



## Pushing Progress for WBEs with Measures & Accountability

*Corporations are working to increase the utilization of women-owned business enterprises as suppliers. A variety of measures and accountability policies are key to maintaining forward momentum.*

As corporations gain a better understanding of the many benefits supplier diversity conveys, they are formalizing the process for measuring and accounting for progress. For Women Business Enterprises (WBEs), the supplier diversity programs offer a pathway to growth, market access, and network building. The corporations benefit financially by incorporating WBEs in their supply chain, adding diverse perspectives, greater supply chain flexibility, and increased market penetration. To ensure WBEs are given real opportunities to join corporate supply chains and the corporation is getting the maximum benefits, it is important to put measures in place that track progress and to hold corporate managers accountable for keeping momentum going.

### Understanding Barriers to Determine Best Measures

Corporate leaders may agree in principle that giving opportunities to WBEs is important, but many small to medium sized woman-owned businesses get lost in the crowd, so to speak. They do not get corporate contracting opportunities because of restrictions built into the sourcing programs for the sake of efficiency. The programs are designed for large Tier 1 suppliers who already know how to manage corporate contracts. Measuring total spend by type of diverse supplier will not inform business leaders of the barriers WBEs face in trying to enter the supply chain. It is one reason supplier diversity programs stall, and the supply chain ends up lacking real diversity.

The National Women's Business Council (NWBC) addressed the barriers WBEs face, as perceived by WBEs, in a December 2016 report titled, "Supply and Demand Perspectives on Women's Participation in Corporate Supplier Diversity Programs."\* The report contains a wealth of information on the difficulties WBEs encounter in their attempts to enter corporate supply chains. Even if fortunate enough to land a contract, there are barriers to developing working relationships with corporate decision makers and getting the development support needed to grow their businesses. Understanding the barriers helps with development of measures and accountability.

### First Metric: Number of Introductions

Total WBE spend is an important measure, but it does not provide near enough information. It does not tell corporate leaders if qualified WBEs are being excluded because of policies and procedures, lack of development programs, or lack of opportunities to interact with buyers. The NWBC found that the primary barrier for WBEs is "...lack of contacts with decision-makers, closely followed by the lack of relationships with actual buyers." WBEs want to participate in programs that give them introductions to decision-makers and were less interested in mentorship training or educational programs. Other barriers included Tier 2 programs that lack visibility, so WBEs are not aware of opportunities; requiring references which leaves out new businesses; and lack of public information on services their supplier diversity programs offer.

Corporations need to make changes to their supplier diversity initiatives in order to increase participation of WBEs, and **a set of measures become an integral component to keep the effort on track**. The metrics of most value depend on the status of the supplier diversity program, but they should reflect effort and results and can guide supplier diversity program improvements. For example, if participation of WBEs is low, the entire program needs work. A measure that would address the WBE's top barrier is the number of WBEs getting one-on-one time with decision-makers. How many introductions do women business owners get?



Measures should drill down to provide information that can be used to attract more WBEs and help them develop technical capacity, joint ventures, and networks, or find Tier 2 opportunities. Measures can discover departments or units where WBEs are underutilized, or if global, locations where WBEs are excluded. How many WBEs have joined the online portal, and did the supplier diversity team contact them to assess status and to set up face-to-face meetings with decision-makers? How many community organizations were contacted? What is the ratio of WBEs to total suppliers and other diverse suppliers? Are goals and objectives set, and do measures show how much progress has been made? Is the WBE segment benchmarked?

### Making Honest and Transparent Effort

Accountability is critical to progress. Managers should be held accountable for performance. For example, departments that always exclude WBEs from final consideration are probably not giving WBEs real consideration. An increasing number of corporations hold managers responsible by setting performance goals that are tied to compensation. One of the common challenges for WBEs is getting that 'first chance' as a small company. If managers never give the WBE the first chance, the WBE will obviously not be doing business with the company. Are the reasons for not giving small WBEs valid? Accountability can answer questions like that.

DME is a WBE, and its owner and CEO Chelsea Derrah said, "I can't tell you how many relationships I have with manufacturers and distributors like myself because I one day I decided to get brave and just call them up and ask. Sometimes they say no, you are just a small company in Austin, TX. Many times they say yes, and we start slow with one or two orders a year. It transitions me into new opportunities." One of the reasons corporations give for not using more diverse suppliers is lack of supplier capacity. However, if more companies gave WBEs the opportunity to start small as a supplier and developed a relationship with the supplier to help them grow, more WBEs would be corporate suppliers.

Supplier diversity programs have been somewhat generic up to this point. The metrics are not correctly designed to focus on specific company areas needing improvement. They report on spend by diverse supplier or supplier performance, such as on-time order fulfillments. They tend not to report on things like relationships developed with WBE suppliers, and the results of those relationships, like supplier revenue growth or increased capacity. Refining the metrics based on meeting goals, combined with manager accountability, will surely drive progress.