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**An**

# **Untapped**

**Mobility  
can bring  
new growth  
opportunities  
to diverse  
supplier  
programs**

**Arena**

**By Bobbi Maniglia**



**A** recent foray into the world of diverse supplier programs by the corporate sales and marketing team at my company, North American Van Lines, was born out of necessity. In seeking out data and research on the topic, we were stunned at just how little information was available. This was especially surprising considering how these programs have only grown in popularity in recent years, becoming commonplace in many companies and industries. We figured we couldn't be the only ones who would find this information valuable and decided to commission a third-party firm to conduct research via a survey of 300 pan-industry diversity professionals.

Importantly, we wanted to understand what specific drivers were acting as catalysts for companies that, regardless of industry and size, were all similarly adopting and growing diverse supplier programs. Beyond what motivated their adoption, we wanted to find out the attitudes, outcomes, efficacy, and processes associated with how companies pursue and manage these programs. In the process, we also uncovered how mobility and relocation may play a significant role in diverse supplier programs and their growth.

Diverse supplier programs are proactive initiatives that are implemented and run by companies to ensure that they are contracting for their business needs with suppliers owned by women, veterans, minorities, and people in other categories. These programs offer financial and human capital benefits to businesses while also aiming to enhance the diversification of a firm's supply chain.

### **Drivers, Growth, Cultural Shifts**

We knew going in that diverse supplier programs afforded numerous benefits to the companies that implemented them. In our preliminary research, we found that there were numerous financial benefits to implementing and maintaining diverse supplier programs, such as tax incentives, potential increases in government business, increased revenue from clients with diversity spend requirements, and grants. We also discovered that there were significant, proven, intangible benefits that many companies that implemented these programs experienced, namely the well-documented correlative benefit of diversity translating into innovation. In diverse supplier programs, innovation is driven via new products,


solutions, and services that otherwise may not have found their way into a given business. Interestingly, these valuable benefits were not the main reasons our respondents instituted diversity programs.

The diversity professionals we surveyed reported that their top three drivers for implementing diverse supplier programs were corporate social responsibility, customer requirements, and alignment with corporate, cultural, and workforce inclusion. Much of this can be attributed to larger shifts generationally within the workforce at large. Millennials' ascension into more senior positions within companies has likely much to do with these drivers. They are, of course, the generation well known for prioritizing corporate social responsibility, inclusion, and the creation of a favorable corporate culture. It makes sense that diverse supplier programs would be seen as essential to today's younger workforce.

The same reasoning may account for customer requirements being reported as a top driver. Now more than ever, millennial consumers want to buy from socially responsible brands and companies. Ryan Rudominer, principal of R2 Strategic Consulting, writes in the magazine of the Georgetown University Center for Social Impact Communication, "The corporate world cannot ignore the demands and expectations of millennials, who are devout in their desire to associate with companies aligned with their values." It is not unlikely, then, that millennials charged with establishing purchasing and sourcing guidelines for their firms would push to expand or improve upon their diverse supplier program in this same vein. In fact, of the diversity professionals we surveyed, 70% said that they either have plans to grow their programs or would like to.

### **Challenges With Diverse Supplier Programs**

As anyone with professional program development and implementation experience will tell you, no model is without its challenges. In our research, respondents reported specific challenges with their diverse supplier programs regardless of industry or company size. It was clear that, firstly, sourcing diverse suppliers is difficult—it was one of the foremost challenges reported by our diversity professionals. We discovered that the majority of diversity professionals rely on certification or third-party



agencies to find qualified vendors, and a surprising 40% stated that they use search engines to locate diverse suppliers.

With nearly 70% of respondents indicating that they had 10 or fewer suppliers in their program, it became apparent that sourcing vendors is a time-consuming and disjointed process that is not providing firms with ample supplier choices and leaving many diverse suppliers undiscovered, at least in the short term. Over time, however, this changes. Respondents who have had diverse supplier programs in place 11 years or longer were 280% more likely to have more than 26 suppliers in their program. So, while it seems the process of acquiring suppliers is challenging, when the retention of suppliers was paired with time and continued sourcing, it produced a greater stock of providers for firms.

Beyond sourcing, companies measuring and reporting the success of their diverse supplier programs is another significant challenge for diversity professionals. As previously mentioned, there are several benefits to these programs, some of which are intangibles such as an increase in innovation. These can be hard to pin down and difficult to equate with the hard and fast numbers that we expect to see when the term “ROI” comes up in a meeting. Companies may also be realizing multiple financial benefits from their programs, not a singular one that would be tied to a measurement over time. These ambiguities may explain why 15% of our respondents said they were either unsure of how they measure the ROI of their programs or that they do not measure ROI at all.

As with the number of suppliers in a given program, our research showed that the longevity of a diverse supplier program correlated most positively with tracking ROI over other factors. However, the majority of our diversity professionals reported that they measure the financial ROI of their supplier diversity program either via dollars saved by using diverse suppliers that were less costly or by revenue gained from working with customers who had diversity spend requirements. While some measurement is better than none, it was still clear that other sources of financial and nonfinancial ROI are probably not being tracked and reported in relation to these types of programs. Most companies with diverse supplier programs, then, may not be getting the full picture of the return they are receiving on their investment.


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In addition to these challenges, we also found that diversity professionals encounter suppliers who are not large enough to meet the needs of their companies. This tells us that it can be difficult for small or medium-sized diverse suppliers to scale to the level that larger firms or companies with a broad geographic presence may require. Many small or medium-sized diverse suppliers lack the infrastructure or support of a broader network to take on these potentially lucrative contracts. While this was not one of the top-reported challenges, it is worth mentioning when thinking about how mobility could play a role in growing diverse supplier programs of larger firms.

### **Connecting Mobility With Diverse Supplier Programs**

Being certified as a women-, veteran-, or minority-owned business allows businesses that contract with diverse suppliers to reap many of the financial incentives offered by the government, including tax reductions and grants. Nearly 85% of diversity professionals surveyed stated that they require certification from their diverse suppliers. There are several reputable third-party agencies that assist suppliers seeking to become certified.





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In the mobility industry, we have a wealth of professionally certified women-, minority-, and veteran-owned companies that can meet the needs of large firms. We already see that some companies recognize our space as a reliable way of achieving their diverse supplier goals. However, our research found that fewer than 35% of companies took advantage of the opportunity to include companies in the mobility and affiliate spaces in their programs. Specifically, moving, real estate, storage facilities, commercial moving, household goods moving, and services related to employee relocation were found to be an overlooked space from which the 68% of companies seeking to expand their diverse supplier programs should be sourcing contracts.

Looking forward, we hope that more companies will think to include mobility, relocation, and their related services in their diverse supplier portfolio. The wide range of professionals who make up the mobility and relocation industry create a prime alignment for a symbiotic working relationship. Not only will firms encounter companies suited to tackle large-scale contracts, but they will also find that they can simultaneously grow their diverse supplier programs. Our research shows that these programs are gaining in popularity and favorability, as they largely deliver positive outcomes to the companies that implement them. The challenges many respondents reported in finding diverse suppliers signal that those in mobility who are certified women-, minority-, or

veteran-owned businesses may not want to shy away from making that known to potential clients.

“There is a desire to work with diversity-inclusive suppliers and movers from both consumers and corporate clients,” says Scott Michael, American Moving & Storage Association (AMSA) president and CEO. “The more that our suppliers and movers self-identify as minority-, women-, and veteran-owned companies and are certified as such, the easier it will be for consumers and business customers to find companies who can better represent and serve their needs.”

Often it seems our industry may be an untapped arena for diverse supplier programs, which may help

propel relocation and its related services into a growing facilitator of corporate cultural change. *M*

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