail and more validation. So this means also working closely with our tier one suppliers to track *their* spending with diverse suppliers. It has become an educational process for us as we talk to the tier one company owners, explaining why they would benefit from setting up their own supplier diversity program. Having the conversation does build trust, though. They then start their own awareness and tracking process. Occasionally we've even been asked for tier three level data.

Nicole: I understand the importance of this topic, and the impetus to act on it. My question is, how? How do you set up a program in the first place, and how do you prove you have a good program?

Phyllis: The first thing to understand is that it starts with your own RFP stage. Build it in as part of what you do, and don't think of it as something that is added on later.

Nancy: It sounds like a process question – capturing the data at certain points, the RFP process being one. But the question is where and how?

Christie: Yes, it is an opportunity that is best realized by making a commitment to get the data. You really have to take that on as a project.

Janet: But to get started, it really doesn't have to be complicated at all. You can just start with a spreadsheet, tracking the logical information you're going to be asked about. You can have a very successful program, all tracked on a spreadsheet. You can add summing formulas to automate some of it.

Phyllis: For the reporting aspects, the expectation on the corporate end can be as simple as providing a list of firms, what diversity category they fit into, and how much you spent with them. A step further would be to track whether they are certified or not, and through what entity.

Beth: Another step would be to have the diversity data integrated to your financial software.

Christie: Especially on the larger contracts, some of your customers will ask to see the certifications from YOUR suppliers. We track this in a database, and we send out a form to our diversity program suppliers asking for this information. Because our diversity program is pretty mature, we are developing a custom program to manage this information.

### **Outline: Supplier Diversity Program Development**

Below is an outline for Supplier Diversity Program Development, compiled from the group input.

#### ***Get a base-line:***

- Start small, with a spreadsheet or within your current supplier database.

- Identify and classify the current suppliers: which are women or minority owned?
- Do this by sending a questionnaire or a verbally survey them.
- At this stage, these are 'self-declarations' (meaning you are not asking for their certifications)
- Do some math to come up with two numbers: your spend with women owners and with minority owners.

***Augment your internal processes:***

- Add these questions to your RFPs:
  - Level One:
    - Is your company woman owned?
    - Is your company minority owned?
  - Level Two:
    - Does your company have WBE or MBE certification?
    - From what entity?
    - What is the certification number?
    - What is the expiration date?
  - Level Three:
    - Does your company have a supplier diversity program in place?
    - What is your spend with WBE firms?
    - What is your annual spend with MBE firms?
    - Do you ask your suppliers if THEY have a supplier diversity program?
    - If so, how much do you track of the tier two spend?
  - Level Four:
    - Expand the tracking to include a more segmented diversity classification, such as veteran, economically disadvantaged, etc. (use the same classifications as the government has already created!)
    - When contract is awarded, notate these items in separate columns on a spreadsheet (or database):
      - Track the project
      - Dollar amount
      - Award date
- Track the above data as columns on a spreadsheet or in your supplier database (for all respondents or only for the winning awardee).
- Integrate this supplier diversity data into your company's accounting software; capture the spend as you pay your invoices.
- At Level Two, be prepared to validate the certification by contacting the certifying entity.
- At Level Three be prepared to educate your tier one suppliers about the purpose and benefits of having their own supplier diversity programs, and why you are asking for the information.

***Augment your supplier list:***

- Reach out to women and minority supplier firms and ask for their proposals.
- Add them to your supplier list.
- Create an internal process so this is done on a regular basis.

Date: 10/2014

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