



*Report On*

**SUPPLIER DIVERSITY**

*Prepared for:*  
**The Procurement Task Force  
NEW DETROIT, INC.**

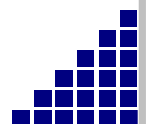
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*Prepared by:*

**Taylor Cox Jr. Ph.D.**

Taylor Cox & Associates, Inc.  
538 N. Mill St.  
Plymouth, MI 48170

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## EXECUTIVE SUMMARY

As part of their effort to promote economic development in the Detroit metropolitan area, New Detroit, Inc. embarked on a project to take long-standing efforts to increase the purchases of goods and services from minority businesses to a new level of effectiveness. The project has two main objectives: (1) to document a “business case” for supplier diversity which would make explicit the business rationale for making it a priority in the business plans of organizations and (2) to identify some “benchmark” practices that would give firms that are associated with the New Detroit effort, ideas on how they might enhance their supplier diversity efforts.

Dr. Taylor Cox Jr., founder and CEO of Taylor Cox and Associates, an internationally recognized firm on diversity, was retained by New Detroit, Inc. to assist with the project.

Two templates for development of the business case are presented (see Exhibits 1 and 3 of the report). The first covers the general or broad case for diversity competence efforts by organizations. The second applies the general template to develop arguments more specific to supplier diversity. Both templates contain the same four basic components, namely *strategic alignment* (diversity competence is necessary to reinforce the business mission and strategy), *business trends* (diversity competence is needed to respond effectively to a number of social and economic trends affecting organizations); *cost control* (diversity competence helps firms manage costs), and *revenue growth* (the presence and leveraging of diversity as a resource allows firms to increase sales).

Each of these basic components have a number of sub-components. The templates provide a conceptual model that sets forth the logic of the business rationale for investing in increasing and maintaining diversity among suppliers. There is also a limited amount of relevant empirical data presented in support of the model along with suggestions for further developing the empirical component.

The report provides help with your benchmarking effort in three ways:

1. names of leading companies and data on performance results of outstanding firms (Exhibit 5 and Appendix B)
2. profiles of program content for six of the outstanding firms (Appendix A)
3. a list of ideas which combines action steps from a variety of sources to create a “best practice menu” (see Table 1)

Twelve ideas for best practice are singled out for detailed attention because they represent my ideas on the most important of the action steps. They are:

1. Direct mentoring by firms to minority owned companies.

2. Triangular mentoring in which companies facilitate the establishment of mentoring relationships by other companies (e.g. their Tier I suppliers).
3. The inclusion of results on supplier diversity efforts in formal job performance ratings of operations managers and buyers.
4. The maintenance of an accurate computer database on qualified minority suppliers.
5. Strong top management leadership.
6. The setting of specific performance goals (e.g. to certify a certain number of minority owned firms for consideration to buy).
7. Facilitation of networking among minority suppliers, and with majority owned Tier 1 suppliers.
8. Mainstreaming of supplier diversity efforts with the regular policies and procedures for buying products and services so that it becomes a part of the culture of the organization and not a stand alone program that is viewed as unconnected with the main functions of the firm.
9. The formation of joint ventures.
10. Actions which support minority owned firms in getting access to resources that will help them develop.
11. The creation of a regional minority supplier council.
12. The setting of financial targets for doing business with minority firms.