



Supplier Diversity

Best Practices

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Sourcing Leadership 2007

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Expense Management Solutions

- Boston-based management consulting firm founded in 1997
- Recognized subject-matter experts on corporate shared services functions including real estate, procurement, mail, distribution, print, travel, food service, records management, and others
- Fortune 500 client base including Microsoft, Coca-Cola, Yahoo!, Cisco, Aetna, Sun Microsystems, Morgan Stanley, CA
- Providing business transformation services, research, and thought leadership in this field for more than a decade

Agenda



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- Historical perspective
- Statistics
- Today's perspective
- Benefits
- Best practices
- Challenges



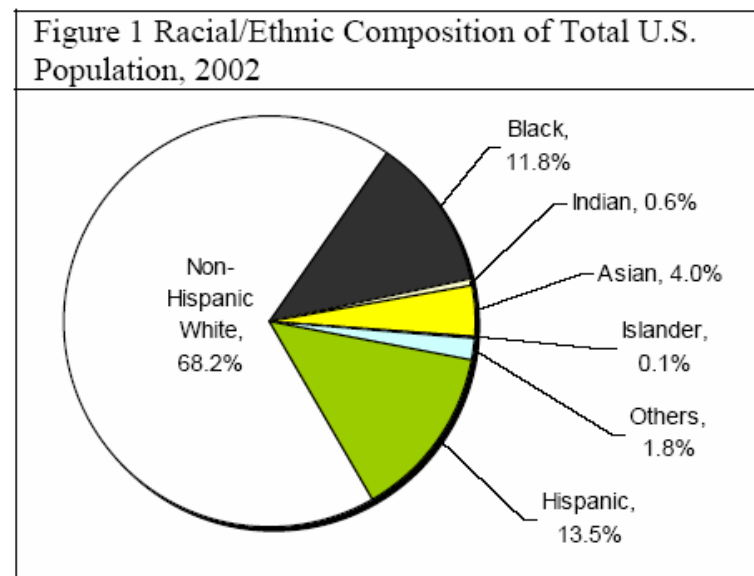
Historical perspective

- The government started it thirty-eight years ago
- Contracts were “set aside” to allow disadvantaged businesses to compete
- **Perception**
 - **Pay more -**
 - **Get less -**
 - **Check off the compliance box**



Some recent statistics

- The US population is over 32% minority...

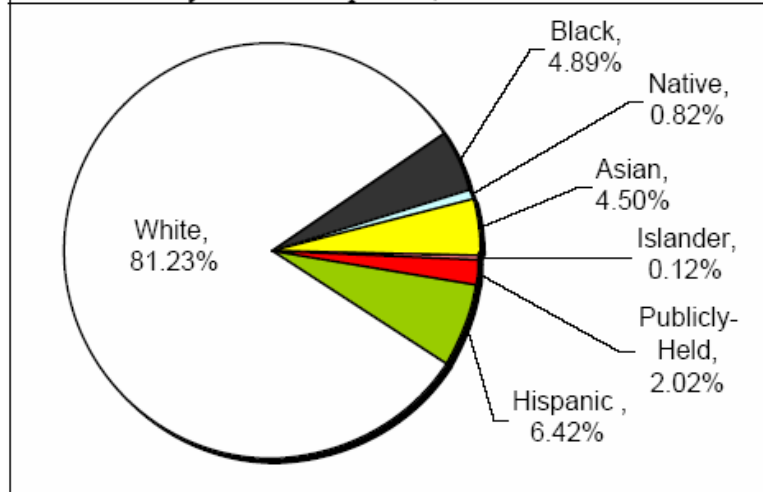


Source: Minorities in Business: A Demographic Review of Minority Business Ownership, SBA, April 2007



Statistics (continued)

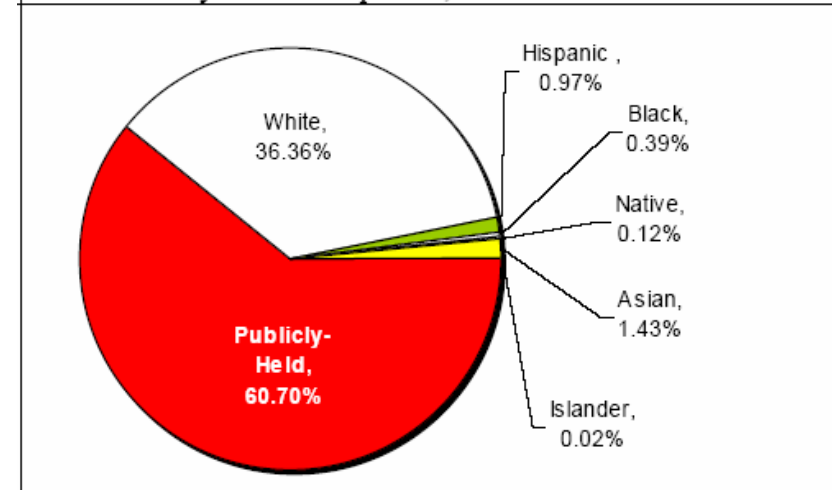
Figure 6 Racial/Ethnic Composition of Business Firms with Publicly Held Companies, 2002



...but only 19% of
business firms are
owned by minorities...

...and less than 3% of
revenue is earned by
minority businesses

Figure 7 Racial/Ethnic Composition of Business Receipts with Publicly Held Companies, 2002



Source: Minorities in Business: A Demographic Review of Minority Business Ownership, SBA, April 2007



Today's perspective

Supplier diversity is...

- ...*no longer* about quotas
- ...an integral part of the “new” organization
 - Diversity of customer base, product/service offerings, and branding/corporate image
 - Diversity of workforce
 - Diversity of supplier base
- ... a business imperative, *and* a business opportunity



Benefits

- Improve quality
- Lower total cost
- Develop market and competitive advantage
- Increase flexibility
- Improve corporate image



Best practices

- Policy
- People
- Planning and Processes
- Psystems
- Performance management



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Best practices - Policy

- Policy statement
- Top-level sponsorship
- Clear goals w/management team accountability
- M/WBE development strategies and plans
- Appropriate organization and infrastructure



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Best practices - People

- Dedicated supplier diversity director or manager
- Definition of roles and responsibilities
- Minority business development team
- Ongoing education and training



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Best practices - Planning and Processes

- Program integrated to corporate cultures and processes
- Formalize planning process for company, customers, suppliers
- Internal and external communications
- Tight integration with all core sourcing processes
- Active partnerships with and participation in organizations promoting M/WBE
- Supplier development



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Best practices - Psystems

- M/WBE supplier information repository
- Spend data acquisition and analysis
- Performance tracking and reporting



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Best practices - Performance management

- Goals and objectives translated into specific performance measures
- Organizational, business unit, and individual performance measures
- Performance *has* to be tied to compensation
- Combination of internally and externally focused metrics



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Best practices - Metrics

- Supplier certification
- M/WBE spend, properly categorized
- Non-minority spend, and M/WBE spend as percentage
- Progress against strategic goals
 - Participation in development councils, trade shows, industry groups
 - Supplier development programs
 - Internal training/education programs

Challenges



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- Getting management's attention
- Overcoming “reverse discrimination” perception
- Achieving inclusion in core procurement activities
- Decoupling diversity efforts from economic cycles



Questions? Discussion?



Thank you



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■ For more information:

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