

## Xerox Corporation

**W**hen your company secures a contract with a large business, government agency or other institution, chances are you celebrate it as a sales and marketing “win.” But how often do you consider the sales and marketing advantages of relationships with your suppliers?

Too often, companies do not recognize the many opportunities that exist to develop an ongoing relationship and leverage those ties to build business. Sometimes it’s obvious, such as when a large company contracts with a large supplier and plenty of business is generated on both sides.

What’s less obvious, and what I believe is perhaps an untapped goldmine, is the marketing and sales opportunities that large companies can reap from dealing with minority- and women-owned businesses, most of which are dramatically smaller in size and buying power than their majority-owned counterparts. It really is vital for business to view supplier diversity as far more than “just a purchasing matter” or “something nice to do.”

Sophisticated supplier diversity programs enable thousands of minority-, women- and disabled veteran-owned supplier businesses to thrive. Xerox’ partnerships

with diverse suppliers not only offer them financial benefit, but also provide us with quality, cost and delivery incentives. The advantages to contracting with minority- and women-owned businesses have been recognized by Xerox Corporation and many other companies for some time. Minority and Women Business Enterprises (MWBES) have proven to be among the lowest-cost, highest-quality suppliers of a wide variety of goods and services. Xerox’s supplier diversity purchasing program represents an opportunity for Xerox and our customers, who benefit by being offered high quality at the best price and value. And, as we conduct statistical analyses of our suppliers’ performance, we are finding that MWBES are not only meeting corporate supply standards but, in many cases, surpassing them and outperforming their majority-owned competitors. In 2002, Xerox purchased \$264 million in goods and services from minority- and women-owned businesses in the United States, nearly one-third more than it had originally targeted. The total spending with minority- and women-owned business enterprises (MWBES) represented 23.5% of the company’s total annual purchases. Approximately 1300 MWBE suppliers benefited from this purchasing spend.

A strong supplier diversity program also enables us both to benefit as we collaborate to develop innovative solutions for the mutual benefit of our customers and our businesses. Let me give you an example. The traditional business model looks something like this: Say that a large Fortune 500 company contracts with Xerox for products and services. Xerox, in turn, contracts with a minority- or woman-owned business for materials, parts and service. The benefits here include Xerox



# OUTSIDE THE BOX

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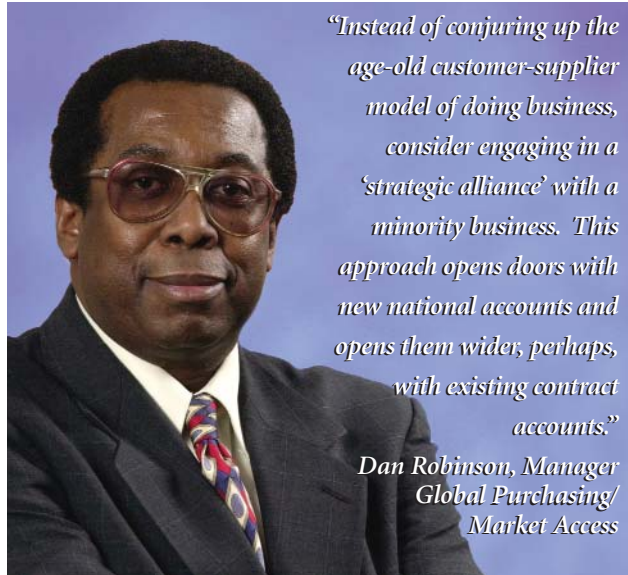
Dan Robinson, *Manager  
Global Purchasing/Market Access*

maintaining control of the business dealings and securing a contract with a large, perhaps blue chip, account. But on the down side, that blue chip customer only perhaps reports 5-10 percent of the MWBE's monies spent from this arrangement.

In today's corporate procurement processes, we need to look for—not shy away from—opportunities to bring in direct participation from minority- and women-owned businesses. So under the new model, Xerox or companies like us would bring the minority- or woman-owned business into the transaction as a visible, participating partner. This broadens Xerox's value to the customer and provides us the opportunity to offer more strength, product and service up front. In some cases, in fact, it may be wise for a large majority company to facilitate a direct buying relationship between the blue chip account and the minority supplier.

Here's why. Let's say, for example, that Xerox already had an established relationship with XYZ Branding, a minority-owned company that delivers products and services as a prime contractor. And perhaps Xerox recognizes that its blue chip account, Blue Chip National, has a primary need for XYZ Branding's products and services. Having a relationship with both companies here, Xerox could help forge a new business relationship wherein XYZ Branding would provide products and services directly to Blue Chip National as a prime contractor, using Xerox as a sub-contractor for select products and services. So, in this case, Xerox helps to position the minority business into the primary role, but benefits financially by introducing the relationship and maintaining a subcontractor status.

The benefits are many. Blue Chip National would achieve the full benefits of securing a contract with a minority-owned business. There would be significantly greater incentive for that same customer to expand business with the XYZ/Xerox partnership.



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It also provides Xerox with a distinct competitive advantage. Virtually all large existing and potential customers face an imperative to increase the amount of business they contract to qualified minority- and women-owned businesses.

This approach opens doors with new national accounts and opens them wider, perhaps, with existing contract accounts. Many of Xerox's customers, for example, ask for formal reporting about our diversity initiatives—just as we do with our suppliers. As I mentioned earlier, we've found that our minority- and women-owned suppliers outperform the general supplier population on quality, cost and delivery. And that's a benefit that our customers can experience directly should a revised relationship be adopted, where appropriate.

In addition to the financial rewards, Blue Chip National will benefit in much the same way that Xerox does from dealing

with minority-owned companies that bring fresh ideas and creativity to the table.

Establishing and growing a sophisticated minority- and women-owned business program is another way to optimize marketing opportunities. By forging such

relationships, a company can first and foremost meet its own customers' needs, but also develop a potential new pathway for business, by recognizing that all players could be on either side of the customer/supplier equation.

Whatever a company's supplier needs might be, it is important to continuously evaluate with whom you're doing business, especially in

the context of a rapidly changing economic environment and technology needs. Think outside of the box on supplier diversity: instead of conjuring up the age-old customer-supplier model of doing business, consider engaging in a "strategic alliance" with a minority business. Ensure that you're partnering with a minority business that is keeping pace with technology advancements, knows the marketplace and is a viable financial partner. To maintain a strong supplier diversity program in these challenging economic times necessitates creativity and commitment. Certainly, the more profitable the relationship with a supplier, whether that supplier helps you save or make money, the more viable that relationship will be over the long-term.

**PDJ**

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