

**Critical Issues Facing the Higher Education Sector: Supplier Diversity on Campus**  
**Answers to questions posed by Lee Huang, President Econsult Solutions Inc.**

April 18, 2023

**Q1. What does supplier diversity have to do with an institution's mission and operations?**

Colleges and universities live within a delicate eco-system that includes diverse communities. The people and enterprises both on campus and offsite influence the character of the institution and the perceived quality of life surrounding it. The health of the community has a direct impact on the capacity of educational institutions to attract and retain students, faculty, administrators, and staff. Anchor institutions recognize the importance of adequately serving their stakeholders in order to provide a stable, wholesome environment where all can flourish.

These institutions are economic catalysts that inspire innovation and require significant resources to convert young adults into productive citizens. The business community is an essential partner that aids colleges and universities in achieving their mission. And, conversely, contracting opportunities feed the development, growth, and sustainability of these businesses.

As we look to the future of higher education institutions, we are keenly aware of three emerging challenges:

- A shift in the demographic trends of our nation: by 2044, the minority population will be in the majority. (The 2019 US census reported 49% of adolescents are identified as a racial or ethnic minority.)
- The declining number of college age students attracted to higher education, and
- An increase in demand for institutions to demonstrate their commitment to an environment of equity and inclusion to attract a more diverse population.

Historically these institutions have focused on the hiring and enrollment of diverse populations. Today, those on campus are looking for suppliers and contractors that look like them. Here is where a dedicated procurement and supplier diversity team can provide the greatest value to their organization. These professionals can connect the demands of the institution with diverse business owners who are ready, willing and able to meet their needs. Diverse business enterprises help to grow wealth and stability for employees, their families and the communities that rely upon them. Revenue generating opportunities are the keystone for a sound economy, a strong local tax base and a robust quality of life for current and future generations.

*In April 2022, the Office of Small Business Advocacy reported "...large businesses generated 6.7 million net new jobs over the past 25 years. During the same period, small businesses generated*

*12.9 million net new jobs, ... small businesses have accounted for 66 percent of employment growth over the last 25 years.”*

*In November 2022, the U.S. Census Bureau released [new estimates](#) on the characteristics of employer businesses. According to the 2021 [Annual Business Survey](#) (ABS) for 2020, approximately: 1.15 million (19.9%) were minority owned, 1.24 million (21.4%) were owned by women, and 20,864 (5.6%) were veteran owned.*

These diverse business owners live in communities that are uplifted by their success. Their ability to succeed is driven by a sound, consistent customer base provided by institutions, prime contractors and a vibrant campus population. Diverse businesses provide innovative solutions, enhance the agility of the supply chain, reduce costs and improve the institution’s branding as a welcoming and inclusive place to learn, work and live.

## **Q2. How do you institutionalize an equitable approach to procurement policy within such large entities?**

I believe there are three major components required to institutionalize an equitable approach to procurement policy:

- The 1<sup>st</sup> component is a compelling message that clarifies how supplier diversity contributes to achieving the mission;
- The 2<sup>nd</sup> component is the development of an efficient process for incorporating supplier diversity as a routine practice for all who are engaged in procurement activity; and
- The 3<sup>rd</sup> component is a sustainable culture that values diversity and its contribution to the competitive advantage of the institution.

*The 1st Component is a compelling message that clarifies how supplier diversity contributes to achieving the institution’s mission.*

The messaging in the communication strategy that flows from the top of the organization to the end-user must be designed to speak to the organization’s mission and enlist the participation of those in the procurement process. From the Board, executive leadership, faculty senate, to facilities and beyond, the subject of supplier diversity should be consistent and visible.

The goal is to educate internal stakeholders on how to identify and develop productive working relationships with diverse businesses.

For example, the institution should broadcast to diverse communities: **where** outreach meetings are held; **what** are supplier eligibility requirements; **when** should businesses anticipate contracting opportunities; and **who** are the key contacts and decision makers. Procurement, diversity professionals, legacy business partners, and end-users should participate in these events to discuss **how** diverse businesses can get engaged.

This communications strategy should include reports to institutional leaders and regular check-ins with staff to ensure any barriers to the success of a diverse business are identified and addressed. Also, the institution should showcase the innovative spirit, agility, and responsiveness of diverse suppliers.

Educational Institutions typically have multiple colleges that operate independently as it relates to procurement. Whether procurement is centralized or decentralized, it is essential for each facility to have common priorities, policies and procedures. The institution should speak with one voice as it relates to their belief in the value of supplier diversity.

*The 2<sup>nd</sup> Component is the development of an efficient process for incorporating supplier diversity as a routine practice for all who are engaged in procurement activity.*

Procurement policies, procedures, practices, tools, training, goals, metrics, and feedback loops must be easily accessible. This process should provide transparency for the institution to measure their progress in building an inclusive supplier diversity portfolio and hold departments accountable for their contribution to this commitment. Transparency builds credibility within the marketplace. Encourage straight talk that enables each level within the institution to share their challenges, innovative inclusion strategies, results, and make requests for assistance.

There should be a system that captures contracts awarded and the flow of payments made to diverse businesses at tier 1 and tier 2. In addition, the institution should mandate that all strategic partners allocate a portion of their contracts to drive inclusion throughout the supply chain.

Leadership should periodically evaluate the results of their goal setting process. It is easy at times to forget that those metrics actually represent real people with families to support. Multiple contracts with diverse businesses increase familiarity, mitigate risk, improve productivity, enhance the value of the relationship, improve the financial stability of the business, and build their capacity to take on more clients. This momentum galvanizes the sustainability of disadvantaged businesses.

Finally, institutions should benchmark their performance with peers and continue to refine their process for improvement. I believe this is the best way to initiate a transformation within an educational institution's supplier diversity policy.

Drexel University won the 2021 INSIGHT into Diversity Jesse L. Moore Supplier Diversity Award and the University of Pennsylvania won this award in 2022. Both organizations continue to build a supplier diversity infrastructure that demonstrates their commitment to providing economic opportunity that improves the quality of life within their community.

*The 3<sup>rd</sup> Component is a sustainable culture that values diversity and its contribution to the competitive advantage of the institution.*

Those who are engaged in the procurement of services, supplies and equipment, professional services, and construction projects understand the total value of working with diverse suppliers and operate in a way to capture that value. Growing viable businesses increases employment, contributes to a stronger tax base, and improves communities. As well, competition makes good things better. Competition increases the quality of products and services, introduces more innovative solutions, reduces costs, and enhances the agility of the supply chain. In many instances, an effective supply chain requires collaboration across the campus and across the businesses that serve them. An equitable supplier diversity strategy must include clear expectations for both internal and external stakeholders. It is the mastery of a change management process that enrolls those within and beyond the procurement protocol.

**Q3. How has this current young generation's values and voice affected how universities approach their purchasing practices?**

**The Mindset of Millennials and Generation Z**

Gen Z is the most racially and ethnically diverse generation in U.S. history. The U.S. Department of Health and Human Services reported, "Nearly half of U.S. adolescents in 2019 identified as a racial or ethnic minority." Just over half of U.S. adolescents (51%) identified as white and the remaining 49% identified as Hispanic (25%), Black (14%), or Asian (5%), with the remainder as two or more races.

In recent years, the impact of the global pandemic, economic uncertainty, the murder of George Floyd, visibility of social unrest, and environmental challenges have increased the curiosity of young people seeking to understand how the world works for them. They recognize social injustice when they see it. They boycott businesses and institutions that do not reflect their values in marketing, management or business to business relationships. They use social media, analytics, and networks to peek behind the curtains of organizations to validate the authenticity and sincerity of their DEI branding. This young generation has information, influence and high expectations for doing the right things right. Their interest is in building communities of impact not just individual gains.

Colleges and universities encourage students to be independent and innovative thinkers. With the shift in demographics across the U.S. in general and on college campuses in particular, there is a demand for equity and belonging at all levels, from the Board room to the classroom to the community. In addition to the shift in demographics, there is the anticipated decline in enrollment that drives an even greater sense of urgency for institutions to be open, transparent and engaged with students in order to be competitive.

Students are looking for business owners who look like them. Young people recognize what it is going to take to make their world a better place. Going beyond the intersection of public sector policy and private sector profitability, they are seeking a rising tide that lifts all boats. Gen Z views supplier diversity as an essential part of social responsibility. For them, actions speak louder than mission statements, glossy marketing campaigns, and eloquent speeches. Millennials and

Generation Z are results driven and understand that a diverse team at the table on campus or at work drives innovation faster, farther and is more sustainable.

Successful educational institutions will leverage the positive impact of their diversity, equity, inclusion, and belonging strategy to attract and retain talent. Supplier diversity is a key component in this portfolio. It facilitates economic growth within diverse communities, adds innovation and agility to the supply chain, and increases competition. The institution's DEI, procurement and supplier diversity professionals are moving to the forefront as strategic leaders who can capture the value of engaging diverse businesses for development, growth and sustainability. This engagement of diverse and local businesses along with effective hiring practices and enrollment strategies will increase an educational institution's competitive advantage in this emerging marketplace.

### **Closing**

I hope this discussion about critical issues facing college campuses and the impact of supplier diversity has been beneficial.

As the impact of society's demographic shifts continues to emerge, the role of Procurement and Supplier Diversity professionals will continue to be elevated. Students, administrators, faculty, staff and the community will rely on these individuals as a driving force for social justice in addition to their established skills in managing supply chain logistics.

Supplier inclusion programs require a multi-dimensional, collaborative effort that engages leadership across the institution, business owner networks, certifying agencies, diversity advocates, and the local community. These programs encourage buyers, empower suppliers and provide access to opportunities, capacity building networks, and generational wealth.

The sustainable success of disadvantaged businesses increases employment opportunities, provides a stronger local tax base, and ensures a more productive and vibrant society.

If your organization is committed to closing the gap between sourcing professionals who strive to find credible, diverse businesses and those disadvantaged business owners who are searching for authentic, long-term contracting relationships, let's get started.

The goal of DowdBurton and Associates is to help you maximize the equitable distribution of contracts with a focus on mutually beneficial business outcomes.

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