



Business Diversity

Expanding Beyond Supplier Diversity into a Business Diversity Ecosystem
October 2021



Use of this material is subject to the terms and conditions at <http://www.ceoaction.com/legal>

Our Mission

To identify, develop and promote scalable and sustainable public policies and corporate engagement strategies that will address systemic racism, social injustice and improve societal well-being.

Our Vision

To improve the quality of life for the 47M+ Black Americans through advocacy and advancement of solutions that seek to end systemic racism.



Business Diversity

CEOARE

Expanding Beyond Supplier Diversity into a Business Diversity Ecosystem

Our Goal

Advance a sustainable ecosystem of companies, suppliers, capital resources, and agencies to increase equity, access, and growth for Black-owned businesses.

Our Approach

- Meet companies where they are
- Put the Black-owned business experience at the center of the work
- Expand beyond traditional procurement supplier diversity programs into professional services
- Provide tools, resources, leading practices, and networking opportunities to accelerate learning and improve success

10x The typical net worth of a white family vs. a Black family²

7%

The amount of Black American's assets in business equity compared to 16% of white American's assets³

41

The percentage of Black-owned businesses that shut down due to the COVID pandemic⁴

What Success Looks Like

Short Term –by October 2022

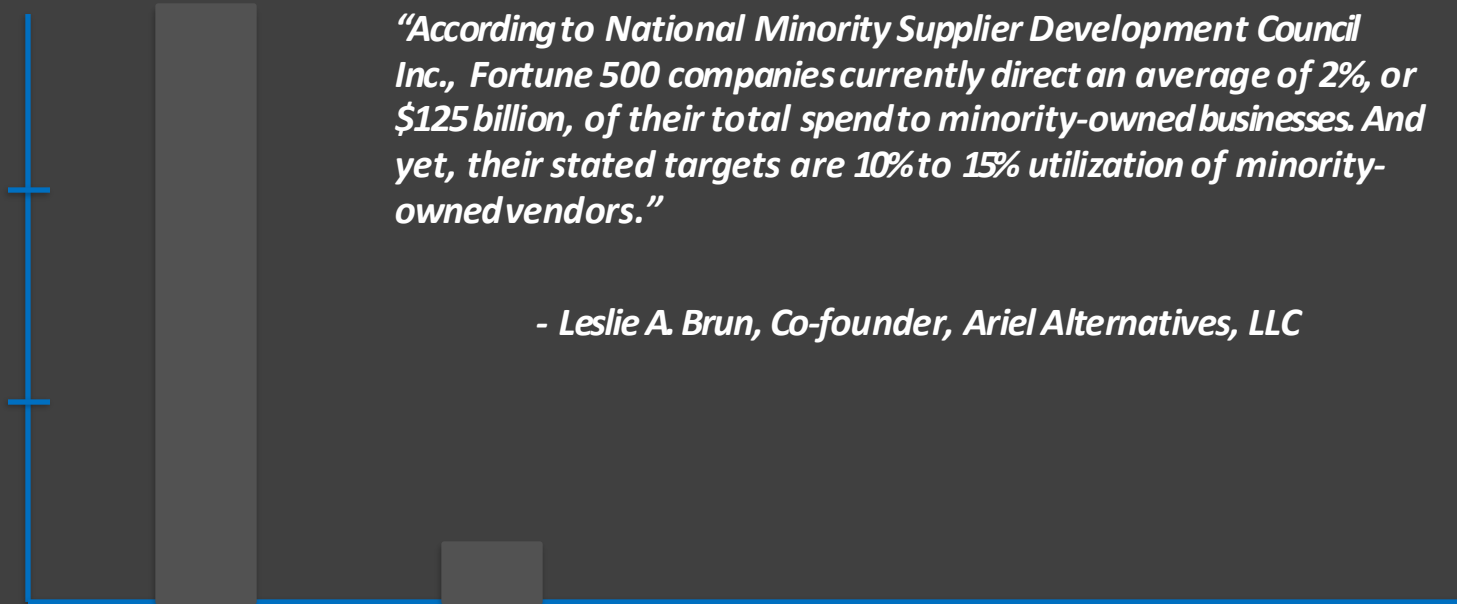
- ✓ Signatory ecosystem established
- ✓ Individual and collective achievement of business diversity goals
- ✓ Ready for scale to corporate America

Long Term

- ✓ Increase wealth for Black Americans by growing Black-owned businesses.
- ✓ Stronger, more successful penetration and expansion of business diversity as a way of doing business for corporations



The Gap



What's getting in the way?

CEOARE

Traditional Supplier Diversity Challenges

BUYING COMPANIES



Difficulty accessing and finding minority owned suppliers



Challenges accessing, compiling and reporting supplier diversity data, especially at the disaggregated level



Inability to culturally transform supplier diversity from a "program" to a way of doing business



Cumbersome, siloed and expensive certification processes



Lack of access to opportunities



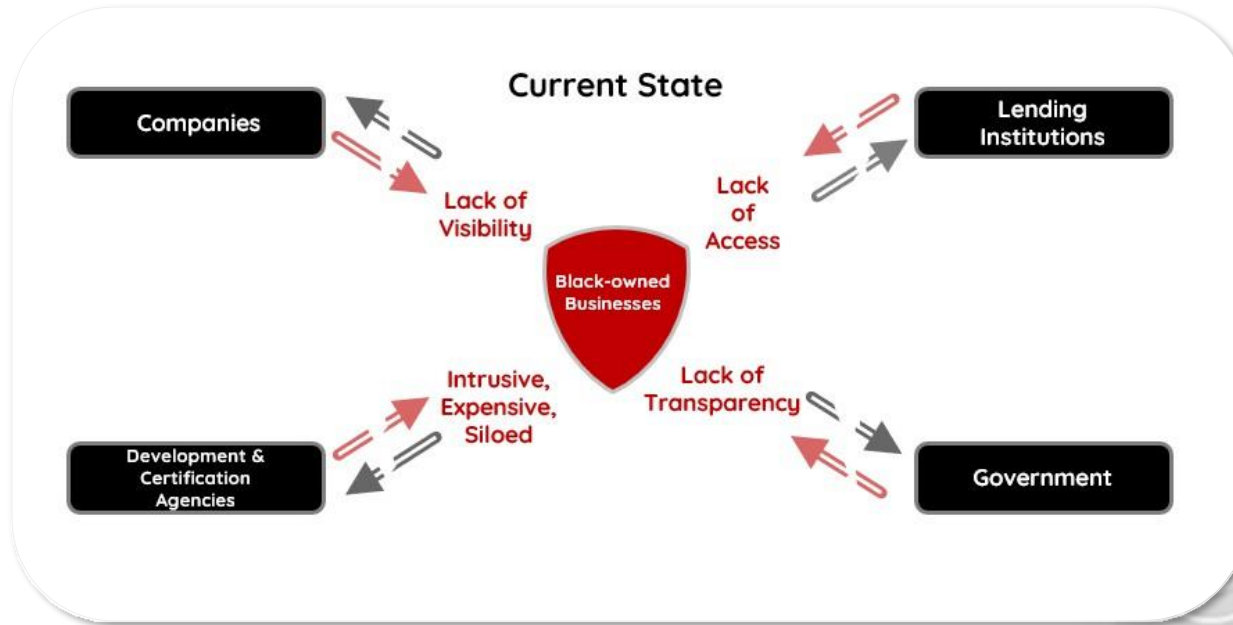
Lack of access to capital



Insufficient mentorship, development, and scaling support

SUPPLIERS

Transforming from a hub & spoke to an ecosystem



The current state of supplier diversity:

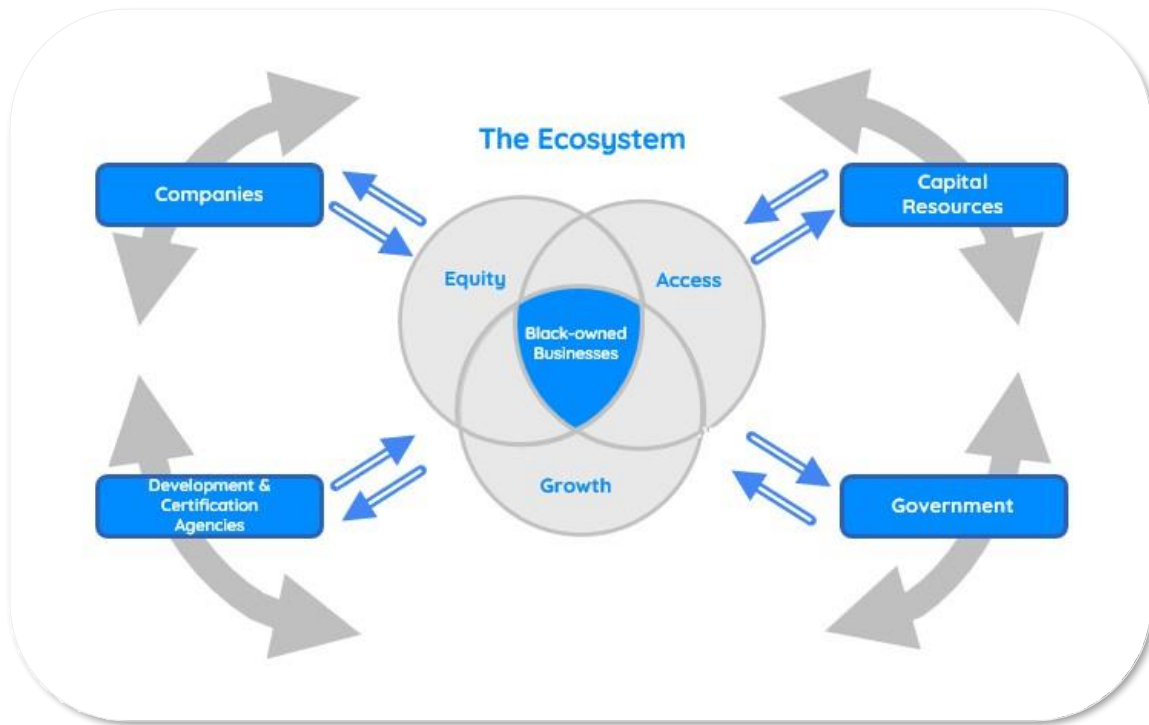
- Relies on siloes of stakeholders engaging independently in arm's-length transactions
- Largely puts the Black-owned business at the **center of the burden** to navigate the various stakeholders in the system
- Does not foster a systemic and sustainable approach to solving the inefficiencies and pain points

This state results in **lack of visibility**, **lack of access**, **lack of transparency**, and **added expense** for both Black-owned businesses and buying companies.

Transforming from a hub & spoke into an ecosystem

CEOARE

Our goal is to advance a sustainable ecosystem of companies, suppliers, and agencies to increase equity, access, and growth for Black-owned businesses.



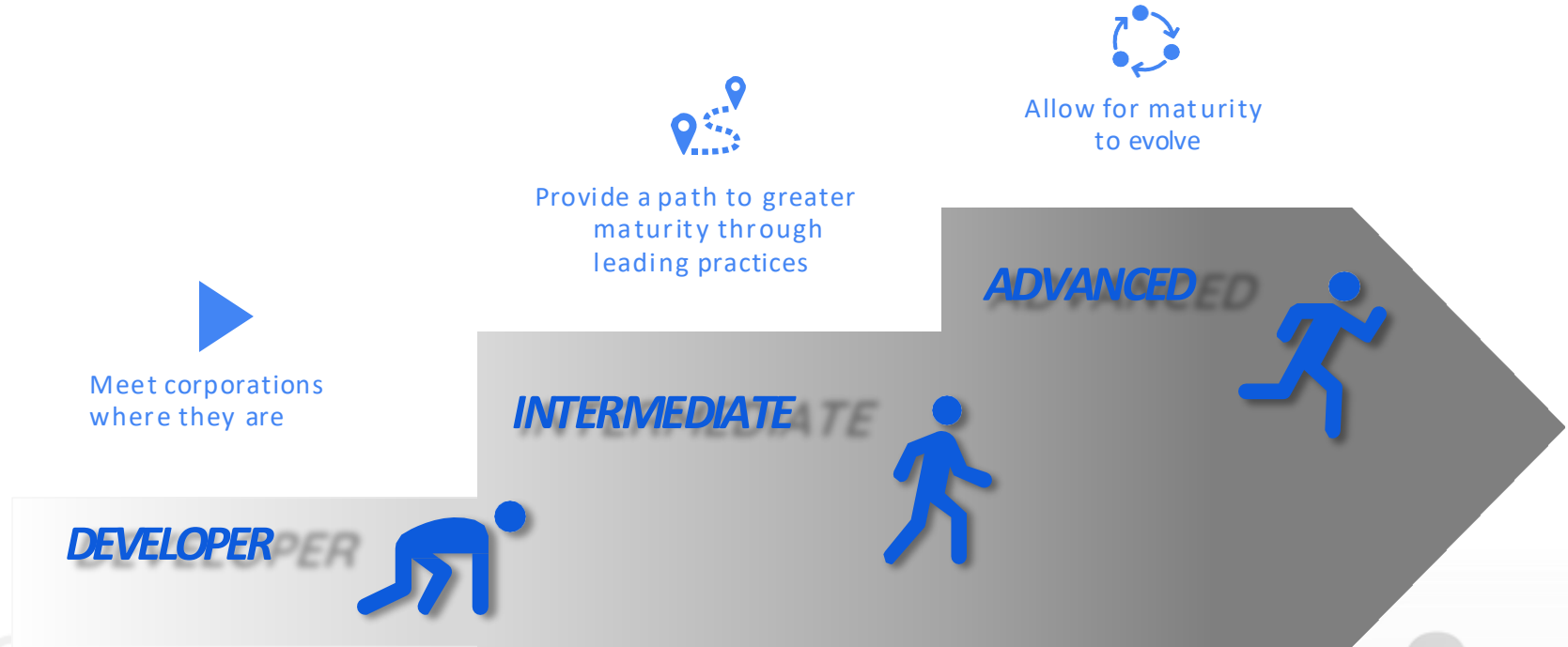
The ecosystem aims to:

- Improve **collaboration, access, and visibility** between the essential ecosystem players
- Put the Black-owned business at the **center of the experience** vs. at the center of the burden
- Focus on **building and scaling** suppliers through **mentorship** and greater **access to capital**
- Leverage the **power of the collective** companies to share **leading practices** and help drive increased stakeholder **accountability** through data visibility and disaggregation

Progressing through the maturity continuum

CEOARE

It's not about where you are, it's about where you aspire to be...



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

Progressing through the maturity continuum

CEOARE

It's not about where you are, it's about where you aspire to be...

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

Characterized by:

- The absence of a business diversity strategy OR
- The beginning of a business diversity strategy without a dedicated leader and/or budget

DEVELOPER



The Path Forward:

- Secure buy-in from top management and board and set measurable goals
- Establish disaggregated baseline spend by race in support of developing a supplier database
- Collaborate with certifying organizations to connect with diverse businesses

Characterized by:

- A formal program exists, baseline spending has been established, and data disaggregated by race to illuminate gaps
- Business diversity strategy is often aligned with current procurement structure or is a result of compliance requirements

INTERMEDIATE



The Path Forward:

- Dedicated time spent on business diversity by individuals with procurement and/or DEI experience
- Implement/procure a system for tracking and reporting spend at the disaggregated level
- Create a business diversity scorecard to evaluate distinct lines of business
- Internal supplier diversity reporting up to a steering committee/council/senior leadership on key performance indicators.

Characterized by:

- The move from a "program" to a way of doing business
- High connection to the business strategy
- Encompasses professional services across the business.
- The extension to Tier 2 suppliers
- Supplier mentorship & development programs in place

ADVANCED



The Path Forward:

- Tie business diversity goals to compensation at the executive level
- Remove barriers to certification
- Establish and track Tier 2 supplier reporting goals and outcomes
- Establish programs to facilitate access to capital and support business development
- Provide one-to-one mentorship and educational opportunities for signatory companies and Black owned businesses
- Discuss and share leading practices and progress with other CEOARE signatories
- Create diverse sourcing strategies inclusive of professional services (legal, HR, IT, marketing, etc.)

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

The Pledge

CEOARE

Expanding Beyond Supplier Diversity into a Business Diversity Ecosystem

Increase wealth for Black Americans by growing Black-owned businesses, yielding a potential annual economic impact of \$2-\$3 trillion by 2028*

Assignatories, we ask you to commit to the fair inclusion of Black suppliers in your procurement activities, and join our signatory community by pledging to:



Increase equity for Black suppliers across all services



Create more access to capital and networks for Black suppliers



Develop growth and scale opportunities for Black suppliers



Join our ecosystem to collectively build and share leading practices, resources, insights, and data regarding progress

*Source: Chui, Michael; Prince, Sara; Stewart III, Shelly. McKinsey & Company. America 2021: The opportunity to advance racial equity. February 17, 2021

The ecosystem in practice



**Together, we're forging
equitable pathways for the more than
47 million Black Americans**

GENERAL DISCLAIMER

CEO Action for Racial Equity officially ceased operations as of September 30, 2024. The resources available on this website are intended as general guidance only and given the passage of time and the changing nature of laws, rules and regulations, and the inherent hazards of electronic communication, there may be delays, omissions or inaccuracies in information contained therein. Each resource was created as of the date of its publication and has not and is not being maintained or updated since that time. No additional materials will be uploaded. Furthermore, the resources are provided with the understanding that the authors and providers are not herein engaged in rendering legal, accounting, tax, or other professional advice or services. As such, it should not be used as a substitute for consultation with professional accounting, tax, legal or other competent advisers. Before making any decision or taking any action, you should consult an appropriate professional.

NO WARRANTY

The resources are provided “as is” with all faults. PwC US Group LLP (and its affiliates, together “PwC”) and CEO Action for Racial Equity and signatory organizations make no warranty whatsoever, express or implied, with respect to the resources, including any warranty of condition, quality or suitability, warranty of merchantability, warranty of fitness for a particular purpose, warranty of title, or warranty against infringement of intellectual property rights of a third party, whether express or implied by law, course of dealing, course of performance, usage or trade or otherwise.

LIMITATION OF LIABILITY

To the full extent permissible by law, User hereby expressly releases, waives, and forever discharges PwC and CEO Action for Racial Equity and signatory organizations and their present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, partners, principals, agents, representatives, permitted successors, and permitted assigns (collectively, the “Releasees”) of and from any and all claims, actions, causes of action, suits, losses, expenses, liabilities, obligations, damages, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, or in equity arising out of or in connection with this resource except for any claims and liabilities that cannot be released or waived under federal, state, or local law.