

THE FACTS

Increasingly, leaders in the private and public sectors are recognizing opportunities to leverage their organization's supplier base as a critical lever for building a racially equitable economy.

Research finds that contracting with diverse suppliers increases innovation, competition, and resilience throughout the value chain. It also unlocks additional value both for businesses and regions through increased business activity and economic growth (McKinsey, 2022). Moreover, a racially diverse local supplier pool can bring greater resilience and new resources into historically underinvested communities, building individual and community wealth. But despite those benefits on average, Black, Indigenous, Latine, or Asian-owned businesses account for only 2.6% of suppliers and 3.5% of total spend, among participating companies. This trails the availability of Black, Indigenous, Hispanic, or Asian-owned businesses in the state of Minnesota (5.9%) and the Minneapolis-St. Paul Metro Area (6.7%).

Many companies are just beginning to diversify their supply chains, leading to a real competitive advantage for those that invest resources in diversifying their supply chains.

At the Center for Economic Inclusion, we help companies implement promising practices to build racial equity for their workers and their communities. The [Racial Equity Dividends Index](#) lays out a roadmap of racial equity standards in procurement and our consulting services offer a groundbreaking suite of racial equity consulting products and services for employers who are ready to compete by maximizing shared value, business results, and regional economic growth. [Project Vanguard](#), a multisector collaborative effort led by the Center, is investing social, intellectual, political, and financial capital directly in expanding the number of businesses owned by Black and Latina women business owners.

THE BUSINESS CASE

- BIPOC supplier organizations are adept, creative, and responsive to business needs. Strong relationships with diverse suppliers can be used to:
- Alleviate single source supplier issues through specialized product development.
- Solve emergent business needs with innovative solutions.
- Partner to scale supplier organizations to build capacity for larger contracts.

PROMISING PRACTICES

1. **IMB Partners** is a private equity firm with a defined strategy of procuring middle market businesses and diversifying the staff and procurement strategies of their portfolio companies. This diverse growth strategy creates lucrative contracts that empower minority supplier organizations to grow, increases job opportunities for BIPOC, and sustains investment in underserved communities.
2. **Boeing Corporation's** supplier diversity team packages contracts into smaller orders with rapid payment terms in order to attract and grow business from small and diverse suppliers.
3. Half of companies that participated in the Center's 2022 **Racial Equity Dividends Index** have a Minority Business Enterprise procurement strategy with measurable goals.



LET US HELP YOU BUILD AN ANTI-RACIST, ECONOMICALLY INCLUSIVE WORKPLACE!

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