

TOOL 2.4

Developing the Business Case for Increasing Engagement with Women-Owned Businesses

- » **GOAL:** Identify and present business case arguments for engagement with women-owned businesses
- » **TARGET UNITS:** Human Resources, Senior Management

A Strong Business Case Demonstrates Value

A strong business case is an important first step towards increasing gender diversity in the supply chain. It validates and rationalizes the effort and investment put forth by showing the benefits that can accrue. It includes non-financial benefits in addition to the financial value. Among the non-financial benefits: Improved community relations, potential leveraging with community engagement programs, and reputational gains.

A sound business case will help secure senior management buy-in for revising the local procurement plan and creating incentives and accountability for increasing engagement with women-owned vendors. Operational champions in each departmental purchasing team can be useful contact points for implementing these updated policies and monitoring success stories, bottlenecks, and challenges.

The company's gender equity champion and gender equity task force can take the lead on building the business case, which should highlight both the potential benefits of a gender-diverse supply chain and steps the company could take to address any gaps. It complements the self-assessment of the local women-owned business environment detailed in **TOOL 2.2**.

In building the business case for investing in women-owned business suppliers, remember to incorporate the non-financial benefits such as those noted above—as well as a longer-term perspective—in making the case. This information is critical, since in some instances the costs of supplier diversification might not be offset immediately. For example, in situations where a smaller women-owned business does not have the scale to meet the needs of major international companies, an upfront capacity-building or training investment might be required before the business is able to meet these needs. Thorough detail on the short- and long-term financial and non-financial benefits of supporting women-owned businesses will provide a clear indication of the value such efforts bring—both for the company and the broader community.

Use the diagnostic provided in Table 2B to help develop and frame a business case for increasing gender diversity in the supply chain.

TABLE 2B | Business Case Diagnostic: Engaging with Women-Owned Businesses**1. COST SAVINGS: Identify potential cost savings from working with women-owned businesses**

- » Identify potential “conventional” and women-owned vendors: To what extent can these suppliers provide equivalent services? For example, are there reasons that women-owned businesses would not be able to meet procurement needs equally? What are the specific barriers to entry for women-owned vendors based on market status—such as recent entry to the market or scale of current contracts and/or your procurement criteria?
- » Compare pricing between conventional suppliers and women-owned vendors that provide equivalent products and services: Are prices competitive? Are there potential cost savings from women-owned vendors? If the women-owned businesses are not the lower-cost vendors, what other benefits might come from contracting with them, such as better quality, value, or user appeal?
- » Compare product quality between conventional suppliers and women-owned vendors that provide equivalent services: Would working with women-owned vendors lead to improved product quality or help respond to and/or capture different market share?
- » Identify opportunities to build the capacity of women-owned vendors that cannot supply comparable products/ services: Could they reach the point where they could provide comparable goods through a moderate degree of training?
- » Identify aggregate cost savings from contracting with women-owned vendors.

2. ADDITIONAL COSTS: Identify potential costs that may result from contracting with women-owned vendors

- » Are the local women-owned businesses currently operating at required standards or would additional training be needed to scale them up to meet quality and volume needs?
- » Identify the type, scope, and length of training needed so these vendors could become viable suppliers: How many trainings? Over what period of time? How often would the training need to be repeated? Develop cost estimates for these trainings and compare them to the anticipated financial benefits from working with that particular vendor.
- » Conduct overall cost-benefit analysis for training: First, calculate the number of new vendors that could become qualified through training. Next, compare the value of qualifying these newly registered suppliers with the training costs—does the value offset the cost?

3. BUDGET: Consider ways to fund training and outreach by leveraging community engagement activities

- » Connect with the corporate social responsibility/community engagement teams: Identify opportunities to cross- subsidize women-owned vendor training and outreach through programs run by these departments.

4. NON-FINANCIAL BENEFITS: Itemize the broader benefits of working with local women-owned vendors

- » Examine and evaluate non-financial benefits, including improving community relations, enhancing local economic development by empowering women, meeting community investment and local sourcing requirements, and complying with government requirements for gender diversity in supply chains.
- » Detail the community engagement dividends from cultivating and contracting with women-owned vendors.
- » Quantify or otherwise demonstrate ways in which these dividends would help offset—and perhaps more than make up for—financial costs.