



**Northwest
Minority Supplier
Development Council**



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Creating Value Through Business Engagements

Corporations Public Agencies Minority Business Enterprises

Supplier Diversity: A True Value Proposition

Presented by Fernando Martinez



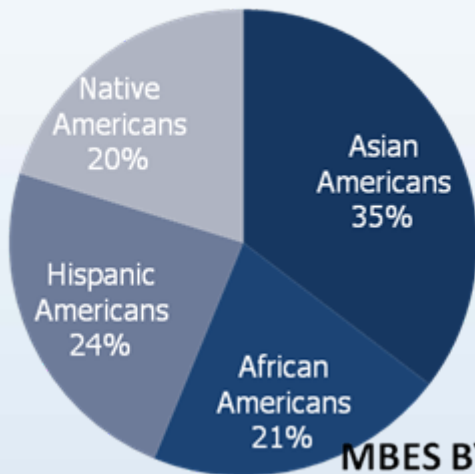
Discussion Points

1. Supplier Diversity & the Northwest MSDC
2. Three Dimensions of Diversity
3. Introduction to Supplier Diversity
4. Value Proposition
5. Supplier Diversity Effect
6. Closing

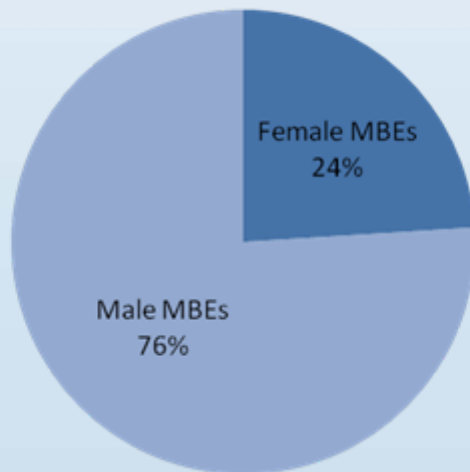


1. Supplier Diversity & the Northwest MSDC

MBES BY RACE

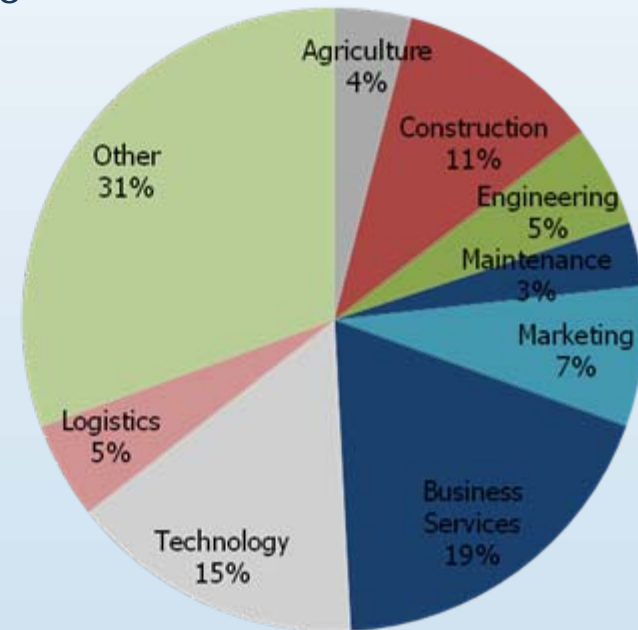


MBES BY GENDER



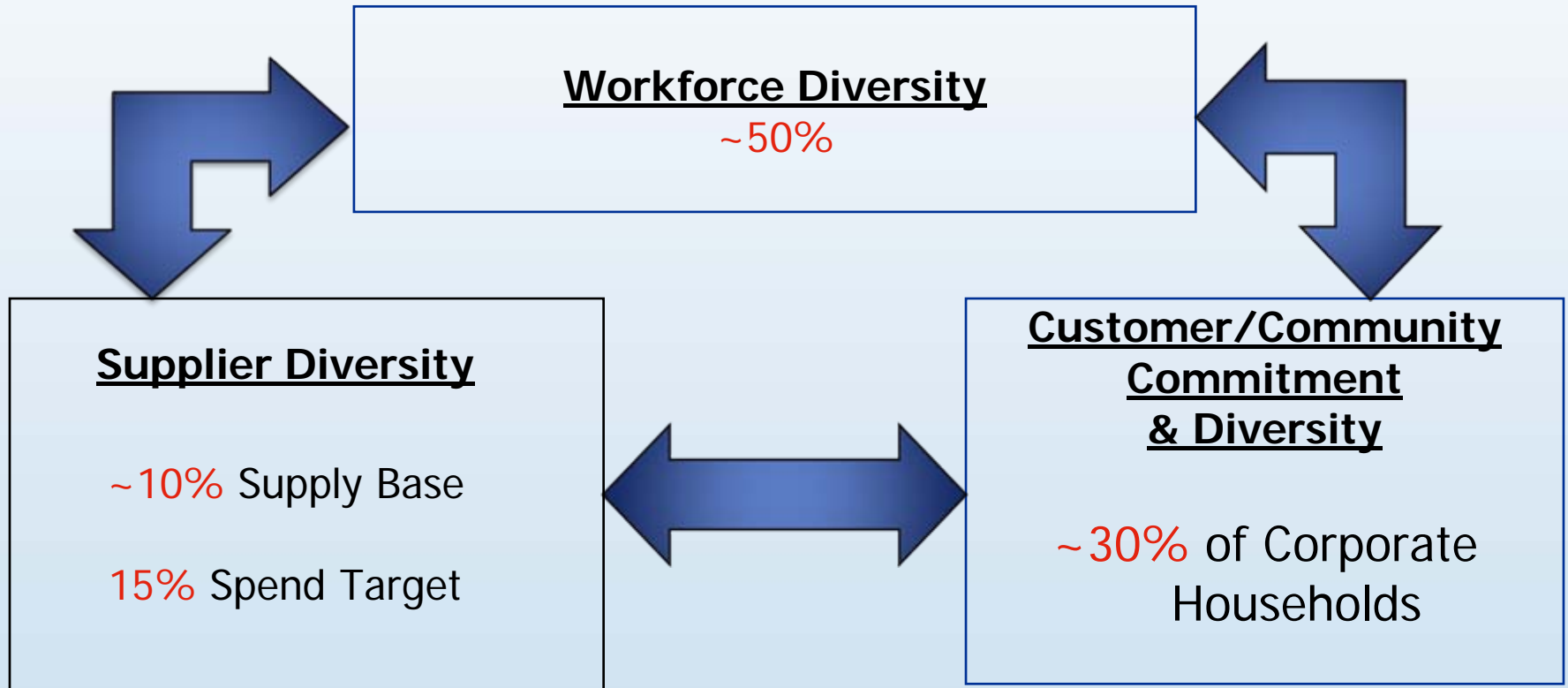
TOP 8 NORTHWEST MSDC BUSINESS SEGMENTS

- Business Services
- Technology
- Construction
- Marketing
- Engineering
- Logistics
- Agriculture
- Maintenance





2. Three Dimensions of Diversity





3. Introduction to Supplier Diversity

- Define Supplier Diversity

Process utilized by corporations to encourage use of Minority Owned Businesses in the delivery of product and/or services. It is designed to afford Minority Owned Businesses a fair and equitable opportunity to participate in the awarding of business.



Scope of Supplier Diversity

- Minority and Women Owned Businesses
 - Defined as Entities in which minorities own 51% or more of the stock or equity
 - Owners are engaged in the day-to-day management of the Business
 - Fastest growing business segment of the U.S. Economy
 - Minority and Women Owned Businesses generate approx. \$3 Trillion in annual revenues
 - Minority and Women Owned Businesses employ nearly 23 million workers



2 Key Imperatives

- There are 2 Key Imperatives associated with acceptance, delivery, and improvement of the Supplier Diversity Process
 - Imperative 1 – Financial Responsibility
 - Imperative 2 – Social Responsibility



Imperative 1 – Financial Responsibility

- Inclusion of Minority Owned Businesses has a positive Financial Impact:
 - Enhances Brand Recognition
 - 81% of consumers state they will do business with organizations associated with a cause (Supplier Diversity) in a situation where price and quality are the same
 - Market Penetration
 - Consumers
 - Businesses
 - » Top Line Revenue
 - Improves Sourcing and Procurement
 - Creates a Competitive Pricing Landscape
 - Creates an Innovative Sourcing and Procurement Process
 - Increases Flexibility in how corporations conduct business
 - Increased Productivity & Efficiency
 - » Bottom Line Revenue
 - » Net Income

Top Line Revenue effectively managed through a more productive sourcing and pricing landscape leads to an increase in Bottom Line Revenue



Imperative 2 - Social Responsibility

- There is the commitment to invest in communities within which corporations conduct business
 - Social Contract
 - Customers Expect Corporations to give back to the communities
 - Demonstrates Corporate Values
 - Community Empowerment



Minority Business Engagement Principles

- Capabilities align to Corporate business strategy and objectives
- Cannot be a cost premium for Corporate (no set asides)
 - Must be Cost Competitive
 - Must be within Benchmark Cost Structure
- Must have potential for Growth
- Must demonstrate:
 - Flexibility and capability
 - Financial stability and Management capability
 - Willingness to work for and retain the business



4. Value Proposition

defined by
Ralph G. Moore

Why the health of minority businesses is critical to America?

- 1. Ethnic minorities are 1/3 of America's population**
- 2. Small businesses create 2/3 of all jobs**
- 3. The Minority-Owned Business segment is one of the fastest growing small business segment**

**The
Minority Business
Development (MBD)
Value Proposition**



Definitions

Definition of Value Proposition:

Simple, clear statements directed at a specific and targeted customer, regarding the quantifiable benefits they can achieve by solving business problems, and the investment needed to make this possible.

Definition of Value:

$$\text{Value} = \text{Total Benefits} - \text{Total Investment}$$

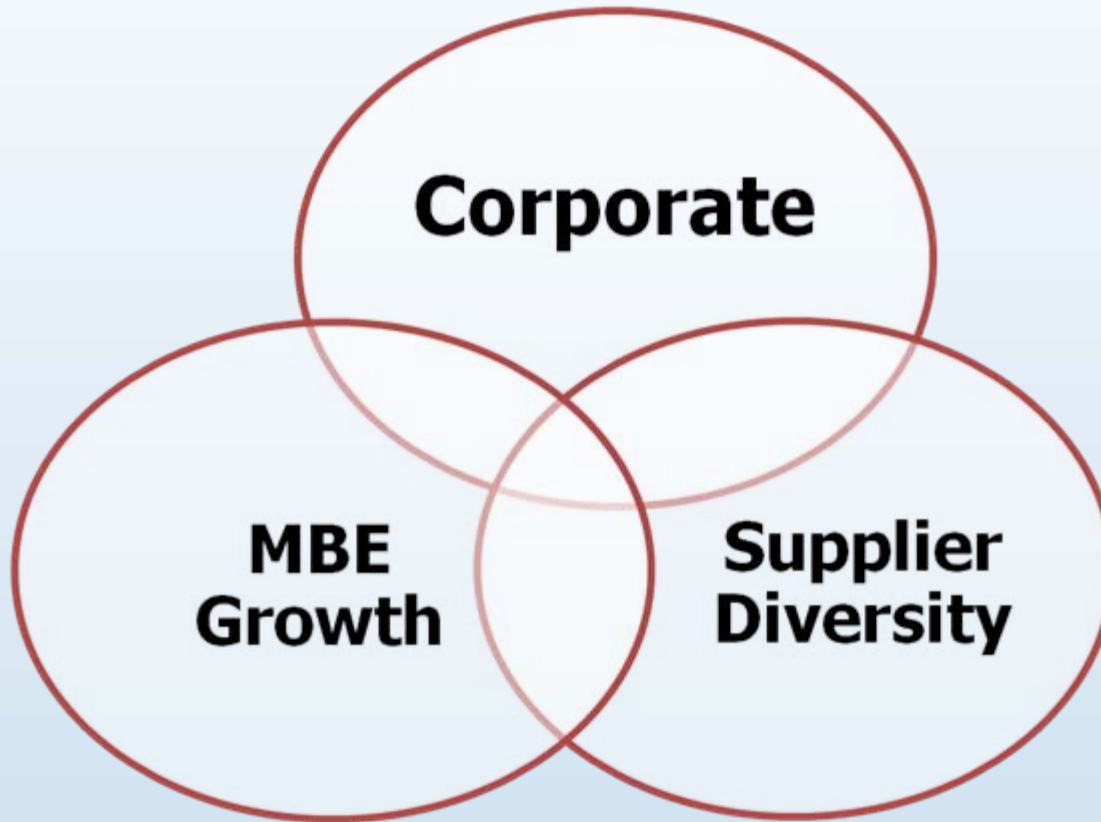


There are Challenges!

- Internal
 - Only 65% of Businesses recognize Supplier Diversity as a Mid-to-High Level Priority
 - Adversarial Acceptance within organizations of Supplier Diversity
 - Challenges need to be met with Education
 - Quantification
 - Business Case Development
- External
 - Access to Capital
 - Barriers to Entry



5. Supplier Diversity Effect



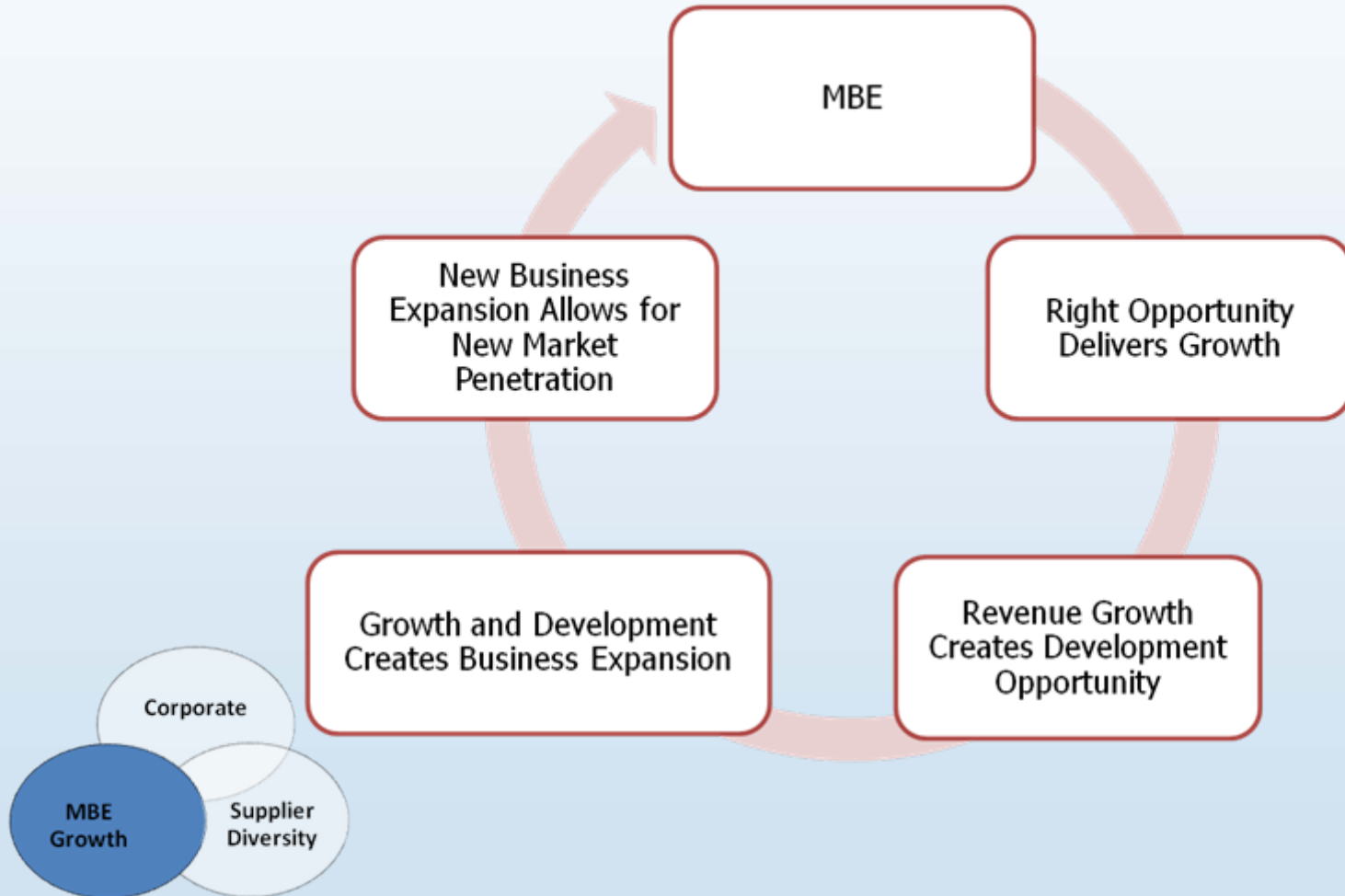


Supplier Diversity Cycle



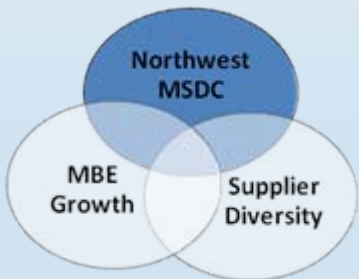
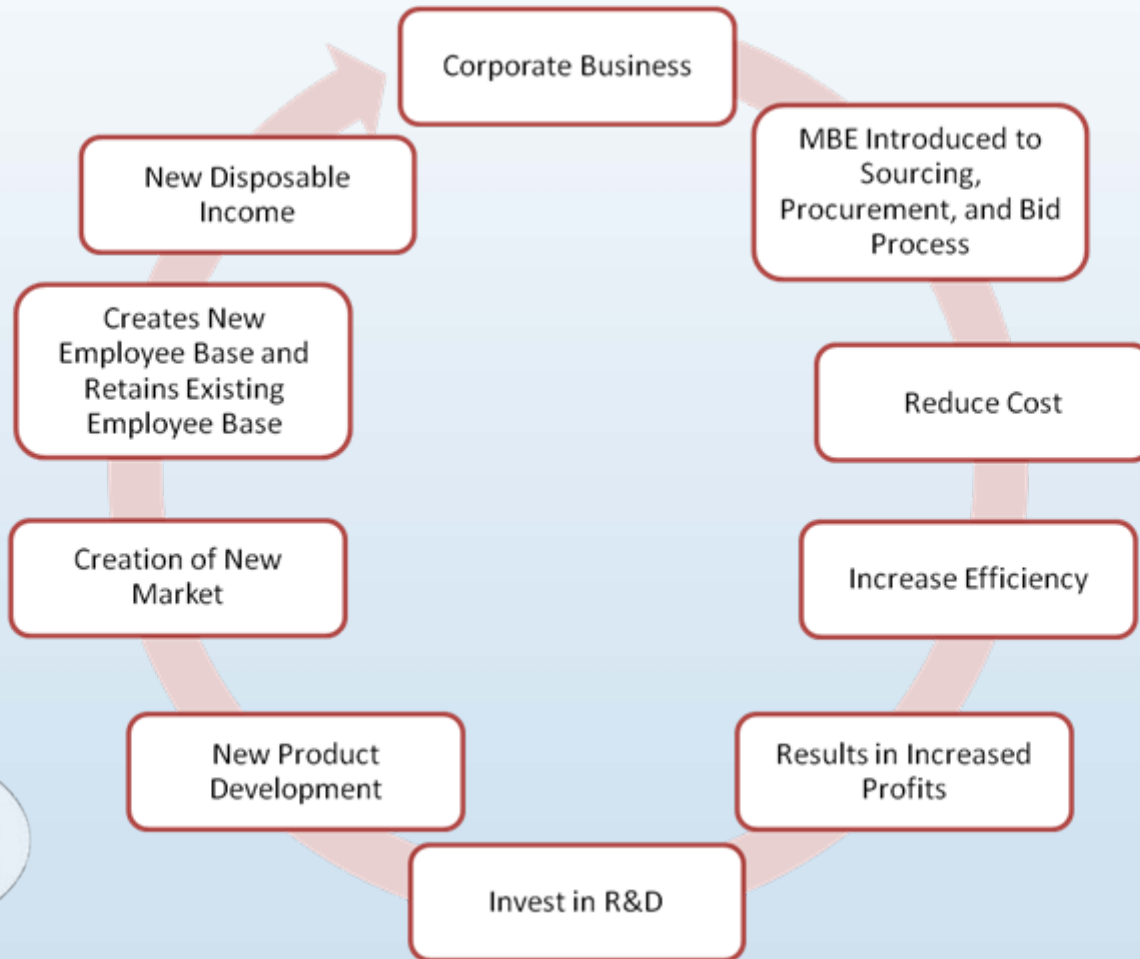


MBE Development & Growth Cycle



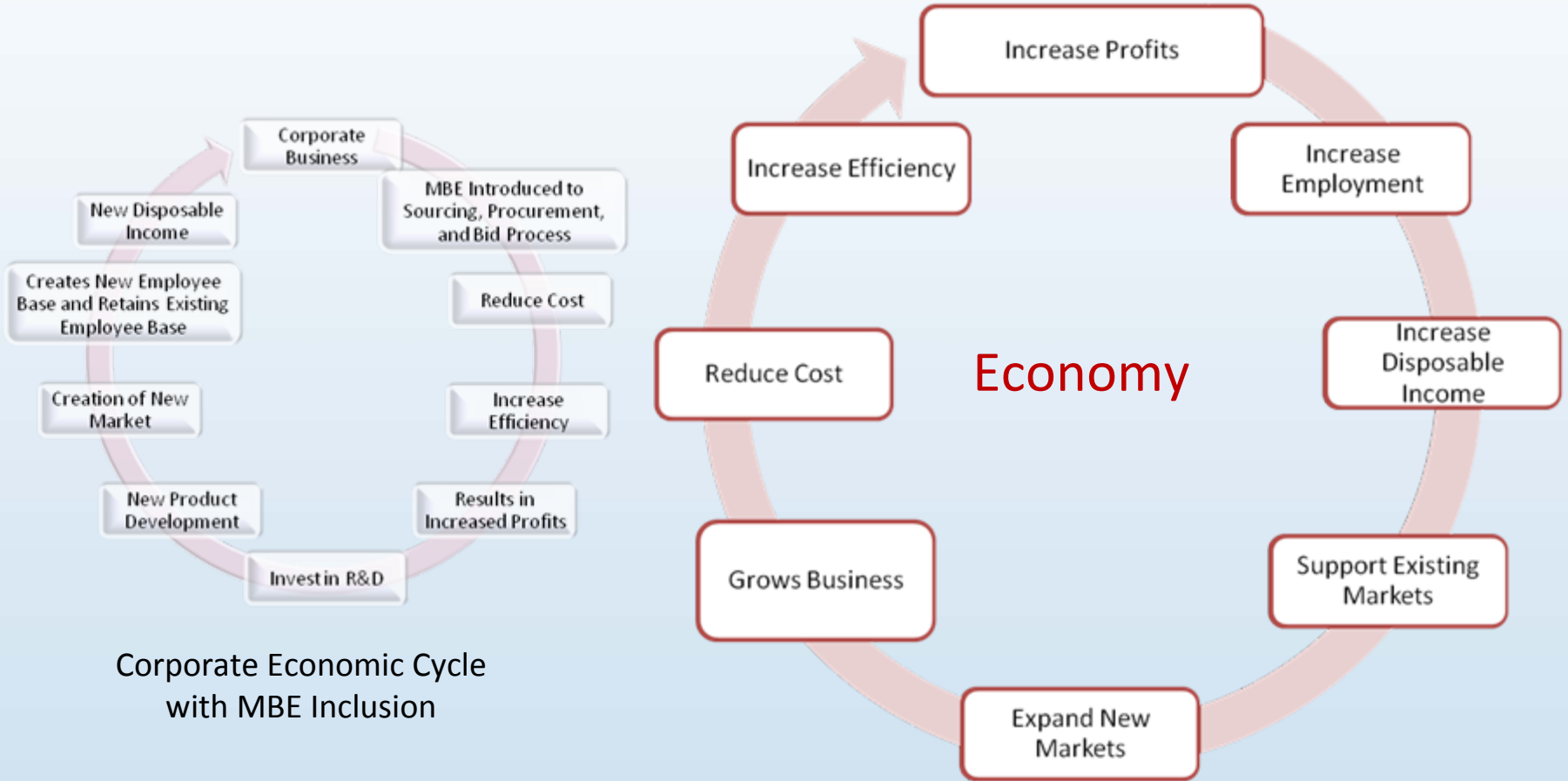


Corporate Economic Cycle with MBE Inclusion





Economic Impact



Corporate Economic Cycle
with MBE Inclusion



6. Closing

- Corporations understand that the Inclusion of Minority Owned Businesses can have a positive effect on the Bottom Line.
 - Supplier Diversity is a Strategic Business Imperative.
 - A challenging one, not an easy one to execute – but an very important one
- Corporations have a Social Responsibility to invest in communities within which they do business – It enhances corporate branding



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Appendix



Latino Population Growth 1990 - 2050



Population increase ranges from 399M to 496M by the year 2050

Hispanic population is growing at a rate of 13% every 5 years

General Population is growing at a rate of 4.451% every 5 years

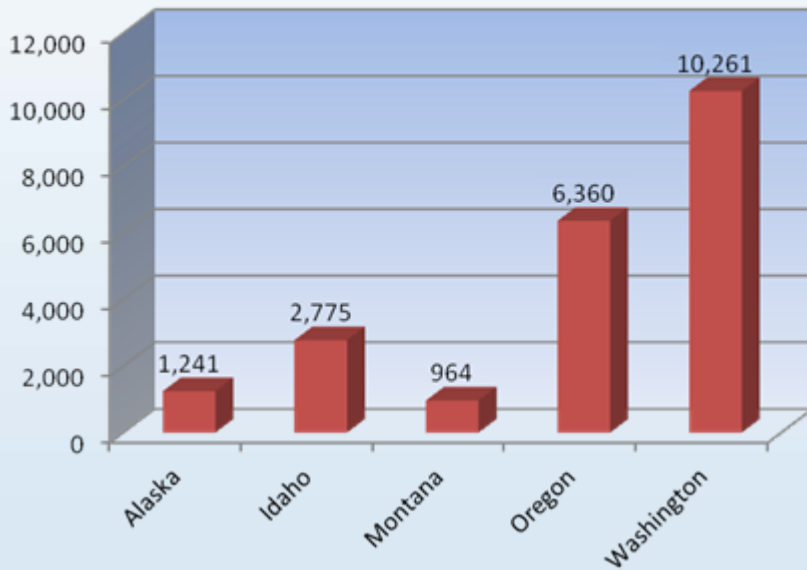
In the year 2050, ethnic minority community will become the majority

Hispanics = 29%; African American = 13%; Asian = 9%

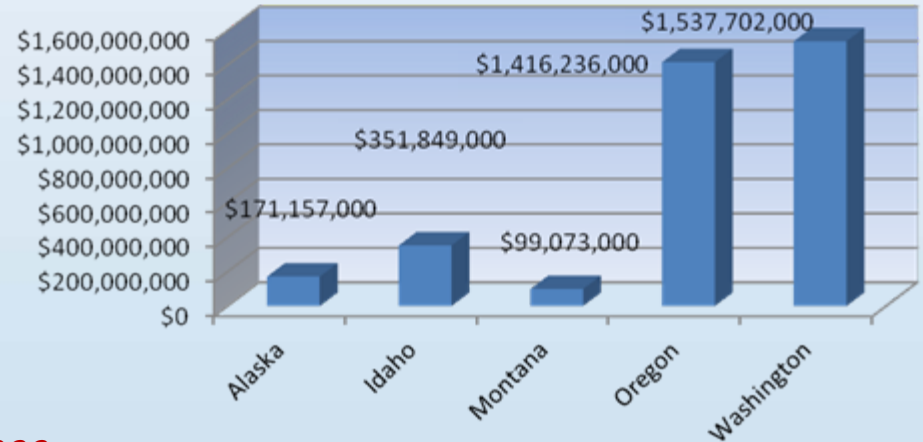


Oregon Latino Business

Latino Businesses by the Numbers



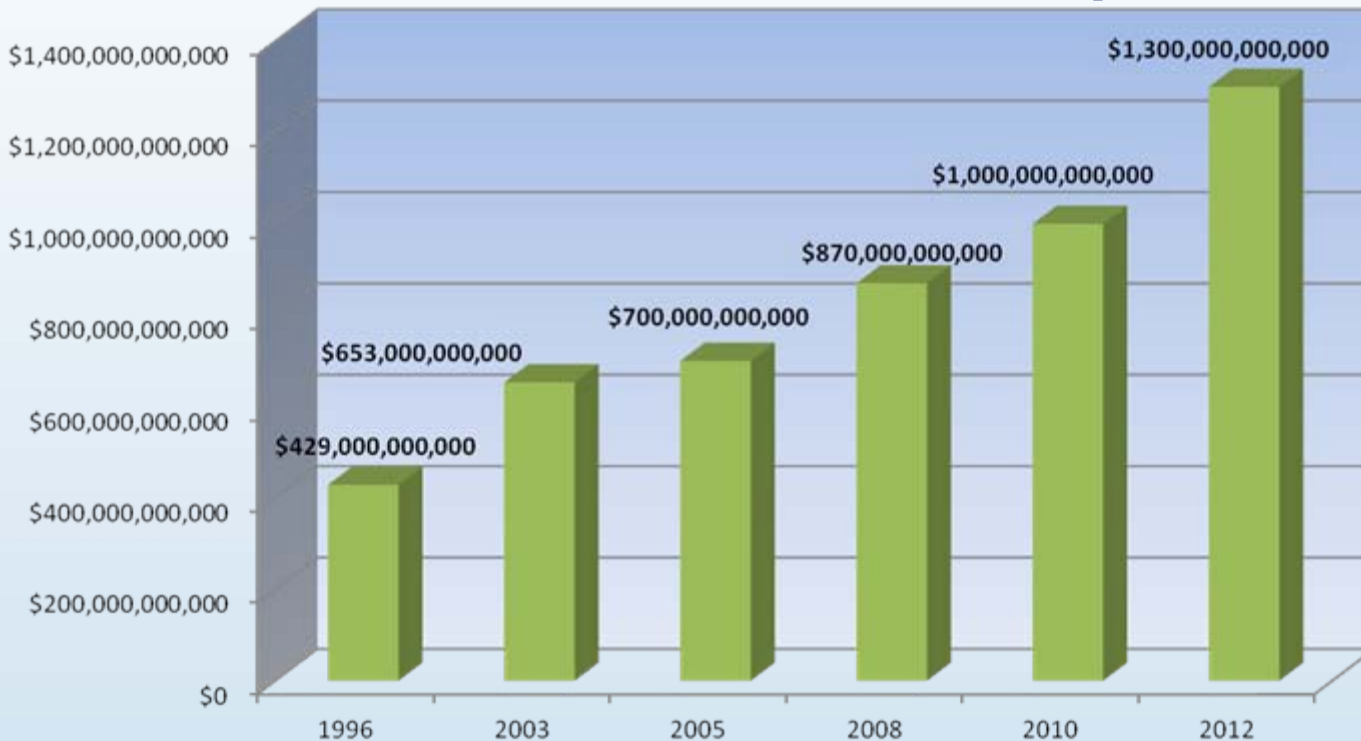
Latino Business Receipts



Oregon Latino Businesses payroll \$215,581,000 per year



Latino Economic Impact



Purchasing Power is determined to be a leading indicator of political participation and community viability!



MBE Key Position Elements

- What product/service are you providing?
 - Know your business
 - Understand & Communicate your competitive differentiator
- How is this helping your customer?
 - How is your product and/or service strategically aligned to the corporate need
 - Willingness to partner with the organization
- What is the cost associated with your product and/or service?
- Know competitive & market benchmark pricing
- Deliver competitive price structure
- Deliver and execute on your commitment