



# Joining the Best of the Best

## A GUIDE TO DIVERSE SUPPLIER SELECTION

*Irwin Drucker, Chief Diversity and People Officer, Acronym*



As an NGLCC-certified LGTE, Acronym has seen an increase in brands seeking diversity suppliers. In fact, we've secured business opportunities because of our diversity status. With this in mind, we created this Guidebook to help other diverse suppliers win corporate business because a win for one of us is a win for us all.





# Introduction

With the passage of the landmark Civil Rights Act of 1964, the U.S. government began to acknowledge there was no level playing field for minority business owners competing for government contracts. To remedy this economic inequality, the government mandated all federal suppliers would need to demonstrate that they were including, or at least using best efforts to include, ethnic minority-owned businesses in their supply chains. Beginning with the inception of this program, Federal contractors have been required to report their spend with these economically disenfranchised suppliers to the US government on an annual basis.

Over time, this mandate grew to include additional businesses owned and operated by other categories of people who are economically disadvantaged. As the program continued to grow, the terminology changed from Minority suppliers to Diversity suppliers. Today, the categories included are:

<h3>Minorities</h3> <p>Blacks, Hispanic-Americans, Asian-Americans &amp; Pacific Islanders, and Native Americans) who are known as Minority Business Enterprises (MBEs).</p>	<h3>Women</h3> <p>Who are known as Women's Business Enterprises (WBEs).</p>	<h3>People with Disabilities</h3> <p>As later defined by the Americans with Disabilities Act of 1990, who are known as Disability Owned Businesses (DOBs).</p>
<h3>Veterans</h3> <p>Which includes Service-Disabled Veterans, who are known as Veteran Owned Businesses (VOBs) and Service-Disabled Veteran Owned Businesses (SDVOBs).</p>	<h3>Small Businesses</h3> <p>With size criteria set by the US Small Business Administration.</p>	<h3>HUBZones</h3> <p>Businesses located in HUBZones (Historically Underutilized Business Zones), helps small businesses in urban and rural communities gain preferential access to federal procurement opportunities.</p>



In addition, while **LGBT**-owned businesses (LGBTBEs) are not currently included in the overall Federal program, a large number of Federal Departments and Agencies, including including U.S. Small Business Administration, U.S. Department of Agriculture, U.S. Department of Commerce, U.S. Department of Housing and Urban Development, U.S. Department of Labor, and the U.S. Department of Transportation do include them.

As the program gained momentum, an interesting thing happened. Many of the companies in the Fortune 500 began to see significant benefits to utilizing diverse suppliers. In fact, around this time, Malcolm Forbes famously embraced the value of including diverse suppliers when he said “Diversity is the art of thinking independently, together.” What Forbes recognized early on, and what most other corporations, both large and small, soon realized, is that a diverse supply chain, much like a diverse workforce, brings a great deal of value to a company, including:

## Increased Levels of Innovation

As people/suppliers from various backgrounds often bring a new perspective to problem-solving and solution creation

## Broader Thought Leadership at Every Level

Including the C-suite

## Increased Revenue

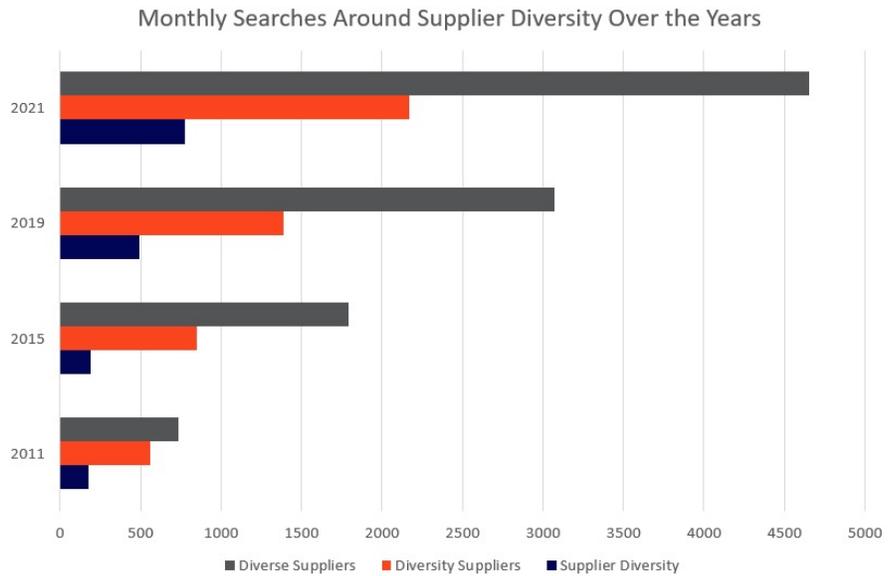
Due to the statistically significant increased brand loyalty of consumers who fall into a diversity segment versus the brand loyalty of the average American consumer. To better understand this, consider Community Marketing’s annual survey, which clearly shows that diverse consumers are 26% more likely to purchase goods and/or services from a company that has a robust supplier diversity program than from a company that does not have one. According to a recent study done by the US Department of Commerce, 70% of the increase in purchasing power in the US from 2020 to 2045 will come from diverse populations. It was this realization that led to the implementation of marketing strategies specifically designed to appeal to various diverse consumer markets, with ads tailored to appeal to these customers.



In addition to the benefits to the company, these programs also have a significant impact externally. David Ricciardi, Founder of Proximo, an LGBTBE, has pioneered the creation of economic impact analyses, which clearly quantify the actual impact a company’s supplier diversity program creates for each diversity community in which it does business by measuring things like job creation, income levels, and more.

Finally, many of these “early adopters” realized that, from a Corporate Social Responsibility (CSR) perspective, having a supplier diversity program was just **the right thing to do**. Having a “moral compass” has always been viewed as an important corporate value, and the moral imperative to an effective diversity program has only increased over time.

In the aftermath of the murder of George Floyd on May 25, 2020, the focus on corporate diversity programs dramatically increased, as can clearly be seen by the marked increase in the number of Google searches for “supplier diversity, diversity suppliers and diverse suppliers over the years.”





# Certification

Not surprisingly, there were individuals who took advantage of these new Federal regulations and abused the system. There were some instances of white male business owners who hired minorities to run their companies, or who turned over ownership of their companies to their wives (in name only), in order to increase their revenue from their government contracts. To prevent these abuses, an **independent certification process** was created to ensure the business was **owned and operated** by a person, or a group of people, who were members of a given diversity category.

By 1972, with the formation of the National Minority Supplier Development Council (NMSDC), the answer became clear. The Federal government would only confirm spend reported by contractors with suppliers who were **certified** by this independent third party, thereby making certification **mandatory** if a company wanted to be a direct Federal contractor, or if a company working with other diverse suppliers wanted to be able to report diversity spend.

The National Minority Supplier Development Council (NMSDC) began certifying suppliers as being at least 51% owned and operated by Blacks, Hispanics, AAPIs and Native Americans in 1972, and as of 2020, they had certified more than 12,000 MBEs. Other diversity segments quickly followed suit, using the same 51% criteria. The US Business Leadership Network (USBLN) was formed in 1994 to certify businesses owned and operated by people with disabilities [note: USBLN changed its name to Disability:IN in 2018].

In 1997, the Women’s Business Enterprise National Council (WBENC) was launched, and soon began its national certification process, followed by the National LGBT Chamber of Commerce (NGLCC), launched in 2002, and the National Veteran-Owned Business Association (NaVOBA), launched in 2007. Each of these national organizations is recognized as the sole independent certifying body for businesses owned and operated by individuals in their respective diversity category. They all have regional affiliates that assist in the implementation of their certification programs, but only the national organization can issue the all-important certificate demonstrating a supplier’s status as an XBE. In addition, several state and local governmental agencies also offer certification, such as the California Public Utilities Commission (CPUC), for example.



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As time passed, these certification programs continued to grow, both in size and scope, weaving the various diverse threads into the amazing tapestry that exists in the business world today. Former President Jimmy Carter described this best when he said...

*"We become not a melting pot, but a beautiful mosaic. Different people, different beliefs, different yearnings, different hopes, and different dreams."*

## Certification Resources:

- **NMSDC**  
[www.nmsdc.org](http://www.nmsdc.org) »
- **WBENC**  
[www.wbenc.org](http://www.wbenc.org) »
- **NGLCC**  
[www.nglcc.org](http://www.nglcc.org) »
- **Disability: IN**  
[www.disabilityin.org](http://www.disabilityin.org) »
- **NaVOBA**  
[www.navoba.org](http://www.navoba.org) »



# Essential Attributes of Certified Diverse Suppliers

Relying on my twenty-five years of experience in the supplier diversity ecosystem, I have identified these 10 essential attributes to be considered when selecting diverse suppliers for your company:

## I. Size

From a headcount perspective, except in unusual situations when hiring a consultant with unique expertise or capabilities, Diverse Suppliers must have the appropriate “bench strength” to deliver on scopes of work. And, from a revenue perspective, you should ensure your scope of work does not exceed 10-20% of their total annual revenue. In the unfortunate instance where you may need to terminate a contract for whatever reason, you do not want to be responsible for a forced shut down of a diverse supplier due to the loss of your company’s revenue. You should keep this in mind when you are formulating the budgets outlined in your RFPs (requests for proposals) and in your diversity supplier selection.

If you have a global footprint, or you are considering expanding into new geographic markets, you do not want to engage a supplier who only has experience in one or two states. In fact, in certain commodity areas, such as marketing, it is critical to engage a supplier who has experience with working in other countries and cultures.

## II. Geographic Footprint

## III. Years in Business

Depending upon the nature of the goods or services Corporate Partners are buying from you, most brands typically don’t want to use a startup for work that is integral to the success of their company strategy. If you have been in business for 10 or more years, make sure to highlight that when responding to the Corporate Partner’s RFPs. If you don’t have much longevity yet, a creative way to get around that is to add up the years of experience of everyone on your team - just make sure you make it clear that is how you’ve calculated your company’s tenure.

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You should consider the diverse suppliers' corporate social responsibility policies and actions. Request examples of their commitment to Diversity, Equity, and Inclusion (DEI) within their organization. This can include the diversity make-up of their organization – both their leadership and their workforce. For example, at Acronym, our Leadership team is 75% diverse and our total workforce is 68% diverse. You should request these numbers from the diverse suppliers you are considering.

You may also inquire about the Employee Resource Groups they offer and any diversity-driven activities in which the supplier is engaged. This can ensure you work with truly diverse suppliers and not just companies who establish diversity programs to enable them to check off a box.

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## IV. Ethics

## V. Visibility

There is not much point in worrying about any of these other attributes if Corporate Partners can't find you! In addition to having an up-to-date website that establishes the "look and feel" of your brand, and a presence on social media, it's also extremely beneficial to be listed in as many directories as possible.

### Directories List

- [Association of National Advertisers Certified Diverse Suppliers »](#)
- [Coupa Diverse Business Directory »](#)
- [CVM Supplier.io »](#)
- [Supplier One Database to Connect Suppliers and Buyers »](#)
- [Go Procure Supplier Network »](#)
- [Women's Enterprise USA Diverse Supplier Directory »](#)
- [Thomas North American Manufacturing Certified Supplier Network »](#)
- [Hispanic Network's A-Z Diversity Directory »](#)

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Keep in mind, however, that just being on LinkedIn or in a directory listing is not enough. Your diversity suppliers should consistently and effectively demonstrate the value proposition their company offers ... in other words, you need to make sure it is clear what your diversity suppliers do and why that is of significant value to your customers.

## VI. Value Proposition

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## VII.

### Expertise and Innovation

Corporate Partners do not want to engage with a supplier who is a “me too” or a “jack of all trades, master of none.” To succeed in your mission to become part of a Corporate Partner’s supply chain, you should focus on only the things you do best, and that should be a relatively short and precise list. Then, make sure you can demonstrate the innovative ways in which you do them, which will help differentiate you from your competition. And if what you do can be protected by either patent, trademark, or other similar method, then by all means ensure that it is included. If you have no patents or proprietary differentiators, then partnering with other diverse suppliers who do, can help you win the business.

The easiest way to gain credibility with a Corporate Partner is by demonstrating that you have successfully worked with other Corporate Partners and can list them as references. Don’t be shy about putting the names and/or logos of your Corporate Partner customers on your website and/or your collateral marketing materials. However, as with most things, quality trumps quantity. It’s better to list two or three Corporate Partners who will attest to the fact that you can walk on water than to have ten or more who can’t say many good things about you or your company. If you are lucky enough to have a large group of extremely satisfied Corporate Partners as current and recent customers, then flaunt it. Include that as that slide in your deck or a page on your website as displaying ten or more Corporate Partner logos is a “must have” addition! Just keep in mind that recent customer means within the past 5 years. You don’t get credit for a customer if your last transaction was prior to 2015.

## VIII.

### Credibility

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## IX.

### Walking the Walk

As you select your suppliers, you want to ensure these vendors demonstrate DEI enthusiasm within their own supply chain. It has become increasingly important that your selected diverse suppliers also have a Supplier Diversity program within their own walls, with a robust and challenging target for spend with diverse suppliers that increases with each year they are in business. This can be expressed as a specific dollar amount or as a percentage of eligible spend. Keep in mind that a pro rata portion of your suppliers spend with diverse suppliers can also be counted as Tier Two diversity spend for you. So, be sure to ask prospective vendors about their own supply chain and diverse supplier selection.

In addition to having a supplier diversity program, it's equally important to be able to demonstrate that your company has put a focus on your internal Diversity, Equity & Inclusion programs, to the degree that would be considered appropriate given the size of your company. Applying resources to this is the most powerful way of demonstrating that you/your company truly "get it." In addition, here is where you can demonstrate your commitment to Intersectionality by not only putting emphasis on the diversity segment you belong to. Just as Love=Love, Diversity=Diversity, and we must all stand shoulder-to-shoulder in order to ensure that we all achieve economic equality in the end. For too long, it was easy to be myopic and buy into the erroneous belief that the size of the pie was static, and every slice you gave someone else meant there would be less for you. We all now know that the size of the pie keep growing, and a smaller slice of an ever-growing pie is preferable to a large slice of a static one.

# X.

## Diversity, Equity and Inclusion

Here is a helpful check list to ensure you select the right diverse supplier for your company.

<b>Size</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Geographic Footprint</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Years In Business</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Ethics</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Visibility</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Value Proposition</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Expertise</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Innovation</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Walking The Walk</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>Diversity, Equity and Inclusion</b>	<input type="checkbox"/> Yes	<input type="checkbox"/> No

Okay, so you've done an objective self-scoring against the 10 key attributes and think it should be a slam dunk for you to be selected for the next bid you apply for. Want to make sure of it? Of course, you do. Then remember this last ingredient in the secret sauce ... your DEI responses in RFPs are a direct reflection of you and your company. This should be consistent with the brand image you wish to convey. Whenever there is an opportunity to require additional information about the vendor/supplier's commitment to Diversity, Equity, and Inclusion, take it. Ask for detailed information about the diversity make-up of their company and the actions they take to demonstrate their commitment to DEI. If all you do is offer a few boxes to check or blanks to fill in, what impression do you think you are giving your potential future supplier in terms of your own commitment?

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Show a diversity breakdown of your leadership and workforce. For example, Acronym's breakdown is:



### Leadership Team Diversity

*Includes women, minorities, & LGBT*



### Total Workforce Diversity

*Includes women, minorities, & LGBT*

Detail your company's philosophy and approach to Corporate Social Responsibility as a means to demonstrate your company's commitment to Diversity, Equity and Inclusion. Include any internal programs that demonstrate how you support your diverse community and social programs as a whole.

Outline your company's Employee Resource Groups, including the category-focus, the employee who leads each ERG and any programs, initiatives or outputs from these ERGs, including scholarships, mentorships, apprenticeships, and internal resources made available for these employees.

To take it a step further and truly demonstrate your commitment to DEI beyond your own diverse status, we recommend you also include any events, guest speakers or other educational sessions on diversity inclusion you provide to your employees.

Including this information in your RFP responses will demonstrate to Corporate Partners that you haven't just checked off the box through minority ownership, but you are truly dedicated to supporting underserved communities and to uplifting your own workforce. Brands want to work with suppliers who truly walk the talk of DEI and RFPs are your chance to show how you achieve exactly that. Finally, it's recommended that you include information about your diverse status and commitment to DEI on your website. This way when procurement leaders look into your company, they will see your commitment and you can be sure you've made the right impression.

I hope every Corporate Partner seeking to expand their diverse supplier network has gained some additional insight into how this process works. Creating opportunities for diverse suppliers has been my passion since 1999, and seeing both you and they succeed is my greatest joy.

# Meet the Chief

## Irwin Drucker

*Chief People & Diversity Officer*



Irwin is a graduate of Georgetown University's School of Foreign Service and received his MBA from New York University's Stern School of Business. He joined IBM's global software procurement organization in 1983, eventually becoming Director of Global Software Sourcing. In late 1999, Irwin joined IBM's Global Diversity team, where he established the first LGBT supplier diversity program in the world and was appointed its first Director. He was instrumental in the establishment of the National LGBT Chamber of Commerce (NGLCC), and served on its Board of Directors, as Chairman of the Strategic Planning Committee of the Board, from 2008 to 2017. From 2010 to 2013, Irwin was a member of the Board of Directors of The Pride Center (the LGBT Community Center of Greater Fort Lauderdale) serving as Chair of their Development Committee.

Irwin retired from IBM in May 2012, then spent three years as the Executive Director of PYP Foundation, a non-profit that focusing on improved HIV Awareness, Education and Prevention for young people ages 18-29. In August of 2018, Irwin started, Diversitas, a consulting practice dedicated to assisting businesses that are certified as diverse-owned and operated, offering a wide range of consulting services, focusing on Business Development, Supplier Diversity, Procurement, and Corporate Social Responsibility. In January of 2020, Irwin expanded the scope of his responsibilities, when he became the first Chief Diversity Officer for one of his clients, Acronym. In December of 2020 he was promoted to Chief People & Diversity Officer.

### Awards:

- NGLCC's 2007-LGBT Supplier Diversity Advocate of the Year
- Florida Diversity Council's 2011 Multicultural Leadership Award
- NGLCC's 2017 Legacy of Achievement Award
- Business Equality Magazine's 2019 Fifty Over Fifty: Legacy Leaders



# About Acronym

Established in 1995, Acronym is one of the largest independent search and performance marketing agencies. We didn't just develop the technology behind our solutions; we own the algorithm that feeds it, enabling us to solve for any marketing problem our clients have. With experience in nearly every vertical marketplace, Acronym manages campaigns in over 70 countries and in dozens of languages. With offices in New York City, Toronto, London, Berlin and Singapore, we have the global reach to service clients of all sizes all over the world. And, as an independent agency, we have the agility our clients require to lead them to new levels of performance, turning insights into action and action into results. In short, we connect the dots between data, technology, and marketing to lower your cost of acquisition, better engage with your customers and achieve your business goals.

Learn more at: [www.acronym.com](http://www.acronym.com) »

