



## The Power of Collaboration

*Savings, Strategic Growth, and Enhanced Capabilities All Come From Collaboration*

Remember the old grade school metric, “Plays Well With Others”? It’s having a rebirth in the global supply chain as market pressures and globalization forces corporations and minority suppliers to explore new ways to rise to the top. Rather than going it completely alone or rebuilding the wheel for each contract, strategic collaboration is gaining popularity with minority and women-owned businesses looking for long-term success.

Collaborating isn’t right for every business or every product. However, it is a more viable solution for business challenges than many firms realize. By working through the barriers to collaboration between minority suppliers and corporations, all parties can realize the financial, growth, and capability benefits of effective collaboration.

### Overcoming Hesitation

Working with others in any business capacity brings with it a number of challenges. Trust, systems compatibility, and the risks of sharing intellectual property are a few of the biggest. However, organizations that can overcome these challenges open the door to a number of competitive advantages.

This is not to make light of the risks that do exist in close collaboration programs. Whenever two organizations share information, there is the inherent risk that one side of the bargain won’t live up to the terms of the arrangement. Firms collaborating with manufacturers abroad have had to face down knock-off products from leaked corporate intelligence, and even when working domestically, there is the chance that intellectual property rights won’t be fully respected in a copycat process that can run both ways.

Then there are the real costs to training partners and doing systems integrations, especially in mentor-protégé types of collaborations. For some collaborations, such as R&D or tech platform collaborations, the costs happen now but the payoff might not arrive for years. At times, failing to take a long view can limit the potential for new collaborations between groups of minority suppliers or between minority suppliers and top corporate or government entities.

Building trust internally and externally is critical. There are two main approaches to building the right level of trust leading up to and going through with a collaboration. The first is to only collaborate with firms that have a proven track record as independent suppliers to an organization, since these firms can be vouched for by multiple members of the organization. The second is to carefully contract on smaller items or projects, and based on that



experience, determine whether or not it is safe to proceed with a full scale collaboration program. Both approaches take time, so interested minority suppliers must expect a lengthy process as they prove their reliability and trustworthiness to potential collaboration partners.

### Financial Benefits

Once a collaboration has been undertaken, corporations may be surprised at the number of financial benefits that accrue. Collaborations can provide substantial operational cost savings by helping to strip inefficiency out of the supply chain more quickly and by speeding the pace of adoption on new methods of production or distribution. Corporations can also save money when collaborating by providing minority suppliers with the guidance, intelligence, and tools to offer better value to the company and innovate new solutions that lower corporate costs.

### The Power to Grow

Another key benefit of collaboration is the power to grow. For minority suppliers, this may mean the power to grow their capacity and skill sets in their preferred industries. For corporate partners, this can mean the power to grow new innovations and market shares in key minority markets due to shared insights.

Collaboration can also be a powerful signal to outside agencies about the potential for growth in specific relationships. This can lead to new funding or contracting opportunities, such as when Small Business Innovative Research Program (SBIR) participants find themselves collaborating with larger firms interested in their as-yet unfinished products. The collaboration can be just the upward momentum needed to ensure a potential growth opportunity comes to fruition.

### Enhancing Capabilities

The power to enhance partner capabilities is another key benefit of collaboration. This can take many forms, from enhanced capabilities in securing sales leads to new access to potential consumers. In many cases, enhanced capabilities come from sharing business processes, operational tactics, or proven technologies.

Minority firms in collaboration with corporate partners may receive new technologies that expand their productive capabilities, while corporations in collaboration with minority firms may receive out-of-the-box thinking and a nimbleness with new innovations that breaks down boundaries internally. As a result, both parties get to benefit, finding new space to grow the bottom line.

### Success Stories



Success stories for collaborations span the globe. They involve awards, new contracts, growth in spend, and increase in market share. Their variety is a testimony to the potential of successful collaboration.

Intex Technologies, a minority owned firm, was the 2010 Herman Miller International Minority Supplier of the Year nominee as a result of the work they did together on the world-famous Aeron chair. Working in collaboration, the two firms were able to significantly improve the environmental friendliness of the chair. As a result, Herman Miller International achieved the McDonough Braungart Design Chemistry Silver Certification for environmentally friendly design.

After the market challenges of 2008, Ford Motor Company launched a Joint Technology Framework program to help collaborating minority firms diversify their contract base to prevent folding in the auto downturn. Sharing proprietary technology from Ford Labs, participating minority firms were encouraged to find new commercial applications for the tools and systems under development.

Frontier Electronics Systems Corporation, a minority firm based out of Oklahoma, collaborated with Northrop Grumman through the firm's mentor-protege program. As a result, the firm became the only Native American firm doing space-qualified hardware work in Oklahoma, leading to new contracts not only with Northrop Grumman, but also with Boeing, where they earned three consecutive Supplier of the year honors.

### The Next Generation

Where does collaboration go from here? Trends in the marketplace are for greater levels of collaboration, and major multinationals are competing for the best opportunities with innovative minority suppliers. Kraft Foods, for example, recently launched an Innovation Challenge to help the company keep new opportunities coming through the supply chain.

Minority businesses can use this excitement for collaboration to their advantage. By delivering value and innovation, MWBEs can secure support for future developments and achieve top of mind status with key contract partners looking at new projects. Corporations, in turn, will feel that they are harnessing the power of supplier capabilities from the most nimble and integrated members of their supply chain.

Market pressures and the increasingly integrated global economy are making the case for collaboration in new ways every day. Minority suppliers willing to prove themselves in a partnership situation can turn themselves into trusted business partners with the power of collaboration, and find themselves at the center of a bright and expanding collaborative universe.



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