

**Commitment to racial equity takes all of us.**

**WHO WE ARE:** The CEO Action for Racial Equity Fellowship brings together top talent to advance public policies and corporate engagement strategies that will address systemic racism, social injustice, and improve societal well-being. The Fellowship is a first-of-its-kind, business-led initiative that uses the power and speed of CEO Action for Diversity & Inclusion™ signatory organizations to help forge equitable pathways for the more than 47 million Black Americans.

**OUR SOCIAL CONTRACTS:** Leveraging the resources of corporate America, we are focused on three areas that disproportionately affect Black Americans where our companies can have direct impact: forging prioritized collaborative relationships with HBCUs, **advancing equity through diversity in corporate contracting and procurement**, and destigmatizing reentry through support for Fair Chance Hiring.

**EXECUTIVE SUMMARY**

# Business Diversity | February 2022

Embracing new approaches to strengthen the supplier diversity pipeline

Business leaders recognize that supplier diversity programs are not yielding the desired results for many buying organizations and Black-owned businesses. Our business diversity approach aims to overcome many of the traditional supplier diversity challenges by meeting companies where they are, amplifying the importance of including professional services as part of a company’s business diversity strategy, and by establishing a connected ecosystem for buyers, sellers, agencies, and capital resources to collectively increase access and visibility to opportunities, mentorship, and capital.

**THE ISSUE**

**The Business Gap**

Fortune 500 companies spend roughly 2% annually on minority-owned suppliers, well short of the 10% to 15% spending goals many corporations set last year,\* leading to significant improvement opportunities for traditional supplier diversity approaches.

\*Source: Chicago-based Ariel Investments launches 'Project Black,' Chicago Tribune, Feb 17, 2021: [Ariel Investments' 'Project Black' to invest in minority-owned suppliers - Chicago Tribune](#)

**Traditional Supplier Diversity Challenges**

- Locating and engaging with minority-owned suppliers.
- Accessing, compiling, and reporting supplier diversity data.
- Culturally transforming supplier diversity from a “program” to a way of doing business.
- Cumbersome, siloed, and expensive certification processes.
- Obtaining capital and visibility to opportunities for minority-owned businesses.
- Insufficient minority-owned business development and scaling support.

**Take Action < Expand beyond supplier diversity into a business diversity ecosystem**

Business diversity is the intentional practice of cultivating and supporting diverse and disadvantaged business owners by advancing collaborative relationships across a broad range of suppliers, including professional services.

The goal of our business diversity solution is to advance a sustainable ecosystem of companies, suppliers, capital resources, and agencies to increase equity, access, and growth for Black-owned businesses. To achieve our goal, we ask companies to join our ecosystem and commit to the fair inclusion of Black suppliers in their procurement activities by:

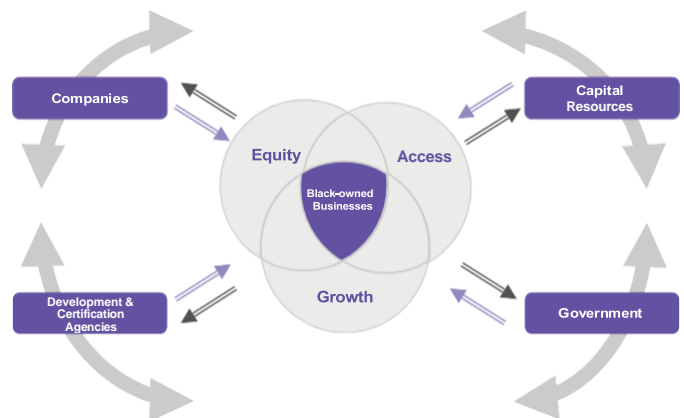
- Increasing equity for Black suppliers across all services.
- Creating more access to capital and networks for Black suppliers.
- Developing growth and scale opportunities for Black suppliers.
- Sharing data, resources, leading practices, and insights regarding progress.

**Build the Ecosystem**

The current state of supplier diversity often puts the burden on the Black-owned business to navigate the various stakeholders in the system. This state results in lack of visibility, access, and transparency, as well as added expense for both Black-owned businesses and buying corporations. Conversely, the business diversity ecosystem connects these key stakeholders to collectively and systemically overcome the traditional supplier diversity challenges, and work together to increase equity, access, and growth for Black-owned businesses.

Furthermore, the ecosystem:

- Improves **collaboration, access, visibility, and accountability** among the essential ecosystem players.
- Puts the Black-owned business at the **center of the experience** instead of placing it at the center of the burden.
- Focuses on **building & scaling** suppliers through **mentorship** and greater **access to capital**.
- Leverages the **power of the collective** companies to share **leading practices** and help drive increased stakeholder **accountability** through data visibility and disaggregation.



Our ecosystem approach creates a network of companies, capital resources, development agencies, and government entities to improve access to opportunities, capital, and mentorship. Together, this integrated network can increase equity, access, and growth for Black-owned businesses.

## Forge a Path to Greater Maturity

### The Maturity Continuum

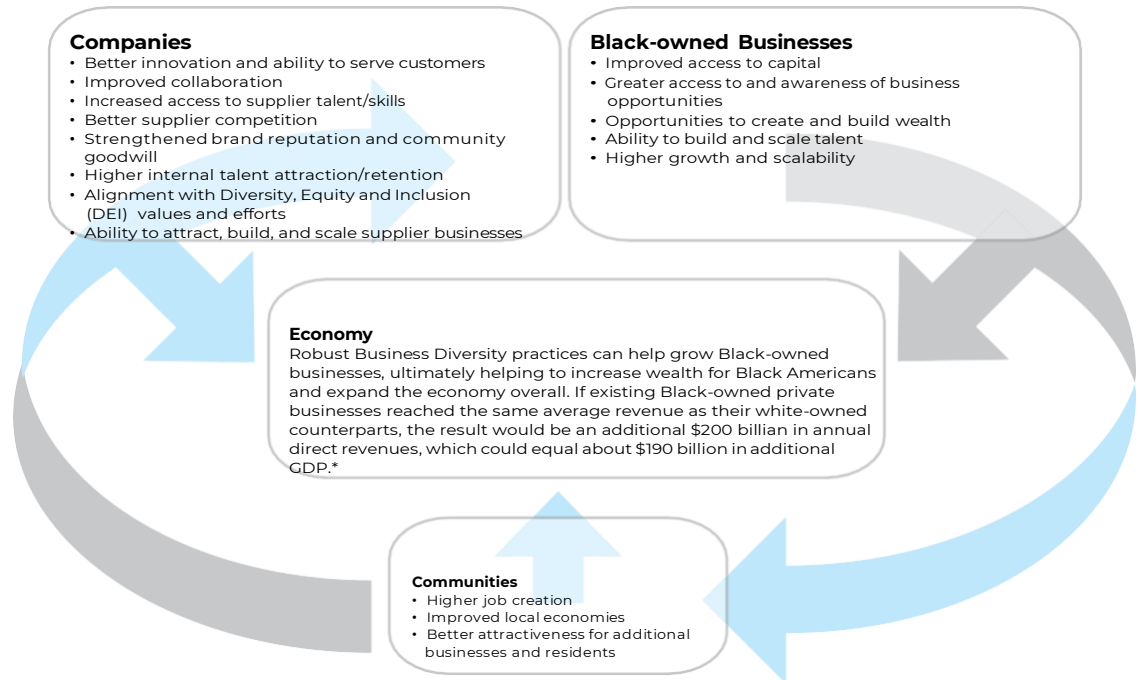
Corporations can consider these leading practices as they forge a path forward.



The maturity continuum provides a framework of leading practices from our signatory pilot community for corporations to consider as they advance business diversity.

## Have an Impact

A robust and sustainable business diversity ecosystem yields substantial benefits to companies, Black-owned businesses, communities, and the overall economy.



\*[Building Supportive Ecosystems for Black-Owned US Businesses](#), McKinsey & Co. October 29, 2020

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