Minority Business Enterprises (MBE) and Organizational Diversity Procurement Programs: Implications for MBE Business Development

Matthew Augustine
St. John Fisher College
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By

Matthew Augustine

Submitted in partial fulfillment of the requirements for the degree Ed.D. in Executive Leadership

Supervised by
Dr. J. Jason Berman, Chair

Committee Member
Dr. William B. Stroud

Ralph C. Wilson, Jr. School of Education
St. John Fisher College

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Entitled: Minority Business Enterprises (MBE) and organizational diversity procurement programs: Implications for MBE business development

Be accepted in partial fulfillment of the requirements for the Education Doctorate degree.

J. Jason Berman, Ed.D., Chair

William B. Stroud, Ed.D., Committee Member

01/29/10
Date
Dedication

This dissertation is dedicated to the entire Eltrex Family including all employees both past and present, directors, and professional service providers and advisors. I have had the privilege and honor of serving as the President and CEO of Eltrex Industries in excess of 33 years. During this period, I have consistently received encouragement from members of the Eltrex Family to continue learning both on a formal and informal basis. I believe that my studies for a doctorate in Executive Leadership have helped me become a more effective leader and a better person. For this, I am very appreciative.
Biographical Sketch

Matthew Augustine currently serves as President and CEO of Eltrex Industries. Eltrex provides contract manufacturing, logistics services, and document processing. The Company has three facilities, all located within the City of Rochester, New York. He served as the 1992-1993 Distinguished Minett Professor at the Rochester Institute of Technology where he taught courses in Entrepreneurship and Starting New Ventures. He also served in the United States Marine Corps, including a year in Vietnam (Military Intelligence with Final Top Secret Clearance) for which he was awarded the Joint Services Commendation Medal.

Mr. Augustine received his Bachelor of Science degree from the University of Southwestern Louisiana in 1969 and Master of Business Administration degree from Harvard University in 1971. He began his doctoral studies in the Ed.D. Program in Executive Leadership at the Ralph C. Wilson, Jr. School of Education at St. John Fisher College in the summer of 2007. He pursued his research in the area of Minority Business Enterprise business development under the direction of his Dissertation Chair, Dr. Jason Bennan and received the Ed.D degree in 2010.

Mr. Augustine is a member of Alpha Phi Alpha and Sigma Pi Phi fraternities. He is the recipient of numerous awards both on a local and national level for professional and personal successes. He was selected as the Small Business Person of the Year by the Small Business Council of Rochester. He was inducted into the Rochester Business Hall of Fame in 2002. He was selected as one of Rochester’s 50 over 50 in 2003. In 2005 he was inducted into the First Church Divine Hall of Fame. In 2006 he received the Housing & Economic Development Award from the New York State Association of Black & Puerto Rican Legislators. In 2007, he received the 71st Annual Rochester Rotary Award. In 2008 he was inducted into the International Honor Society in Education, Kappa Delta Pi. He has been and continues to be active in a variety of business, professional and civic organizations.
Acknowledgements

I wish to acknowledge Eltrex for the support provided. Eltrex afforded me the time and financial resources to complete my studies in this program. I greatly appreciate this and hope I will be able to give back to the company more than I have received.

I acknowledge my Dissertation Committee Chair, Dr. J. Jason Berman, Committee Member, Dr. William B. Stroud, Faculty Advisor, Dr. Michael W. Wischnowski, and Executive Mentor, Dr. Albert J. Simone. In addition to valuable counsel, they all provided encouragement. They demonstrated a belief in me that provided additional resolve for me to complete this study when I had serious other issues competing for my time. Their patience coupled with unbelievable professional and friendly guidance truly made a difference for me.

I also acknowledge Dr. Cheryl McGruder Holloway who gave much of her valuable time to interview the buyer participants in this study. In addition to doing a highly professional job with the interviews, she provided valuable counsel on organizing and analyzing the data. Her generosity is greatly appreciated.

Finally, I acknowledge Melody A. Cofield for her help with many aspects of the program throughout the entire period of study. She was principally responsible for my decision to apply for admission to the program. Without her assistance and encouragement, I certainly would not have completed this program.
Abstract

Minority Business Enterprises (MBEs) compete in the marketplace for business in an environment that both helps and hinders the process. Most large organizations employ some form of diversity procurement advocacy program for various reasons. However, the efficacy of these programs is not known. This qualitative, phenomenological study explored the lived experiences, perceptions, and attitudes of buyers and MBE owners located in the Monroe County, New York area relating to aids and barriers for minority business development. Attitudes and perceptions of both groups were gathered along with factors influencing such attitudes and perceptions. In addition, the perceived costs associated with this type of affirmative actions were compared to the perceived benefits or advantages of such actions. Thematic analysis of interview data collected from 15 participants was conducted using NVivo 8 qualitative software programs. The data suggested that MBEs in Monroe County might be well served to pursue successful approaches for effective business development outside of Monroe County.
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Chapter 1: Introduction

Statement of the Problem

Minority Business Enterprises (MBEs) often are discriminated against in the marketplace when attempting to do business with large corporations (Dollinger, Enz, and Daily, 1991). These corporations tend to have programs that are designed to help MBEs overcome problems and gain access to procurement opportunities. However, the attitudes toward MBEs within these corporations often cause a backlash that can hinder actual orders being placed (Bates and Williams, 1996). Often there are lots of activities like completing voluminous documents for certification and participation in bidding without much chance of being selected to provide the service or product. Both aids and barriers exist for transacting business between major corporations and Minority Business Enterprises.

While addressing an MBA class, this researcher, an MBE owner for over 30 years, was asked but unable to answer if it was advantageous to operate as an MBE in the marketplace. There exist many opinions about the effectiveness and fairness of affirmative action programs designed to address past and current discrimination. Diversity procurement programs represent one type affirmative action program that is somewhat understudied.

This researcher has discussed and debated over the years, inside my own company, about appropriate ways to pursue business development as an MBE. In addition, discussions with other MBE owners have often centered on their difficulties with acquiring and maintaining business in the local area. By pursuing this line of
research, this study will contribute to knowledge and inform practice in the diversity procurement arena.

**Background of the Problem**

Minority owned businesses in America date back to the beginning of the country when entrepreneurs first exchanged goods and services for compensation. However, the classification as MBE is a more recent result of the civil rights movement when laws were introduced to address some of the discrimination that existed in this country. In 1961, President Kennedy issued executive order 10925 that mandated federal contractors take affirmative action towards guaranteeing that their employees would not be discriminated against on the basis of race, color, creed or national origin. In an attempt to mitigate discrimination in the marketplace, Congress enacted the Civil Rights Act of 1964 to outlaw discrimination in employment. In 1965, President Johnson indicated that the efforts should move from equality of opportunity to equality of result. He issued executive order 11246 in 1967, establishing the “Philadelphia Plan” which required federal contractors, first in Philadelphia and later in 55 other cities, to utilize minority business as a precondition for receipt of federal contract dollars. In 1969, President Nixon established the National Program for Minority Business Enterprise, Executive Order Number 11,458, 3 C.F.R. 109 (1969). Under this Order, the Office of Minority Business Enterprise (OMBE) was established under the Secretary of Commerce to help with the establishment, survival, and strengthening of minority business enterprise (Payne, 1978).

The federal government mandated in 1978 that organizations, prior to receiving a contract with the federal government in excess of $500,000 for materials or services or $1,000,000 for construction, submit and have approved an MBE subcontracting plan.
Performance against the plan got monitored. Many state and city governments developed similar programs. It has been determined that support of MBEs can result in job creation and economic development in decaying urban neighborhoods. (Carter, Auskalnis, and Ketchum, 1999). This was one of the important reasons that government entities were interested in MBE development.

During this era, many minority owned businesses were created. One such business that evolved was Eltrex Industries. Rochester, New York experienced race riots in the streets July 24 to 26, 1964. Its African-American community of approximately 34,000 had great difficulties finding meaningful jobs. Most had migrated from the south to get work and earn big money. Instead, they were largely ignored and excluded by Rochester employers. Three individuals, (a) Minister Franklin Florence, Community Leader & Activist, (b) Joe Wilson, Xerox Founder & CEO, and, (c) Sol Alinsky, Professional Community Organizer, collaborated to create jobs for these African-Americans. Among their many accomplishments was the creation of a manufacturing company, Fighton, Incorporated, in June 1968.

Fighton was owned by its African-American workers and represented a source of community pride. The business produced metal stampings, transformers, and other electro-mechanical assemblies such as hand-held vacuum cleaners for Xerox machines. A major goal was to create 100 respectable jobs at Fighton for African-Americans (Ellis, 2006). In spite of having five to seven full-time managers provided free of charge by Xerox, Fighton continued to experience difficulties in achieving needed quality and profitability levels. By 1976, the Board of Directors was contemplating a shutdown of the
business. Many expressed that this was simply a social experiment that clearly failed. As a last resort, they decided to try a different approach, the entrepreneurship model.

A national search was conducted, and an African-American executive with an MBA from the Harvard Business School was recruited and hired as President & CEO. In 1977, he changed the name to Eltrex Industries and indicated that Eltrex would continue to operate with the same goals, values, and principals as Fighton. Eltrex is one example of many MBEs that now exist. It emerged with the expressed goal of providing jobs in the urban environment. However, 40 years later, Eltrex and many other MBEs continue to struggle with business development efforts.

President Nixon instituted a requirement to have affirmative action plans include females. Other classifications have since been added, and corporations now have diversity procurement programs that include each category. Those classifications include MBE, Woman Business Enterprise (WBE), Small Business Association Section 8(a) Business, Small Disadvantaged Business (SDB), HUB Zone Business, Veteran Owned Business (VOB), and Disabled Veteran Owned Business (DVOB). Eltrex is classified as an MBE, HUB Zone, and VOB and has participated in several procurement advocacy programs with customers and prospective customers.

The setting where the research took place was in a county in Upstate New York, Monroe County. The county ranks ninth in population size within the state out of 62 counties and is the second largest county in Upstate New York. Several well known corporations are located within the county (U.S. Census Bureau, 2000). In addition, the county is home to several well known and reputable colleges and universities.
As of 2007, the county consisted of approximately 730,000 people. This represents a reduction from the population counted as of the 2000 census when there were approximately 735,000 people. At that time, the racial makeup of the county was 79.14% White, 13.75% African American, 0.27% Native American, 2.44% Asian, 0.03% Pacific Islander, 2.44% from other races, and 1.94% from two or more races. Hispanic or Latino of any race were 5.31% of the population, and 18.6% were of Italian, 15.3% German, 11.3% Irish and 8.3% English ancestry. (U.S. Census Bureau, 2000).

Prior to the last decade or so, the major corporations located within the county have been very successful and generous to the local community. However, these businesses have struggled to maintain their own survival during recent years. Therefore, many of their social contributions to the community have been cut back. In addition, many have embarked on programs designed to reduce their supplier base. Determining the fate of diversity procurement programs during these difficult times may be most informative about the perceived and actual value offered by MBEs.

Theoretical Rationale

In the past, this researcher has called on perspective buyers and received varies responses both positive and negative. In one instance, a perspective buyer indicated that he wished he could help me by giving my company some business, but times were difficult for his company at that point in time. He emphasized that management was pressuring all buyers to deliver improved quality, delivery, and cost. This buyer worked for a company that had presented my company an award for exemplary world-class performance. This buyer was not trying to be antagonistic. He was simply explaining the pressures of his environment that prevented him from seriously giving my company a
chance to perform at that point in time. My perception was that this buyer actually liked me. However, my company clearly did not have the necessary credibility for this buyer to perceive it as providing solutions for his business needs. According to Belonax, Newell & Plank (2007), successful buyer-seller relationships require the seller to have credibility in the eyes of the buyer. The seller has primarily two types of credibility, individual salesperson credibility and company credibility. This credibility is usually demonstrated in the form of trust and expertise. (Newell and Goldsmith 2001).

A part of this study included inquiring about the perceived importance and level of credibility as well as trust of MBEs by buyers in the diversity procurement process. Another part of this study included an exploration of how buyer-seller social contact may have influenced the diversity procurement process. Contact between buyers and MBE owners often occurs at events conducted at diversity procurement trade shows and networking events sponsored by member organizations such as the Black Business Association. Social contact theory indicates that social contact between groups will lessen prejudices and enhance friendly attitudes and behaviors (Pettigrew, 1998). According to Allport (1979), conditions for optimal intergroup contact are (a) equal status, (b) common goals, (c) cooperation, and (d) authority support. The typical modern-day diversity procurement process seems to have made an attempt to incorporate these conditions in the environment for buyers and MBE owners.

Significance of the Study

Some organizations perceive the inclusion of MBEs as a function of Corporate Social Responsibility (CSR) while others see it as a business necessity if not a competitive advantage. A few positive hypotheses for the corporations are: (a) an
effective procurement diversity program will accrue financial benefits to the corporation by increasing competition for all suppliers resulting in overall improved performance, (b) inclusion of MBE suppliers will lead to increased business for corporations because some of those suppliers will become customers of those corporations, and (c) use of MBE suppliers will accrue benefits to the corporations by enhancing the reputation of the corporation as an ethical entity (Carter, Auskalnis, and Ketchum, 1999).

Some MBEs perceive diversity procurement programs as an opportunity to get their foot in the door that they might not otherwise achieve. They value the assistance provided by such programs. Others perceive the programs as mere window dressing designed to give the impression of helping without a sincere intention to procure products and services from them. Oftentimes, these perceptions are based upon experiences from several years ago. However, the changing environment and new demands in the marketplace may have changed the realities.

The focus of this qualitative study was to explore factors that may have provided aids or barriers to the diversity procurement process in Monroe County, New York during the past 3 decades through mid 2009. This study may be useful in the following ways: (a) inform MBEs about whether and how they should pursue business development as a classified business, (b) assist politicians in the development of policy for economic development in general, and enhance the probability of success for their MBE programs, and (c) enhance the ability of corporations and organizations to improve the effectiveness of their diversity procurement programs.

Statement of Purpose

The goal of this study was to explore the impact of market access programs,
processes, and environmental conditions on business development for Minority Business Enterprises. The goal of this research was to identify the supports and barriers for doing business between large public organizations and MBEs from the perspectives of both. Many large corporations and other organizations have developed MBE procurement advocacy programs with staff whose responsibility is to enhance the organization's ability to do business with MBEs. An additional goal of this study was to inform and identify possible paths to follow or avoid by MBEs as they attempt to effectively grow their businesses.

Research Questions

The primary goal of this study was to examine the perceptions of MBE business owners and operators, and buyers or buying influencers at organizations in Monroe County, New York, about the efficacy of diversity procurement advocacy programs. It was to identify the perceptions and attitudes of both groups about the appropriateness of such programs and their relationship to affirmative action. This led to three research questions: (a) What perceptions and attitudes do MBE suppliers and buying personnel have about each other and supplier diversity programs, (b) how do MBEs and buyers perceive the environment in Monroe County, New York to be for business development of MBEs, and (c) are the transaction costs associated with commerce between MBEs and buyers perceived to be higher than with non-MBE suppliers?

Definitions of Terms

A diversity procurement program is defined as a program established within an organization with the goal of utilization of small, women-owned, veteran owned, minority-owned, and other historically underused minority business groups in the
procurement activities of that organization. The program is generally used to identify goods and services that these businesses can provide and enhance the opportunities and likelihood that those goods and services get purchased.

**MBE** is defined as a legal entity, located in the United States or its territories and organized to engage in commercial transactions for-profit, that is at least 51% directly and unconditionally owned, managed, and controlled by one or more members of a minority group. Minority group members are defined as: (a) Asian-Indian, a U.S. citizen whose origins are from India, Pakistan or Bangladesh. (b) Asian-Pacific, a U.S. citizen whose origins are from Japan, China, Taiwan, Korea, Vietnam, Laos, Cambodia, the Philippines, Samoa, Guam, the U.S. Trust Territories of the Pacific, or the Northern Marianas. (c) African-American, a U.S. citizen having origins in any of the Black racial groups of Africa. (d) Hispanic, a U.S. citizen of true-born Hispanic heritage, from any of the Spanish-speaking areas of Latin America, or any of the regions of Mexico, Central America, South America and the Caribbean Basin, and (e) Native American, a person who is an American Indian, Eskimo, Aleut or Native Hawaiian, and regarded as such by the community of which the person claims to be a part. Native Americans must be documented members of a North American tribe, band or otherwise organized group of native people who are indigenous to the continental United States and proof can be provided through a Native American Blood Degree Certificate.

An **8(a) Businesses** is defined as a small business that is unconditionally owned and controlled by one or more citizens of the United States who are socially and economically disadvantaged, of good character, and demonstrate potential for success. In
addition, the owner must be a member of one of the aforementioned minority groups, in business for at least two years and be the highest paid employee of the firm.

The definition of an SDB is a small business that is (a) at least 51% owned and controlled by a socially and economically disadvantaged individual or individuals, (b) have a net worth of less than $750,000, excluding the equity of the business and primary residence, and (c) meets the size standards for small businesses in their industry. This allows white males who can provide a preponderance of evidence that they are socially and economically disadvantaged to receive this classification. It also excludes other minorities from being so classified if they have a large net worth as indicated above.

The National Minority Supplier Development Corporation (NMSDC), a key link between Corporate America and the minority business community, has modified its definition of “minority business.” The 51% minority ownership guideline rule may seem logical, but some problems with that definition have been identified. Some larger minority owners complained that it limited their ability to grow. One of the drivers of the desire for significant growth is the fact that many large corporations, in pursuit of greater efficiencies, have a tendency to reduce their supplier pool to a group of fewer and larger firms.

In response to larger MBEs and major corporations, the NMSDC, which is relied upon to certify MBE status, proposed a change in the definition whereby a certified MBE could sell equity to the point where minority ownership of their enterprise could be as low as 30% without losing certification.

Much opposition was voiced to the proposal including the NAACP, National Urban League, U.S. Hispanic Chamber of Commerce, Pacific Gas and Electric, and Bank
of the West. They voiced concerns that this would open the door for "front" companies. A front is defined as a non-minority-owned business that uses qualified minorities as pass-through organizations or a business that signs over control to a minority owner in name only.

However, many major corporations such as IBM, DuPont, Ford, and General Motors supported the proposal. The NMSDC's Board of Directors voted in favor of the proposal with certain restrictions, and called it the "Equity Capital Initiative." The restrictions are that only currently-certified minority companies will be considered, and on a case-by-case basis. The minority interests would still have to maintain 51% of the voting stock, control of day-to-day operations, and a majority of seats on the firm's board of directors.

A special national certification committee has been formed to review each case. The committee must approve non-minority investors to avoid "fronts." The Small Business Administration (SBA) opposed the change and stated that SBA minority business definitions would not be affected, (Sonfield, 2001). The SBA continues to use the more stringent 51% ownership requirement.

**Summary of Remaining Chapters**

Chapter 2 provides a summary of the relevant literature about minority business development and the past related environments buyers and MBE suppliers have operated within. Chapter 3 describes the research questions, population and sample, and data collection and analysis procedures used in the study. Chapter 4 presents the results of the study. Chapter 5 provides a discussion and interpretation of the findings of the study.
Chapter 2: Review of the Literature

Introduction and Purpose

Literature research on MBEs, major corporations, and their purchasing organizations, and the procurement process itself has been conducted. Most of the studies used a mix of quantitative and qualitative measures to gather and describe results. There are lots of data in the research literature about factors contributing to success for MBEs in pursuit of business development. Studies on MBE success provide clear evidence that large corporate businesses with procurement advocacy programs can have powerful impacts on the success of minority business enterprises. However, MBEs continue to struggle in their pursuit of business development. Empirical analyses of factors influencing MBE business performance indicate that MBEs experience higher dissolution rates than non-MBEs (Christopher, 1998). This is partly due to MBEs being undercapitalized with limited access to additional capital. Related studies about trust and social contact were also reviewed and found to have positive impacts on business-to-business relationships. This chapter provides a brief synthesis and analysis of that literature.

Topic Analysis

Legal or Policy Issues

The federal government created affirmative action programs to help mitigate present and past affects of discrimination on MBEs. They set procurement goals for government agencies and corporations doing business with the government. These programs have been received and appear to be embraced by major corporations.
However, small and mid-size business and government agencies appear to be less enthusiastic. New York State Department of Economic Development has a certifying process for MBEs but has failed to achieve goals for doing business with MBEs. The recently elected Lt. Governor and now Governor, who is an African American, has expressed renewed interest in having the State establish effective procurement advocacy programs. New York uses the same definitions to certify MBEs as the SBA.

According to Salam (2005), as the role of purchasing management has become more important for the success of organizations, Corporate Social Responsibility (CSR) has gained its attention because the conduct of purchasing can have a significant effect on the firm’s reputation. Failure to grasp the importance of these issues can lead to disruption to the firms and their supply chains.

CSR is defined as the commitment to behave ethically beyond legal responsibilities while operating profitably and in a socially and environmentally responsible manner. CSR includes purchasing from MBEs (Dollinger, Enz, and Daily, 1991). In addition, corporations often have policies that require inclusion of purchasing from MBEs. These requirements may be considered as criteria in the formal evaluation of purchasing managers. Some of these programs are established because of customer considerations as minorities can represent large market segments (Krause, Ragatz, and Hughley, 1999).

FedEx is an example of a corporation interested in doing business with MBEs. The company’s vice president of material and corporate sourcing, Mary H. McDaniel, indicated that they optimize their supplier base by working with the best suppliers, not necessarily the least number as some companies do.
FedEx has strong management support for diversity, and their employees are trained about diversity throughout the company. FedEx has an annual diverse supplier goal of 5% of sourceable spend under its control. Sourceable spend is defined as the goods and services that the company can reasonably expect to purchase through diverse suppliers.

The company uses an online worldwide supplier database to become aware of MBEs. To be considered as an MBE supplier in the database, FedEx requires third-party certification confirming status as an MBE. Suppliers are selected based on capability to meet the company's stringent requirements.

A trusted and often used third-party certifying organization is the National Minority Supplier Development Council (NMSDC). Ms. McDaniel is active in the NMSDC and regularly attends their conferences and trade shows where she meets MBEs as potential suppliers. Each individual working in the materiel and corporate sourcing organization has goals related to diverse supplier development which are measured as part of their annual performance reviews. Diverse supplier development at FedEx includes outreach activities and organizing matchmaker events (Avery, 2005).

IBM indicated that companies should do business with diverse suppliers, not so much for social reasons, but because it makes good business sense. According to Theo Fletcher, vice president of security, compliance and diversity of IBM's Integrated Supply Chain Group, the quality of products and services they get from diverse suppliers stacks up against any of their other suppliers. He indicated that it is important to have a supplier base that looks like their employee base and that looks like the market they are trying to attract.
IBM sets goals for the number of diverse suppliers and the amount it spends with those suppliers each year. To find qualified suppliers, IBM works with a number of organizations that develop and certify diverse suppliers. NMSDC is one of those organizations. Fletcher indicated that a challenge some Original Equipment Manufacturers (OEMs) face in developing a diverse supplier base is overcoming the myth that if a company uses diverse suppliers, it sacrifices quality or competitiveness.

IBM also has a supplier mentoring program. Under the program, an IBM executive works with the CEO of the diverse supplier. They get together with other IBM professionals and help the supplier analyze its business and put plans in place for improvements.

In addition to developing suppliers, IBM has a second-tier program whereby IBM’s prime suppliers agree to use diverse suppliers in products that are sold to IBM. The prime contractors have a contractual agreement that requires them to do business with diverse suppliers that is tracked by IBM. The company does well over a billion dollars annually in business with diverse suppliers (Carbone, 2005).

Research Studies Addressing the Problem

Corporate business outreach procurement programs usually involve trade fairs and minority purchasing councils that attempt to bring the products and services of minority firms to the attention of corporate buyers. According to Carter, Auskalnis, and Ketchum, (1999) there is a realization among purchasing managers that MBEs bring value and innovation to the supplier base, and sourcing from them can help strengthen the economic outlook of the overall minority community. They used a combination of case studies and surveys to identify key factors that can result in successful MBE purchasing.
programs. Those factors are: (a) top management support, (b) training, (c) goal setting, (d) dissemination of results, (e) evaluation, (f) MBE coordinator, and (g) government influence.

The median size of the respondents was 10,000 employees with a range from 300 to 256,000. The sales ranged from $1.3 million to $108 billion with median annual sales of $2 billion. The top key success factors were top management support and evaluation. Top management must be committed to MBE purchasing programs and the buying community should have MBE purchasing criteria in the formal performance evaluations. A dominant theme that emerged from the case study findings was that MBE suppliers provide products and services that are competitive with those of non-MBE suppliers.

Over the years, many corporations have established strategies to do business with MBEs. These programs encourage the development of a strong and independent minority business sector while demonstrating the corporation’s sense of social responsibility. These early programs were in response to increasing demands from community groups and the government to stimulate MBE entrepreneurship.

Despite these programs, MBEs often perceive and experience barriers to achieving increased sales to the corporations, and the corporations often fail to achieve MBE purchasing goals and, in some cases, to comply with legal requirements for government contracts. In addition, corporate buyers who are directly responsible for implementing the programs are often less enthusiastic about them than their managers and upper-level executives. (Dollinger, Enz and Daily, 1991).

Sonfield (2007) conducted a study of the 100 largest American black-owned companies identified by Black Enterprise Magazine known as the BE 100. The study
covered a 30-year period, from 1974 to 2004. He determined that the potential for success among black-owned companies is lower than for majority-owned firms. Total sales for these companies increased from $686 million in 1974 to more than $19 billion in 2004. Motown Industries was the largest BE 100 company in 1974 with $45 million in sales and Yonkers Plate Glass was the smallest with sales of $2.5 million. In 2004, the largest BE 100 company was World Wide Technology with sales of $1.4 billion and the smallest was Inner City Broadcasting of New York City with $61 million in sales. According to the Fortune 500 listings, Exxon was the largest mainstream company in the United States in 1974 with $42 billion in sales and the number 100 company was Raytheon with $1.9 billion in sales. By 2004, the largest was Wal-Mart with $219 billion in sales and Abbott Laboratories was number 100 with $20.4 billion in sales which was greater than the 100 largest black-owned companies combined. Only two of the 100 BE companies listed in 1974 were still listed in 2004. By contrast, the vast majority of the 1974 Fortune 500 companies were still household names by 2004 with only a few of the businesses no longer in existence. According to Spruell (2005), the majority of the BE 100 companies throughout the 30-year period were recipients of contracts from large corporations or government agencies which were specifically aimed toward or set aside for minority companies.

Since government and corporate diversity procurement contracts have been central to the growth and success of so many BE 100 companies, MBEs should know how to identify these opportunities and increase their chances of obtaining such contracts. Most large corporations have procurement strategies that reduce the number of suppliers thus providing larger contracts to those suppliers utilized. Therefore, MBEs have a
greater chance of securing contracts if they are larger or can demonstrate their ability to meet large contract responsibilities. Therefore, BE 100 companies' chances for long-term success seem stronger than smaller MBEs. For both private and public sector procurement, smaller MBEs can sometimes increase their contract opportunities if they form strategic alliances or joint ventures with each other or with a majority-owned company. Many successful BE 100 companies have used this strategy to obtain contracts. The U. S. Small Business Administration has encouraged such alliances via their Mentor-Protege program whereby a non-MBE can serve as a mentor in partnership with an MBE and be eligible to bid for minority-targeted federal contracts (Sonfield, 2007).

Research Studies from Different Field

Since the 1954 Supreme Court ruling to eliminate segregated education, there has been resistance to implementation. This has remained true in spite of federal and state policies designed to enforce compliance. Government’s ability to legislate social fairness is limited unless there is a political will on the part of society to comply (Orfield, 1969). School desegregation, like affirmative action for minority business, failed to deliver the desired results through enforcement. Perhaps a more effective method is to show alignment with the goal and the interests of the stakeholders.

Great Debates

According to Myers and Chan (1996), the disparity between MBEs and white owned firms increased in New Jersey after the state instituted a set-aside program. They measured the change in the average number and size of contracts for the five-year period before the program, the four-year period during the program, and two years after program
dismantling caused by ‘Croson.’ Their argument, based on the New Jersey study, is that affirmative action does not increase the use of minority-owned firms.

Affirmative action programs typically encompass preferences by virtue of membership in a particular group such as race, ethnicity, gender, veteran, or disabled. Most programs fall into education, employment or government contracting. One such program is for MBEs where they can receive favorable treatment ranging from ‘set-asides’ to ‘bid enhancements’ whereby the bids are not directly compared to the otherwise lowest qualified bid.

Another method is for government to require prime contractors to make good-faith efforts in subcontracting with MBEs. Nearly every level of government uses MBE programs. Yet they are somewhat inefficacious in achieving their economic goals. Affirmative action programs have been challenged in the courts with mixed results. However, the overall judicial tenor is quite hostile to affirmative action. It appears that efforts to aid MBEs through affirmative action programs would be better served elsewhere when one considers the political investment necessary to create and sustain such programs and the meager results achieved. (Sweet, 2006).

According to Payne (1978), Title VII of the Civil Rights Act should protect minority-owned business from discrimination based on racial, ethnic or cultural grounds. Further investigation is needed to determine if this argument has been successfully made before the courts. In 1989, the United States Supreme Court’s Richmond v. Corson decision required cities and states that operate preferential procurement programs targeting MBEs to identify the discrimination they were seeking to remedy with targeted procurement. A number of “Corson” studies have been conducted analyzing government
procurement patterns and possible barriers facing MBEs attempting to sell to the government.

According to Bates and Williams (1996), MBEs selling to government have the same prospect of survival as MBEs not selling to government. However, the subset of MBEs most reliant upon sales to government has sharply reduced survival rates relative to all MBEs. Based on this, they ask, “do preferential procurement programs benefit minority business?”

They concluded that some of the MBEs may be front companies that come into existence simply to perform a contract and close when the project ends. Another conclusion is that contracts are awarded to MBEs that are too large for them to handle. Further study is needed to create a compilation of barriers discovered in the “Corson” studies and to determine the actual reasons for MBE closures.

Many non-classified suppliers feel that procurement advocacy programs represent ‘reverse discrimination.’ This is a term used to describe the negative or unfair affects on whites when preference is given to a classified group of individuals on the basis of race or ethnicity. Challenges to the merits and legality of affirmative action programs have been presented to the courts since the beginning of such programs. There seems to be little public support for these programs, and the courts have found the use of ‘quotas’ to be illegal. The use of quotas can be defined as the strict use of preference, to meet specific goals or targets, given to individuals of a race or ethnic group based on membership in that group rather than merit.

In many circles, the word quota has developed into a code word for opposition to diversity or inclusion and a way to express such opposition in a politically correct
manner. On the website, Adversity.Net, the efforts by Kodak to use diverse suppliers and maintain a diverse workforce is referred to as “Kodak Reverse Discrimination and Kodaquota.”

Theories

According to Dollinger, Enz, and Daily (1991), the Transaction Cost Economic (TCE) theory suggests that if the corporate buyer-minority supplier transactions are difficult to promote or execute, it is because the costs of these transactions are perceived as being high by either the minority supplier or the corporation. High transaction costs could cause otherwise willing buyers and sellers to not contract for business. Data collected on a national basis by both survey and interview methods determined that minority suppliers considered: (a) Atmosphere, (b) Opportunism, and (c) Small Numbers to be significant transaction cost impediments.

The costs of a negative atmosphere is derived from the personal costs of doing business that sometimes occur in a hostile, unfriendly, or discriminatory environment; a feeling of being patronized or not taken seriously. The costs of Opportunism represent the costs associated with opportunistic, unethical, or illegal behavior in a purchasing transaction. This happens when MBEs are encouraged to expend significant time and energy qualifying and bidding, even though prospects for winning a contract are slim and they are simply going through the motions to make the buyer look good. The cost of Small Numbers entails the costs of attempting to contract for goods and services in a market with a small number of sellers. Corporate buyers do not always feel confident that there are enough qualified minority suppliers to allow them to depend on a reliable flow
of purchased materials and often conclude that they can not meet MBE purchasing goals as a result.

Doney and Cannon (1997) developed five cognitive processes through which industrial buyers can develop trust of a supplier firm and its salesperson. These processes provide a theoretical framework used to identify antecedents of trust. The theoretical model was tested on 200 purchasing managers. The trust-building process consists of: (a) calculative where trustor calculates the costs and/or rewards of a target acting in an untrustworthy manner, (b) prediction where the trustor develops confidence that the target's behavior can be predicted, (c) capability where trustor assesses the target's ability to fill its promises, (d) intentionality where the trustor evaluates the target's motivations, and (e) transference where the trustor draws on proof sources from which trust is transferred to the target. Factors that invoke the trust-building process categories are further described as follows: (a) Calculative – supplier firm reputation, size, willingness to customize, confidential information sharing, and length of relationship for both salesperson and firm, (b) Prediction – salesperson likeability and similarity, frequent social and business contact with salesperson, and length of relationship for both salesperson and firm, (c) Capability – salesperson expertise and power, (d) Intentionality – salesperson likeability and similarity, frequent social contact with salesperson, and supplier firm's willingness to customize and share confidential information, and (e) Transference – supplier firm size and reputation, and trust of supplier firm and salesperson. The antecedents of trust for the supplier firm are: (a) reputation, (b) size, (c) willingness to customize, (d) confidential information sharing, and (e) length of relationship. The antecedents of trust for the salesperson are: (a) expertise, (b) power, (c)
likeability. (d) similarity, (e) frequent business contact, (f) frequent social contact, and (g) length of relationship. One key finding was that trust of a supplier firm is positively related to the likelihood that buyers will do business with that firm in the future. Therefore, suppliers should engage in trust-building activities. It is also important for supplier firms to manage customer perceptions of its size. Another finding suggested that suppliers who are willing to make idiosyncratic investments are judged to be trustworthy by buyers. In addition, the results suggested that the buyer's trust in the supplier firm is based in part on contact, likeability, and similarity of the salesperson. To project similarity, salespeople probably should establish common ground with the buyer. This has implications for MBE owners in the selection of their salespersons because of the need to be well liked and perceived as similar to their customers. Salespeople also must master the technical skills necessary to convey expertise because buyers think expert salespeople can deliver on their promises. While buyers do business with supplier firms based on trust of the firm more than trust of the salesperson, the salesperson can greatly influence that trust with their own trust-building behaviors.

It is important to consider cognitive and emotional elements of trust because both play important roles in the functioning of business relationships (Young, 2006). The cognitive aspect of trust in the buyer-seller relationship involves calculation and rationale about factors such as costs, value, risk, benefits, service, etc. The emotional aspect involves how one feels such as affection, acceptance, security, respect, interest, anger, delight, etc. (Young and Daniel, 2003). Trust is an effective predictor of the propensity to continue business-to-business relationships (Young and Denize, 1995).
In a study conducted by Hadjikhani and Thilenius (2005), whereby information was gathered from 138 firms, it was determined that the higher the trust, willingness to rely on an exchange partner in whom another has confidence, the higher the commitment, the sacrifices made by partners to maintain a relationship. They found the relationship between trust and commitment in their model to be positive and significant (0.40; 2.09). The actors learned to trust through ongoing exchanges which provided the base for strengthening of the relationship through enhanced commitment.

There are many diversity procurement advocacy programs in existence, and there is evidence that MBEs’ products and services are on par with non-MBEs. Yet data indicate that MBEs continue to lag non-MBEs in business development. One theory that represents an attempt to explain a reason for this dichotomy is bias due to the hidden brain. This is anything within us that we are not aware of which is influencing us in everyday life.

According to Vedantam (2010), based on empirical examinations, racism is deeply embedded in many people’s brains at an unconscious level. Research data show that a high percentage of Americans exhibit biases that are pro-white and anti-black in the United States. Responsibility for bias is often placed too much on individuals and not enough on the culture. Many Americans have a bias against African Americans because of culture, personal histories, and who they choose to associate with. The hidden brain doesn’t always learn what it is taught. However, it is proficient at extrapolating and generalizing based on blind argument, repetition, and making associations. People can be consciously taught that certain attitudes are right or wrong, but that does not alter the hidden brain. One example is that when people are watching television, the hidden brain
is watching who is being shown in positions of authority. By the time a child is 3 years old, thousands of these kinds of associations have been observed. Both black and white 3 year old children displayed preferences for whites over blacks in a recent study. The hidden brain may be more in charge of what we do than our intentions and conscious minds. In moments of stress, conscious abilities are often overwhelmed causing people to act based on the unconscious. Although the intent may not be malicious, the negative outcomes still have enormous ramifications. One example is that health care disparities between blacks and whites produce higher infant mortality rates for blacks. It does not matter that this is not the intent of medical professionals because the results are the same.

Summary and Conclusion

The results of the literature review suggest that transaction costs, elements of trust, the hidden brain, corporate social responsibility, affirmative action, and strategic alliances may play large roles in the success or failure of MBEs and diversity procurement programs. There are many barriers and aids identified in the pursuit of business development for classified businesses. Most studies relating to MBE business development have pertained to performance indicators such as survival rates, growth rates, or relative size. The goal of this study was to determine what factors actually encourage or hamper the success of MBE business development from the perspective of both the MBE owners and operators and the buyers and buying influencers. The goal was to capture the lived experiences on both sides from a holistic perspective.

This study has provided some insight into the process and advisability of pursuing business development in the marketplace as an MBE. Chapter 3 presents the
methodology for this qualitative research study that was used to capture the data necessary to answer the research questions.
Chapter 3: Research Design Methodology

Introduction and General Perspective

Minority owned businesses have a history of discrimination in the marketplace (Dollinger, Enz, and Daily, 1991). Government, large businesses, and other organizations have tried to mitigate this discrimination over the years. These entities have developed various supplier diversity initiatives that both help and hinder MBE business development. As companies move toward consolidation of their supplier base, buyers have the added pressures of potentially adding new diverse suppliers at the same time (Adobor and McMullen, 2007). While effective arguments can be made that supplier diversity provides economic advantages for both suppliers and buyers, change of this magnitude is often resisted. For these programs to be successful, the initiatives must have management commitment, a supportive culture, and the availability of champions to promote such programs, and MBEs must continue to develop overall competencies as well as strategic alliances (Adobor and McMullen, 2007).

Minority business development is an interactive process that often involves emotional, intellectual, and social activities in addition to normal professional and technical skills. The research method used needs to be capable of capturing these elements. According to Creswell (2007), we need to conduct qualitative research when a problem or issue needs to be explored, and a complex, detailed understanding is required. He further asserted that the interviewing method allows the researcher to build rapport with the participant which can increase the richness and validity of the data collected.
The goal of this study was to explore the lived experiences and perceptions of MBE owners and operators, and buyers and buying influencers, located in the Monroe County, New York area, relating to aids and barriers during the business development process. Therefore, a qualitative phenomenological research method was employed. The participants had related experiences in Monroe County ranging from 3 to over 30 years.

The research questions were as follows: (a) what perceptions and attitudes do MBE suppliers and buying personnel have about each other and supplier diversity programs, (b) how do MBEs and buyers perceive the environment in Monroe County, New York to be for business development of MBEs, and (c) are the transaction costs associated with commerce between MBEs and buyers perceived to be higher than with non-MBE suppliers? In-depth structured interviews with key participants were employed to address the research questions.

Research Context

This study was conducted in Monroe County, New York. It was about the lived experiences and resulting perceptions and attitudes of individuals who have conducted business in Monroe County related to diversity procurement. Interviews were conducted with nine MBE owners and six buyers at a location where they felt comfortable and able to provide candid data. In all cases except one, these participants chose to meet in their office or a conference room at their business location.

A survey questionnaire instrument was developed for MBE owners and buyers (see Appendixes A and B). These instruments were used to gather demographic data about potential participants and to ascertain their willingness to be interviewed. It was anticipated that 15 participants plus or minus 3 would be interviewed. Although Morse
(1994) has recommended that phenomenological studies directed toward discerning the essence of experiences include about six participants, this researcher planned for a minimum of 12 participants with at least six from each of the two groups, MBE owners and buyers. This researcher believed that since each group was likely to have different perceptions and attitudes about diversity procurement experiences, this minimum sample size would be required to reach informational redundancy or theoretical saturation (Sandelowski, 1995).

The surveys along with letters (see Appendixes C and D) explaining (a) the goal of the study, (b) the importance of their participation, (c) this researcher’s background, (d) likely time requirements of the interviews, and (e) that the identities of them and their organizations would be protected and kept confidential were sent by both email and the postal service to the potential participants. They were given the option of completing the surveys on-line using Survey Monkey or returning them via the postal service. Within two weeks after sending the letters, potential participants who had not responded were contacted by telephone to confirm that they received the letter and to get their agreement to participate. Participants were asked to sign an informed consent form prior to the interview. The interviews took approximately one hour each and were conducted at a location and environment of the participant’s choice.

Research Participants

The target groups of the study were MBE owners and operators plus buyers and buying influencers at organizations located in Monroe County, New York. The surveys were sent to 110 MBE owners and 60 buyers. Surveys returned by MBEs and buyers totaled 27 and 11 respectively.
Size and industry were not considered to be important selection factors. However, MBE owners and operators must have been in business for at least 3 years to be considered for follow-up interviews. Likewise, buyers and buying influencers must have been employed in a supply chain related function with some exposure to MBE and non-MBE suppliers for a minimum of 3 years. The reason for the 3 year requirement in each case was to insure that the participant had operated in the environment long enough for perceptions and attitudes to at least be somewhat influenced by sustained experienced and exposure to diversity procurement issues.

MBE potential participants were based on their membership in organizations such as the Rochester Black Business Association (RBBA) and Rochester Hispanic Business Association (RHBA), or their being classified as an MBE by a recognized certifying agency such as the Small Business Administration (SBA), New York State Department of Economic Development, National Minority Supplier Development Council (NMSDC) and UNYMSDCI. The potential purchasing representatives were selected based on their employers having membership in organizations such as the RBBA, RHBA, and UNYMSDCI.

There were 24 MBE owners willing to be interviewed. After collecting and reviewing the survey questionnaire responses, nine MBE participants were purposefully selected and interviewed to ensure adequate coverage associated with the context of the study. After assuring that there was gender and ethnicity representation, selection preferences were given to years of diversity experience and size of company. Only six of the eligible buyers were willing to participate further, and all six were interviewed.
No compensation was provided for any of the participants. In addition, although most of the participants were aware, they were all informed that this researcher has been a resident of Monroe County, New York for over 30 years and has conducted business as an MBE for that entire period. However, every attempt was made to not influence the participants based on this researcher’s experiences, perceptions, and attitudes. Therefore, all interviews with buyers were conducted by an independent doctorate-qualified professional educator familiar with the goal of the investigation. However, these interviews were audio recorded, and participants were aware that this researcher would listen to them.

Conducting the study with only participants in Monroe County, New York coupled with reliance on the aforementioned organizations for participants restrict generalizability of the results. However, this study may serve as a guide for others and be a basis for further study.

*Instruments Used in Data Collection*

The survey questionnaire was developed to ask potential participants to provide demographic information about themselves and their organizations. It also contain some other questions on measures such as sales dollars spend with MBEs, diversity procurement exposure, type of diversity procurement program, willingness to be interviewed, etc.

The surveys were distributed to the potential participants both via email and postal service mail. These individuals were able to respond by return mail using a postage-paid return envelop or by use of the internet. Survey Monkey was used for internet responses. A validated survey was not considered necessary because only
demographic data and other general information were being gathered for assisting the participant selection process.

The interviews were audio-taped and then transcribed. Transcripts may be reviewed by the participants upon request. In addition, analytic memos were created indicating information about setting, demeanor, etc. for each interview after the completion of such interviews. No notes were taken during the interviews. Through these interviews, the participants were able to provide their perspectives on aids and barriers presented by diversity procurement activities.

**Procedures**

The aim of this study was to obtain an understanding of the attitudes and perceptions of MBEs and buyers about each other and the process of doing business together. A structured interview method was used to collect the data and thereby, captured the experiences that have influenced their attitudes and perceptions.

Associated documents such as certification applications and diversity classification forms were gathered and reviewed to help inform the process. Other empirical data about the participants was also gathered from public information on the internet, in emails, letters, newspapers, etc.

The interviews were conducted in an environment of the participants' choice. This researcher interviewed the MBE participants, and an independent doctorate-qualified professional educator familiar with the goal of the investigation conducted the interviews of the buyer participants. The reason for an independent doctorate-qualified professional educator familiar with the goal of the investigation was to enhance the probability of honest and candid responses from participants since this researcher is likely to be well
known by most if not all of the participants. Observations of expressions, gestures, demeanor, etc. that could not be captured by an audio recorder were noted as soon as reasonably possible after each interview. An interview protocol was used as outlined by Creswell (2003). The protocol included: (a) an opening statement, (b) key research questions, (c) probes to follow key questions, (d) transition messages for the interviewer, and (e) space for the interviewer to record comments and reflective notes.

Although no industries were necessarily excluded from the study, the categories for industry experience for both buyers and MBE suppliers concentrated in manufacturing, education, business services, government, health care, and utilities. All interview participants had experienced some form, formal or informal, of outreach or advocacy programs for diversity procurement for a minimum of 3 years in one or more of these industries.

Data Analysis

Data were gathered from a constructionist knowledge base. This researcher has been an MBE owner for more than 30 years and understands that this may shape his interpretations of the data. However, the intent was to get an objective understanding of the participants’ views. Meaningful statements were analyzed and a composite description of their essence was identified. Rather than starting with a theory, this researcher planned to inductively develop theories based on interpretations of the collected data.

The data analysis included a process of classifying the statements that characterized the experiences of the participants into nodes and common themes. The
Van Kaam modified thematic analysis by Moustakas (1994) in conjunction with NVivo 8 software was used to facilitate the analysis of the textual data.

All interviews were recorded and transcribed verbatim. These data were reviewed and coded by the researcher. The data was analyzed to identify common themes, patterns, and statements.

Validity of the study was enhanced by the triangulation of data received from questionnaires, interviews, and archival documents. Information about the goal of the study, this researcher's position and role, and criteria for selection of participants was used to assist with the question of reliability.

Summary of the Methodology

This researcher has presented the qualitative nature of this study and the phenomenological research method that was employed. The problem statement was explained, and the context of the research was identified. In addition, the process for selecting research participants was outlined along with the plan for use of data collection instruments. A snapshot of the procedures that were followed for the study along with how the data was analyzed follows.

The study was conducted in Monroe County, New York starting with 110 representatives from MBE owners and operators and 60 buyers and buying influencers. Survey questionnaires were mailed to the participants. Based on responses and other data gathered, a purposive mixed sample of participants was selected for interviews. The number of key participants totaled 15, comprising of 6 buyers and 9 MBE owners. The interviews were transcribed verbatim. NVivo 8 software was used to assist with compilation and analysis.
The data gathering phase was expected to be completed within a period of 90 to 120 days. However, the process took in excess of 180 days. The data analysis phase was planned to be completed within a period of 60 to 90 days. This process took in excess of 180 days as well. The steps that were carried out to complete the study are as follows:

1. Sent letter of introduction and survey questionnaire to potential participants indicating: (a) the goal of the study, (b) request for their participation, (c) importance of the study, (d) time requirements, and (e) assurance of confidentiality.

2. Met with some potential participants and answered their questions.

3. Selected a representative sample of the population being studied from potential participants who returned the surveys.

4. Developed interview questions and probes along with interview protocol process.

5. Selected a competent independent doctorate-qualified professional educator familiar with the goal of the investigation and trained her on the research and probing questions.

6. Called to: (a) confirm receipt of letter, (b) get agreement to participate, and (c) schedule an interview to take place in an environment where the participant would be comfortable.

7. Gave courtesy call to participants a day or two prior to interviews.

8. At interviews: (a) established rapport with participant, (b) reviewed nature and goal of the interview, (c) explained that their responses should be based on their lived experiences and perceptions which would be recorded and transcribed.
verbatim. (d) explained that there are no right or wrong answers and they could ask questions as well, and (e) got informed consent form signed prior to interview.

9. During interviews, focused on actual events that may have affected the participant's life utilizing, structured open-ended questions.

10. Selected two experienced confidential transcribers, collected the interview transcriptions, and made them available to participants upon request.

11. Coded participants' identities to assist the confidentiality process.

12. Gathered and categorized other empirical data obtained in the process of data collection including field notes.

13. Used complete transcription of each participant employing the modified Van Kaam system of analysis by Mustakas in conjunction with software assistance from NVivo 8.

14. Analyzed and displayed demographic and other representations of qualitative and quantitative data collected.
Chapter 4: Results

Introduction and Research Questions

The goal of this qualitative, phenomenological study was to explore the lived experiences, perceptions, and attitudes of a purposefully selected sample of MBE owners and buyers located in the Monroe County, New York area relating to aids and barriers for minority business development. The focus of this chapter is to explain how the findings answered the following three research questions: (a) What perceptions and attitudes do MBE suppliers and buying personnel have about each other and supplier diversity programs, (b) How do MBEs and buyers perceive the environment in Monroe County, New York to be for business development of MBEs and (c) Are the transaction costs associated with commerce between MBEs and buyers perceived to be higher than with non-MBE suppliers?

Information on how diversity procurement advocacy programs work, the affect of these programs on MBEs and buying personnel and their organizations, and the costs and benefits of such programs is essential to developing an understanding of the minority business development process. Interviews with buyers were conducted by an independent doctorate-qualified professional educator familiar with the goal of the investigation, and this researcher interviewed the MBE owners. An informed consent document, indicating the goal of this study, its confidentiality and the right to withdraw at any time, was provided and signed by each participant. Each participant was given the opportunity to ask questions about the study before they signed the form. All interviews were conducted
face-to-face at a place chosen by each participant. Duration of these interviews averaged about one hour. Each interview was audio recorded and transcribed. The methods and procedures used for data collection and analysis were as outlined by the modified Van Kaam method by Moustakas (1994).

The participants were informed that their responses to questions should be based on their lived experiences and personal perceptions. They were told that there are no right or wrong answers and they could ask questions. Each participant was asked three main questions along with additional probing questions. The three questions asked of the buyers were: (a) How has the diversity procurement advocacy process influenced procurement opportunities for MBEs at your organization, (b) What influence has the inclusion of more MBEs in the procurement process had on you and your organization, and (c) Are the costs and/or benefits of doing business with MBEs any different from non-MBEs? When certain areas were not addressed by answers to these basic questions, additional probing questions were asked such as:

1. How long has your organization had a diversity procurement program? Please describe the major components of the program. How does an MBE get included in the program?
2. Does your company participate in minority supplier conferences? If so, what are you looking for and what do you get from attending these conferences?
3. Does your company have specific MBE procurement goals? If so, what are they, and how well is the performance against them?
4. Does your company/organization provide any incentives for buyers to procure from MBEs? If so, what are they?
5. What is the main sector for your business, and what type products and/or services do you procure for your organization?

6. How long have you participated in diversity procurement efforts? Do you have any experience working for other companies with such programs? If so, please compare and contrast the different programs.

7. Do MBEs have a better or worse chance of doing business with your organization than non-MBEs? What do you think is the case in general at companies in Monroe County?

8. When you start doing business with a new supplier, how would you describe your trust level for MBEs versus the trust level for non-MBEs? Does this balance generally change after you have more experience with the MBE?

9. Some typical performance indicators are Quality, Cost, Delivery, and Service. How would you evaluate the performance of MBE suppliers in these categories? How does this performance compare to that of non-MBE suppliers?

10. How do you believe the diversity procurement process affects MBEs? What effect do you believe it has on non-MBEs?

11. What are some of the strengths and weaknesses of MBE suppliers? How do they compare to the typical non-MBE supplier?

12. What has been the reaction of non-MBE suppliers to diversity procurement advocacy at your company?

13. Let's talk about the amount of time/work on your part when transacting business with MBEs. Are there any additional forms or reporting required for your MBE suppliers?
14. Do MBEs make more requests such as different payment terms?
15. Does your company pay a premium for products or services from MBEs?
16. Does your company gain anything for doing business with MBEs such as additional access to certain markets?

The three questions for MBE owners were: (a) How have diversity procurement advocacy programs influenced procurement opportunities for your company; tell me about your experiences with diversity procurement programs and companies that have them. (b) What influence has the inclusion of your company as an MBE in the procurement process had on you and your company, and (c) Are the costs and/or benefits of doing business as an MBE any different than non-MBEs? If certain areas were not addressed by answers to these basic questions, additional probing questions were asked such as:

1. Tell me about your experiences selling as a Minority business owner and your relationships with buyers and influencers in companies with diversity procurement programs.
2. How long have you participated in diversity procurement programs? Please describe the major components of such programs. How do MBEs generally get included in these programs?
3. Does your company participate in minority supplier conferences? If so, what are you looking for and what do you get from attending these conferences?
4. Do companies/organizations with diversity procurement programs that you deal with generally have specific MBE procurement goals? If so, do you generally know what they are, and how well they perform against them?
5. What is the main sector for your business, and what type products and/or services do you provide for companies with these programs?

6. Please compare and contrast the different programs. Which are the good and/or not-so-good companies in Monroe County? What are the key success factors for a diversity procurement program?

7. Do MBEs have a better or worse chance of doing business in Monroe County than non-MBEs? How does doing business in Monroe County compare to that in other parts of the country?

8. When you start doing business with a new customer, how would you describe the trust level between you and the buyer? Do you think it is any different for non-MBE suppliers? How does time seem to affect this relationship?

9. What factors have led to your success in doing business as an MBE? What factors, if any, have caused problems for you when pursuing business as an MBE?

10. Some typical performance indicators are Quality, Cost, Delivery, and Service. How would you evaluate the performance of your company in these categories? How do you think this performance compares in general to that of non-MBE suppliers?

11. Are performance expectations on the part of buyers different for MBEs than non-MBEs? If so, how?

12. How do you believe the diversity procurement process affects MBEs? What effect do you believe it has on non-MBEs?

13. What are some of the strengths and weaknesses of MBE suppliers? How do they compare to the typical non-MBE supplier?
14. What has been the reaction of non-MBE suppliers to diversity procurement advocacy in your circles?

15. What factors influence the costs and benefits of doing business as an MBE?

16. What benefits, if any, do you perceive from operating as an MBE for business development?

17. What additional costs, if any, do you perceive from operating as an MBE for business development?

18. Let’s talk about the amount of time/work on your part when transacting business with as an MBE. Are there any additional forms or reporting required for you because you are an MBE supplier?

19. Do MBEs make more requests of buyers such as different payment terms?

20. Is your company allowed to charge a premium for products or services because you are an MBE? Do any buying companies allow MBE price premiums for MBEs that you are aware?

21. Do any buying companies gain anything for doing business with MBEs? If so, what?

Demographics of the Study Group

A demographic survey was sent to 110 MBE owners and 60 buyers. The goal of the survey was to ascertain their willingness to participate and validate their eligibility to participate. Surveys completed and returned by MBEs and buyers totaled 28 and 11 respectively. Only 6 of the eligible buyers were willing to participate further via the interview.
Audio recorded and transcribed interviews of 6 buyers and 9 minority business owners were conducted. No notes were taken during the interviews. Field notes, indicating interview conditions and impressions, were written as soon as possible following the interviews. Each participant had at least 3 years experience with diversity procurement programs. A recording code, starting with the two letters WS followed by a six digit number was used to identify each participant. A key was maintained, matching the identities of the participants with their codes. The MBE participants were coded with numbers between WS500011 and WS500019, and buyers were coded with numbers between WS500021 and WS500026.

A summary of the demographics of the participants' (a) gender and ethnicity and (b) age range and diversity experience is depicted in Table 4.1 and 4.2 respectively. Figure 4.1 provides a chart showing the various industries in which the participants had 3 or more years of diversity related procurement experience. The buyer participants' number of employees, MBE spend levels, and the program performance levels data are shown in Table 4.3 The MBE owner participants' number of employees, annual sales levels, and percentage of those sales with companies that have diversity procurement programs data are shown in Table 4.4
Table 4.1

*Gender and Ethnicity*

<table>
<thead>
<tr>
<th>Gender</th>
<th>Buyers</th>
<th>MBEOs</th>
<th>Ethnicity</th>
<th>Buyers</th>
<th>MBEOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>3</td>
<td>2</td>
<td>Caucasian</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>3</td>
<td>7</td>
<td>African American</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hispanic</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Asian</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Buyers (N = 6)

MBE Owners (N = 9)

The majority of participants were African American males. Only 33% of participants were female.

Table 4.2

*Age Range and Diversity Experience*

<table>
<thead>
<tr>
<th>Age</th>
<th>Buyers</th>
<th>MBEOs</th>
<th>Experience</th>
<th>Buyers</th>
<th>MBEOs</th>
</tr>
</thead>
<tbody>
<tr>
<td>22-34</td>
<td>1</td>
<td>1</td>
<td>3-10 Years</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>35-44</td>
<td>1</td>
<td>1</td>
<td>10+ years</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>45-54</td>
<td>3</td>
<td>3</td>
<td></td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>55-64</td>
<td>2</td>
<td>2</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>65+</td>
<td></td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Buyers (N = 6)

MBE Owners (N = 9)
There was a wide age range among the participants from early thirties to over sixty-five. Although the requirement for diversity related procurement experience was a minimum of 3 years, 75% possessed 10 or more years.

![Figure 4.1 Industry Experience Classifications](image)

All buyers and MBE owners had a minimum of 3 years experience in the industries shown in Figure 4.1. Both groups had 44% or more participants with experience in manufacturing, and business services industries.
Table 4.3

*Buyers' Employees, MBE Spend, and Program Performance Level*

<table>
<thead>
<tr>
<th>Employees</th>
<th>N</th>
<th>MBE Spend</th>
<th>N</th>
<th>Program Level</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ .5K</td>
<td>1</td>
<td>&lt; $2.5M</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>&gt; .5K-≤ 1K</td>
<td>1</td>
<td>≥ $2.5M-&lt; $1M</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>&gt; 1K-≤ 2.5K</td>
<td>1</td>
<td>≥ $1M-&lt; $10M</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>&gt; 2.5K-≤ 5K</td>
<td>3</td>
<td>≥ $10M-&lt; $100M</td>
<td>4</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>&gt; 5K-≤ 10K</td>
<td>1</td>
<td>≥ $100M</td>
<td>5</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

The range of employees for buyer participants was from less than 500 to over 10,000. Their organizations spent a range of less than $250,000 to more than $100,000,000 during their fiscal year 2008 with minority businesses. This information is based on their total spend with minority businesses irrespective of the location of the MBEs.

Diversity procurement programs have been categorized into 5 levels of program performance. These levels are defined as (a) Level 1-Beginning MBE Program with no outreach, trade fairs, materials or budget, (b) Level 2-Basic MBE Program with subcontracting plan, coordinator, brochures, some trade fairs, and compliance driven, (c) Level 3-Traditional Supplier Diversity Program with NMSDC membership, limited tracking, visible manager, senior level exposure, and limited outreach, (d) Level 4-Advanced Supplier Diversity Process with active NMSDC member, involved senior management, adequate resources, key manager training, second tier program, superior tacking, and marketing and sales interaction, and (e) Level 5-World Class Supplier...
Diversity Process with integrated processes, senior management leadership, tied to performance objectives, advanced tracking and measurement, primary supplier development, productive second tier, communications and marketing plan, process improvement teams, and contributions to market share and stakeholders equity (Moore, 2004).

The buyer participants rated the program level for their respective organizations. Only one organization received a rating of 5. This organization transacted in excess of $100,000,000 of business with minority businesses during calendar year 2008. Only one organization received a rating of 2, and the other four were rated at level 3.

Table 4.4

<table>
<thead>
<tr>
<th>Employees</th>
<th>N</th>
<th>Sales</th>
<th>N</th>
<th>Diversity Sales %</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-5</td>
<td>2</td>
<td>$1-2.5 M</td>
<td>2</td>
<td>&lt; 10</td>
<td>3</td>
</tr>
<tr>
<td>6-25</td>
<td>1</td>
<td>$2.5-5.0 M</td>
<td>1</td>
<td>10-&lt; 25</td>
<td>1</td>
</tr>
<tr>
<td>26-100</td>
<td>4</td>
<td>$5-10 M</td>
<td>1</td>
<td>25-&lt; 50</td>
<td>1</td>
</tr>
<tr>
<td>101-250</td>
<td>2</td>
<td>$10 + M</td>
<td>4</td>
<td>50-&lt; 75</td>
<td>2</td>
</tr>
<tr>
<td>Not provided</td>
<td>1</td>
<td></td>
<td></td>
<td>75-&lt; 90</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>≥ 90</td>
<td>1</td>
</tr>
</tbody>
</table>

The range of employees for MBE participants was from less than 5 up to 250. Their organizations had total sales ranging from $1,000,000 to more than $10,000,000 during their fiscal year 2008. One participant did not provide their sales level. The
percentage of MBEs' fiscal year 2008 total sales that came from organizations that had diversity procurement programs ranged from less than 10% to in excess of 90%.

Data Analysis and Findings

The method of analysis of the phenomenological data was conducted using the modified version of the Van Kaam method by Moustakas (1994). Each recorded interview was listened to at least two times. The transcriptions were read and reread several times. Table 4.5 and Table 4.6 provide summaries of the data that were compiled and adapted from the interviews with buyer and MBE owner participants respectively.
<table>
<thead>
<tr>
<th>Questions</th>
<th>Nodes</th>
<th>Common Themes</th>
</tr>
</thead>
</table>
| 1. How has the diversity procurement advocacy process influenced procurement opportunities for MBEs at your organization? | 1. Outreach | 1. Lists - prospects database  
2. Bidding opportunities  
3. Identifying MBE products and services  
4. Attending expos/trade shows  
5. Joining advocacy organizations |
| 2. Program Effectiveness                                                 |             | 1. Pride  
2. Meet or exceed program standards  
3. Being a player in diversity  
4. Procurement advocacy organizations  
5. Trying to use MBEs |
| 3. Spend Goals                                                           |             | 1. Increase spend  
2. Progress meetings  
3. Incentives  
4. Performance accountability |
| 2. What influence has the inclusion of more MBEs in the procurement process had on you and your organization? | 1. MBE Performance | 1. Outperform general population  
2. Stereotypes  
3. Database results |
|                                                                         |             | 2. MBE Characteristics  
1. Responsiveness  
2. Passion - 24/7  
3. Pride of workmanship  
4. Knowing their business  
5. Lack of financial resources  
6. Lack of marketing/sales resources  
7. Individualistic |
|                                                                         |             | 3. Trust  
1. A supplier is a supplier  
2. All new suppliers watched closely |
| 3. Do MBEs have a better or worse chance of doing business at your organization than non-MBEs? | 1. Opportunities | 1. More difficult for MBEs  
2. Lack of incentives  
3. Inadequate desire to get together  
4. Non-local purchasing decision makers |
|                                                                         |             | 2. Benefits  
1. Community support  
2. More suppliers  
3. Meeting customers' requirements  
4. Market access  
5. MBE competitiveness  
6. MBEs hiring minorities |
| 4. Are the costs and/or benefits of doing business with MBEs any different from non-MBEs? | 1. Costs | 1. Certification requirements  
2. Government premium for second tier |
|                                                                         |             | 2. Benefits  
1. Community support  
2. More suppliers  
3. Meeting customers' requirements  
4. Market access  
5. MBE competitiveness  
6. MBEs hiring minorities |
Table 4.6

*Summary of Information Compiled and Adapted From Interviews with MBEs*

<table>
<thead>
<tr>
<th>Questions</th>
<th>Nodes</th>
<th>Common Themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. How have diversity procurement advocacy programs influenced procurement opportunities for your company; tell me about your experiences with diversity procurement programs and companies that have them.</td>
<td>1. Outreach</td>
<td>1. Attending trade shows - buyer expectations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Getting name on database list</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Buyers at shows for their jobs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Jobs for diversity buyers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Networking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Disseminating information</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Individual MBE products/services not needed</td>
</tr>
<tr>
<td>2. What influence has the inclusion of your company as an MBE in the procurement process had on you and your company?</td>
<td>2. Program Effectiveness</td>
<td>1. Programs do not work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Costs not worth what is received</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Low bid may not get the business</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Small contracts or no orders</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Lack of power/clout of diversity advocates</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Certification requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Programs take unmerited credit</td>
</tr>
<tr>
<td>3. Program Success Factors</td>
<td></td>
<td>1. Mentorship process</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Implementers' longevity in job</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Top management endorsement/buy-in</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Diversity departments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Performance appraisal</td>
</tr>
<tr>
<td>4. Spend Goals</td>
<td></td>
<td>1. Lack of accountability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Goals existence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Not meeting goals</td>
</tr>
<tr>
<td>2. What influence has the inclusion of your company as an MBE in the procurement process had on you and your company?</td>
<td>1. MBE Performance</td>
<td>1. Deliver QCDS to customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Value</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Lack of level playing field</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Stereotype issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Over perform</td>
</tr>
<tr>
<td>2. MBE Characteristics</td>
<td></td>
<td>1. Personable</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Passionate 24/7</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Employee care</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. minority-centric</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Lack of human and financial resources</td>
</tr>
<tr>
<td>3. Buyer Characteristics</td>
<td></td>
<td>1. Lack of performance stereotyping</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. Higher standards requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. Require established relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Diversity not embraced</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Lack of human and financial resources</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Gatekeeper</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Lack of diversity personnel commitment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>8. Lack of Diversity personnel clout</td>
</tr>
</tbody>
</table>
Research Question 1

What perceptions and attitudes do MBE suppliers and buying personnel have about each other and supplier diversity programs? The intent of the first research question was to determine how buyers and MBE suppliers felt about the efficacy of advocacy programs by organizations with the goal of fostering minority business development. In addition, the study was to determine how their lived experiences during this process had affected their perceptions and attitudes toward each other. Finally, it was to identify similarities and differences in perceptions and attitudes and views of program effectiveness on the part of buyers and MBE suppliers.

Buying participants were asked to discuss (a) how the diversity procurement advocacy program at their organization influenced procurement opportunities for MBEs, and (b) what influence did the inclusion of more MBEs in the procurement process have on them and their organization.
MBE owner participants were asked to discuss (a) how the diversity procurement advocacy programs at buying organizations influenced procurement opportunities at their companies, and (b) what influence did the inclusion of their company as an MBE in the procurement process have on them and their companies.

*Outreach-buyers’ perspectives.* Many buyers in organizations indicate that they cannot find minority companies that provide the products or services that they procure. Lack of existence of MBEs or exposure to each other is perceived to be the problem. Their organizations generally develop programs and assign individuals and sometimes departments to help. In an effort to address this concern, diversity programs engage in various outreach efforts to create lists of MBEs. These efforts involve a number of activities such as on-line registration, attending trade shows, conducting in-house networking opportunities, and joining minority procurement advocacy organizations. The following are relevant comments from the participants.

It definitely has positively influenced the activity. Last year we had a, for the first time, a minority trade show which introduced many minorities suppliers to [Organization Name]. We did not allow any suppliers, minority suppliers to come unless they passed the qualifications and they did fill out the qualification packages and they are on our qualified bid list. At that point, then they were allowed to bid on projects; unfortunately in the beginning they weren’t as competitive as the suppliers that won the awards. I’m happy to say that last week for the first time we had one of those suppliers win a bid and it was a painting contractor, and they’ll be starting work very shortly.
Well again we try to search out MBE's that have either a service or a product that [Organization Name] could use, and then again we go through the qualification process and then we try to on every single bid include at least one minority supplier in the bid process. Unfortunately, well I'm not going to say unfortunately, at that point then it's up to them to be competitive.

[Organization Name] has been very welcoming. I'm frustrated that I don't have as many suppliers actually working on campus that I have approved. I have qualified suppliers that are qualified, you know, but they're not doing work at [Organization Name], so I'm a little frustrated I guess that they're not winning the bids.

Again, because at [Organization Name] the opportunity is that you're given the opportunity but you're not given the business unless you're competitive.

(WS500024)

Well basically I guess I would say it's the advocacy part of it in this organization is reaching out and identifying MWBEs, well in this particular case MBE's and the product and/or services that they offer to insure that they are in our database, our vendor database, and that when we are soliciting for bidders, product or services that in our solicitation that the buyers include some of those firms who have identified themselves as being an MBE cause we don't require that a vendor identify themselves as an MBE. Some vendors will provide, put that information on their application, some vendors choose not to. (WS500023)

It happens in several ways. The most common one is the outreach whereby [Company Name] might be engaged at various business expos and a candidate
may approach from that point of view where they have something to sell, something to offer [Company Name], and [Company Name] might be in a position to buy. That’s a business expo type of process. (WS500021)

Well, [Company Name], I can tell you, is committed to diversity initiatives in trying to increase our spend with diverse business owners. We’ve initiated – our program is fairly new; it’s about four years old actually, so we’re on the ground floor. We’ve engaged with a number of external resources in order to promote our program from within and externally throughout the Rochester area, and honestly across the country. We’ve joined some groups that are national – National Minority Diversity Council – and we back Women’s Business Enterprise Network Committee, so we’re attempting to grow our business, and we have some challenges in front of us. We do recognize in today’s environment, especially with the economic climate, that it’s often difficult for us to identify diverse resources where we could use effectively in terms of growing our spend and our business and also individuals. (WS500022)

We do have a formal website where we strongly encourage MBEs or diverse suppliers to go to the website to understand more about our program here and there is a self-registration tool as well as we do attend the national NMSDC conference, and we do some level of engagement at that conference to promote our program. (WS500026)

In our particular program, they would call [Name 1], who is our marketing manager or myself, and then I would send it to the marketing department who would then, in turn, deal with our procurement folks – [Name 2] is the other
procurement person. Because we’ve been vendors and we participate in the Upstate Minority Purchasing Council. I’ve seen [Name 3] there. We were the only law firm, and even had a booth, but this year we’re going to go up and actually interview minority vendors for procurement opportunities. That’s going to be the difference this year. (WS500025)

*Outreach-MBE owners' perspectives.* Many MBE owners indicate that corporate outreach programs are usually in the form of trade shows. While all of the informants indicated that they attend these shows, only one indicated that she actually got business as a result of attending. MBE owners indicated that they basically attended these trade shows year after year, even though they are already on the list, because the buying community expected them to be there. They perceived these activities as a means of buyers maintaining their jobs: they were there for show but not to provide actual opportunities for products and services the MBEs had for sale. The following are relevant comments from the participants.

When I do go to these trade shows, sometimes you do get the impression that the buyers are just there to fill their position and they really don’t necessarily have a need, you know. you also find that a lot of minority business they’re more into service versus like, you know, the IT and the products and stuff like that, or its like when I go to some of these events, you know, they’re like we already have a minority supplier here, we don’t need another one, we’re not going to break these existing relationships. (WS300011)

I’ve been to National Minority Purchasing Association, you know, the national organization, so again when I go there they all are very polite, they give me their
business cards, follow up with such and such, I write them letters and like that and so forth, and I get put on the list, except I’ll never get invited to bid on anything. (WS500013)

Well you know several conferences we go there but basically I mean we get invited by our current customers to come participate in it. Other than say hello and keep the network going but any of the new companies I went in as a cold call with our brochures and introduced our company. I haven’t got, basically last 19 years, I have not received any new inquiries; so sometimes I feel like I’ve been required to attend but am I expecting to get something out of it? After for a while I mean I had enthusiasm and tried to “oh yeah, we’re going to get something out of it” but I really haven’t got anything out of it. So, is it productive, hard to say. (WS500019)

I’ve had one large company locally that I felt their diversity program was misplaced and the people that were running it were just there to maintain jobs for themselves and you know, bottom line I felt that the longer we can keep looking for diverse suppliers the longer we got jobs and when we find them, you know, we taken them through such a long process of development we still have jobs, you know, and by the time we actually get them developed, you know, these opportunities are different now, they’ve changed, and we need to find another supplier. So I’ve experienced that.

Periodically, they [minority trade shows] haven’t worked in the past, you know, but I periodically still attend so that people understand that we’re still around, you know, but to typically I’ve gone to a lot of these conferences and I’ve set up
tables in these booths where all these buyers and vendors are going to be coming through to buy and you know, in most cases they work to a point you ... you have to go out and really sell. You have to be there and be very aggressive and, you know, you may come away with something, and you may not. I think most folks just go there, you put your table up and all the buyers are going to run over and ask you for your card and call you on Monday and send you a purchase order.

You know, it just doesn’t happen. (WS500016)

I think that the information that’s disseminated at those conferences is usually pretty good. I think that it’s an opportunity for networking, for people to develop relationships or at least begin to establish relationships. I think that if it stops at the conference then it probably hasn’t served a lot of purpose other than disseminating information.

I can’t say that they have [worked for us]. We went to one or two comes to mind that one of our local and I say local [suburban location], large corporations had, but we had already had some relationship established prior to the conference, we just went really to get information and to participate, so we didn’t get any additional relationship from that. I’ve gone to the Upstate ones and usually the couple times that I’ve gone there have been no entities that were there that were ones that use the product that we carry, so no. (WS500018)

When you go in, you’d have to call this diverse coordinator just to get in to talk to a buyer if you were a small business or a minority business.

When we call on buyers here the one thing they will ask you is are you registered with the council. that’s either to force you to say, hope you’re not, and that gives
them time because you got to go get registered; now that’s a 3 to 4 month process, so that takes you way out of their hair right away if you’re a minority, you got to go get registered. So that’s the first thing they do. Once you do that then they come back and they usually tell you well they don’t really have anything but if they do, what they have you do is go through and make sure you have a quality manager and a certain number of engineers on staff, or certain purchasing … you have a process in place that they buy into, and they send someone out to certify. And when you go through all that process in a day, they end up telling you, well we really don’t have any opportunities. 

Prime contractors have a goal that they’re supposed to meet with the government to do business with minority business. So these people get your name from the Upstate register and say we want you to attend this trade show again so that, cause we want to do business, and they put a list of commodities they buy on you and you go through and look and see if there’s a commodity; that’s when we go out and take a look and say yeah we want a 2 hour presentation or do just a booth to say yeah we want to sell our commodities. When you get there you find out buyers are really not going to buy anything, they’re just there because ‘my boss told me to show up here’. They take your card, and you go back and you can’t get in to see them, and that’s the experience we’re having today, but we’ve had that over the last I’d say 20-25 years. (WS500014)

Program effectiveness-buyers’ perspectives. The buyers seem to be pleased with the diversity procurement programs and perceive them to be effective. They expressed a sense of pride in being involved with these programs. Four of the six rated their programs
at Level 3, and one rated his organization at Level 5. Even the individual who rated his organization at Level 2 seem to be pleased with the organizational efforts. The following are relevant comments from the participants.

It has been excellent. It is a world-class program. It has merited numerous awards, both locally as well as nationwide, and I should say multinational as well. We have merited some of those awards in terms of appraisal of our program from outside sources, media, business, particularly, federal government, and certainly many print media. Here, within the last 3 years, 2005/06/07 – let’s just back that up and say 06/07/08 we have achieved the number-one supplier diversity ranking in the country in those 3 consecutive years. So when we think about [Company Name] and its supplier diversity program, it is on a track that only world-class company has in place along with that – certainly the people, including myself, who have had something to do with it, have met the standards, overachieved and done some great work there.

We pride ourselves on the fact that we’re out there; we certainly don’t shy away from our participation. I think it’s just a matter of the [Company Name] on-going culture to be a player in the corporate arena, to be a player in any stage and to show leadership as we move into supplier diversity engaged in minority businesses as well as any other business agreement out there. (WS500021)

I’ve been an advocate for utilizing skilled firms if we could find them in particular areas such as messenger services is one, that can certainly be handled, but more importantly we do belong to the Upstate Minority Purchasing Council. We’re quite active in that, as a lot of bigger organizations are. This organization is far
flung. We have offices based in Rochester, NY, but with offices in Buffalo, Niagara Falls, Syracuse, Albany, Ithaca and New York City. In New York City, which is a more diverse firm, at least from the standpoint of staff, we always try to use diverse firms, not only Minority Business Enterprises, but women business enterprises. So our car service, for instance, is a minority owned firm. And we have two that we utilize so that if any lawyers are down in our Wall Street office, we give them this number to call. So that's a minority based firm. (WS500025)

Program effectiveness—MBE owners' perspectives. MBE owner participants indicated that the diversity procurement programs are not effective. They felt that buyers were bias and resistant to doing business with MBEs. They indicated that they often get no orders or very small contracts through them, and oftentimes are not awarded the business even when they are the low bidder. They felt that the program implementers had insufficient power within their organizations and oftentimes took credit for MBE business that had been earned without their assistance. They felt that costs of participation in these programs were not worth the returns. The following are relevant comments from the participants.

I would love to say that they're effective, but I will have to say that they're less than effective today in Monroe County. (WS500017)

The National Minority Suppliers Development Group approached me for membership and it seemed to me that that might make some sense since I agreed to do the 8((a) program, so I did indeed seek and receive their certification, and was certified by them for at least 12 years of the 17 years I've been in business. The last five years ago I decided that I really didn't think they gave me any
particular advantage and I started to cut back on investing in organizations that I, you know, didn’t feel had anything to add to what I was trying to do, and I didn’t necessarily want to be known only as a minority woman business owner and so I withdrew from those organizations.

I no longer am an active participant in those programs. I still you know, if somebody sends me a form and asks me to fill it out, you know, in order to be on that list because some organizations have goals that they have to reach, I will do that.

Well they’ve help occasionally, only occasionally. When I first joined them I already had established myself with New York State just as a vendor and I had done a number of research products for various departments of the state including the education department.

I only can say that I received one contract with a corporation and one contract with a university through those contacts. Would I have gotten them if I hadn’t done that, I don’t know.

I no longer spend money going to national supplier conferences because I have not found them to be all that helpful. (WS500012)

I can tell you when I first came to Rochester we did more reaching out to various entities. I think we may have sold a couple cars to the City, you just a couple.

We’ve done a few with various municipalities around the area, but we have not...

I guess after winning the number of bids that I knew we were competitive on at different times, I chose to not continue expending the time and the effort and the staff. You know, I had to employ a full time person to do fleet bidding and we
did that for some period of time and as I said we got you know onsies and twosies and never a large volume, and after a point in time I elected to not continue that both because, you know, I had one instance where I knew we came in the lowest bid, they actually decided not to award the bid that night, put it out again for no disclosed reasons and the next time a person came in exactly $100 under the bid that we had put in previously. So I just decided that for the margins that were there for that kind of business and what we had to do to really participate in it at a meaningful level that I would not do that and just focus on retail business more.

Well I’ll be very candid about this so I think most of the minority procurement programs are very simple, they haven’t, they usually use it in the area like janitorial and somewhere they’ll do it but when it comes to high tech, like in my business I can tell you honestly that I’ve been in this business for 33 years, I don’t have a single order form any of the large corporations. [Unintelligible] with them to be polite they are nice, but thank you but no thank you, and they stick with whoever they got.

In some cases they are, I mean I know some of my fellow Asian Indians who have been successful in doing some business in like office supplies with somebody like [Local Company Name] and so forth, but overall at least my community, the Asian Indian community, I would say the results have been almost negligible. So it has not been effective.

I’ll be willing to gamble, I’ll go to bat, if somebody went back and say hey what, how many new minority vendors you got and also how many new products and
services which you got, you’re going to show up very insignificant in program. In other words, they may change a vendor, they may go to one minority vendor for cleaning to another one, one from office supply to another, but when you look into the categories, what kind of business do you do with minority, you know. I’ll bet you that 90% is still the same as it was 10 years ago. (WS500013)

When [Executive Name] was involved in the program back in the day, you could pick up the phone, if you had a problem you could call [Executive Name] and you could get processing things done. [Executive Name] had some authority, he had some clout, he had some respect. Those kind of individuals, and [Executive Name] is just one of the guys that what I call the higher level that worked with small businesses and you could pick up the phone call. As that program developed and moved forward and [Executive Name] left the people that they sort of put in place had no power, they were just people that needed and this is not to pick on [Company Name] but, cause other companies did the same, these were people that were either going to be pushed out and they decided to find a home for, the natural home would have been you take over minority business part of it and oh by the way you still have your other job. So now I’ve got to do my job, and now I’ve got to run a minority business program and that didn’t work, never has worked and that’s why I think [Company Name], one of the failures in the program that [Company Name] had and some of the other companies had were the person didn’t have any clout, so if you had a problem the buyers you were dealing with they really wouldn’t, they didn’t buy, nobody championed them for diversity. No one even told them that it is good business to do business with
minority for a number of reasons. One is you get comparative pricing, its good because it retains jobs and things in the community. It is in certain cases the federal and state requirement and it helps their business, they weren't told that I'm sure. If they were told that I truly believe and made it part of their pay structure and performance appraisal, they would have reacted different. They reacted with more hostile and animosity and things like, why should we do this.

No, I think it [Local diversity procurement programs effectiveness] had zero. I think the amount of resources and time you had to put in to getting a contract with one of the firms I think was such that the return on your investment was not really worth the time. (WS500014)

You know, I participate in these programs and I get involved in them, but I've never probably haven't taken full advantage of the diversity programs and minority situations because I probably never viewed myself as a minority business, you know, from the beginning cause this is my craft and I approached it like that and I sold from that point of view, you know, and if it helped, it helped. I've actually gone in, and I'll say that when I'm in there, you know, if this helps, it helps. Yeah I got the certificate, you know, certification doesn't, I'm still this is my craft, this is what I do, you know, but it's amazing I need a certificate to meet with you, but I have one, don't need that, you know. (WS500016)

That's been tough getting a relationship with the folks because most of the buyers or the majority, are white, and I'm going to be honest with you, the people work with their people. I'm not prejudice or racist or anything, but most people work with their people. I mean if a white boy called on a white guy. I don't think he's
going to give me an opportunity over this gentleman. But with the diversity program, I think that's what kicks us in and gives us some kind of opportunity, at least to quote on certain things, whether we get it or not. (WS500015)

I think the diversity program I think is important for these big companies to promote but my experience is that we got into these customers not because we're MBE firms. I think we kind of got in with engineers and the actual working buyers then we have to be an MBE we took kind of a credits towards it but never been kind of targeted by the corporate they would like to develop this company into their portfolio. My experience is we haven't had that experience, so it was more of an uphill battle to get onto the vendor list then it was, you know, kind of an easier way to channel through. But you know, afterwards when the relationship got established then, you know, these people kind of come over oh yeah you're our MBE dollars and bada-b-bada boom then it kind of opens up a little bit more doors. (WS500019)

Program success factors-MBE owners' perspectives. The MBE owner participants generally felt that the diversity procurement programs were ineffective and indicated what they thought were some of the success factors. They indicated that the programs needed (a) top management involvement, (b) performance appraisal, (c) dedicated diversity professional/department, (d) implementers' longevity on the job, and (e) mentorship processes. The following are relevant comments from the participants.

I think they need to mentor their MBE's to fit into a lot of what their models are.

I think the ones that are successful are the ones that usually have their key diversity people have been there for a while and they understand what diversity
means to that company and how that plays into some of their core values. I mean that works. I think the ones where you kind of see people shifting in and out, you know, it's really those companies really don't work very well as far as reaching their diversity initiatives. I think ones that actually have entire departments, meaning that they actually have people dedicated to just supplier diversity, those are the ones that have worked, but when you have someone who's not dedicated to supplier diversity, because they have other jobs to do, that doesn't work.

(WS500011)

The main one [success factor] is that it's a program that is endorsed by top management. So the CEO has a vision that is in turn given to their middle manager and there's a program that they're going to be, it's part of their performance appraisal and in turn they have the people in place that would execute the program. So if it's not driven from the top it's not going to work.

Well I was successful on getting mentorship within [Company Name] that really helped us be a better company. So that really helped us in our early years to be successful. (WS500017)

You know, my theory has been unless those programs have some effect on the bottom line of the individual that makes them think it's going to be a part of the performance review, they don't care, they really don't care. (WS500012)

I think that one of the factors [for effective diversity procurement programs] is certainly a commitment from the top of the organization and whether that be from the top from the CEO or from the board level, but certainly that the commitment is there and that its communicated to the people that are both responsible for
setting policy regarding it and to the people who are responsible for the day to day management of the program. In addition to their commitment, I think there has to be some type of accountability process in place for people or you know people tend to kind of just go with whatever they're comfortable with or whatever they're accustomed to and it doesn't always continue to flow. (WS500018)

I think some of the people who coordinate these minority businesses, I think they ought to have somewhat of a decision making ability or have their opinion kind of weighted into some kind of business plans. I kind of feel that, you know, these are great people in the position. Personally I think they're great people; I think they're very educated and knowledgeable people, but where the corporate is putting these people in the position, they do not have any decision making ability. (WS500019)

Spend goals-buyers' perspectives. Buying organizations tend to have specific spend goals for diversity procurement. Only one of the buying participants indicated there were no specific goals for minority spend. This was the organization that rated its program performance at Level 2. Organizations that provided incentives exceeded their goals and those that did not failed to achieve the goals. One buyer perceived the performance to be good even though the goal was not achieved. The following are relevant comments from the participants.

Major components of the program include a corporate goal, if you will. We have a corporate overall objective in which we'd like to increase our spend with diverse businesses by – this year our goal is actually 9%; we're running at 15-16%. We've exceeded the goal at this point in time. We have bi-monthly
meetings at that some of the procurement perspective in which all the procurement individuals, including the director of procurement and the managers, come together and discuss what’s happening within each commodity with diverse business owners.

Yes, it’s [buyer incentives] part of their individual goal objectives that they’re targeted to meet at the end of each year. For example, for my particular commodities, I have to increase my overall spend with diverse businesses over 10% of what I did the previous year. And because my commodities are service related, it’s more difficult to identify in some services diverse business owners. Now if I don’t meet those target objectives, then obviously my performance is at risk. (WS500022)

I’d say it’s good: it [MBE spend performance] could be better, but it’s good. If I deal with construction which is the one where we generate the most activity, the overall goal is 19.2% for the general; we probably average somewhere between 12.5 to maybe 14% when you take all of the contracts in a fiscal year.

No, we don’t [have any incentives for buyers]. (WS500023)

Yes. Okay its 25% small business, 6% MBE and 2% WBE. And then we do measure against goals and let me find last month and I’ll show you an example of how we measure against goals. This just happens to be my June statement. I did 12% with small business, 1.8% with women owned, and 3.1% with minority owned. So we do measure against goals, obviously this month we didn’t, you know, reach our goals.
No, there's an awareness of minority suppliers and that we would like to do more business with them, but as far as an incentives, I mean, there's no incentive anyway. (WS500024)

We don't have specific goals for minority and women and other disadvantaged classifications – government classification – it's just a minority program or a diverse program that's inclusive of minority and women-owned businesses. These goals, each year they change. Originally back in 2004 it was 6%, and every year it has gone up, and currently our goal is 9%.

Currently the only incentive that [Company Name] offers is credit on our objectives – our business objectives – that if we meet and exceed these at the performance targeting goals, then we're rated very favorably against it.

We get it, and we actually want to engage in doing business with minority companies. We are limited in our enforcement for compliance with the goals of the program because there is somewhat autonomy that is given to the business organizations and their budgets, and the relationships that they've already developed with incumbents – you know, suppliers that are non-MBEs. It's an uphill battle and it's a battle of influence and perseverance and demonstration of the value of an MBE versus a non-MBE. (WS500026)

We haven't set specific goals. No.

I don't think we provide any incentives, because we're a service firm, so we're not like a Xerox or a Kodak...that deals with commodities or manufacturing, but I do think our incentive is always economic based in terms of our ability to report to governmental entities who we contract with, the fact that we do have some type
of procurement based on creating greater opportunities for MBEs and WBEs.

(WS500025)

The incentives are provided. They may be anything from monetary, including various kinds of things such as a written recognition in someone's overall records; it could also be acknowledging—a dinner for two; other little things like the car wash, or the movie theatre. It's a number of little recognition of things that comes along with that. We've given out monetary awards—went as high as maybe $2,500 to buyers over the years in terms of how well they have performed. Now, that recommendation begins with my office on whether that individual has merited an increase or some recognition in that sense. (WS500021)

*Spend goals-MBE owners' perspectives.* MBE participants perceived that buying organizations tended to have spend goals, but it didn't matter whether they were met because of lack of accountability. Their perceptions were that the goals were generally not met, and those that were met resulted from business being done with MBEs outside of Monroe County. They also felt that due to current tough economic times, organizations that met their goals in the past are probably not meeting them now. Since goals are stated as a percentage of overall spend, these perceptions indicate a belief that the reductions are disproportionately absorbed by MBEs. The following are relevant comments from the participants.

They have goals that don't matter. They could care less; there's no accountability. [Diversity Executive Name] doesn't have any accountability, if he makes a goal fine, if he doesn't make it, no big deal. The buyers have no accountability and that's just not. I don't want to make this sound like a [Company Name 1] thing.
[Company Name 2] has zero accountability. [Company Name 3] doesn’t have any accountability even before they were sold to a different organization. [Company Name 4] probably has one for the defense and I’m talking [Company Name 4’s Local Division], but even for the government, no one here was pushing the government to make sure that [Company Name 4] meet their goals. (WS500014)

Yeah, yeah, they do have goals, they measure those goals, you know, and they have good intentions initially, but when they’re not reaching those goals well what happens at that point that criteria for being diverse broadens, you know, all of a sudden me and you’re the first persons that they have had in at the inauguration of their diversity program and we’ve talked about the millions of dollars and the goals that they had and you say wow okay, so we want to be at the ground floor, and you look around 3 years later and you’re doing less than $100,000 and somebody in Florida is doing $2 million, but you made it through the PowerPoint presentation, you know, they’re hitting their goals you know, and you know, that’s what I’ve experienced. (WS500016)

We look at companies. I mean they could vary anywhere from having a goal for MWB of 5%, women own, disabled veterans for 3% ... those numbers really wrench. I’m just giving you what I’ve been able to see out there lately, and for the most part corporations do target a specific total purchasing amount of either single digits, high single digits or mid single digits, and the ones that are real aggressive target 10 to 15% of their total purchases, but no more than that.

Well in today’s tough economic conditions, I would say that they’re not meeting them because of course everybody has tightened up their belts. But in the past,
what I’ve been able to see from companies like [Company Name 1], [Company Name 2], [Company Name 3], those are some of our customers is that they’re close to their goals and in some years they have exceeded their goals, and I think they’re way behind this year, they’re like scraping. (WS500017)

Every person I’ve talked to they tell they’ve got an internal goal of bring 5% or 3% or 7% have to do with minority, I’d be very surprised if any one of them have met their goal. (WS500013)

**MBE performance-buyers’ perspectives.** Buyer participants made it clear that MBEs were expected to perform just like any other supplier. All of the buyer participants indicated that MBE suppliers either performed at the same level as non-MBE suppliers of better. However, they also indicate that within their organizations, stereotypical perceptions of poor performance by MBEs exist irrespective of data to the contrary. The following are relevant comments from the participants.

I look at our diverse supplier base and I compare those with the general population of suppliers that we have; our diverse supplier base outperform the general population. That’s a fact that’s been ongoing for a number of years. When you remove the diverse supplier performance out of there, the [Company Name] performance is less. So, you have a body of suppliers that are enabling a much higher performance in the general population enabled by diverse suppliers. That’s very powerful. but because too many times you hear about the stereotypes - certainly can’t give me good quality, price is too high, delivery is always late, and the service is poor. I have not found that, in the general scoping of these, just like if I were to look at our overall general supplier population, I have not found
in our diverse population that they meet, in the general scheme of things, those stereotypes. I have seen, as I stated earlier, and this is over a 7 or 8 year period of measuring data — hard data — that is evident and comes through when we measure a U.S. based supplier to suppliers and we extrapolate out of that process what’s a minority supplier and what’s a non-minority suppliers, the population that have minority suppliers have overachieved and are better. I should qualify that — and have delivered better on their metrics and their overall general process.

(WS500021)

For the most part I’d say they compare favorably ... when they get the contract they do, they produce and they meet the requirements of the contract.

(WS500023)

[And how would their performance compare to non-MBEs?] I would say the performance would probably be better. (WS500025)

I would say it’s on par with non diverse business owners. They deliver the same high quality, competitive pricing, on-time delivery as non-DBE suppliers.

(WS500022)

MBE performance-MBE owners’ perspectives. MBE participants indicated that they performed the same, and most of the time, better than non-MBEs because they felt they had to. Therefore, they try extra hard to perform beyond requirements. They felt that they brought value to their customers. However, they maintained the perception that they still did not participate on a level playing field which resulted in less opportunities for their companies. The following are relevant comments from the participants.
I don’t care if it’s here in New York State or if it’s in Florida, if it’s in Texas ... if you don’t deliver a quality, cost and delivery. QCD’s, you’re not going to be with that customer very long or they’re not going to bring you in. When we go in we bring value, our value is that we can give you cost, you know, cost reduction or at the same price or better than you’re currently paying for it. Again, the only people we don’t compete with, we don’t try and compete with Mexico or China in terms of low cost countries, because we just can’t compete with low cost countries in certain commodities; in certain commodities, we can but most of what I call small high volume commodities we don’t compete in low cost countries. everybody else we compete in and I think our delivery, our quality and our process is as good as anybody’s in Rochester, and we will put our bells up. I know other minority businesses are the same. I mean it’s just not [MBE Company Name], but I’m saying I don’t think we compete on a level playing field because for whatever reason there’s a, I’m going to call it European racism, I call it a bias in Rochester that, upstate area in particular, and that’s where manufacturing is. My engineers are as good as any engineers in the field. I mean they’re certified, they have a degree. We have the best software, we have the best technology. We are as good and in most cases we’re better; we still have the issue. I mean we’re talking and we’re running 100% on time with delivery for the last two years with our customers, okay. Quality meets all the PPM standards. All our customers have quality and PPM goals, and we meet all the standards, and we still have the issue. (WS500014)
Well a lot of my experience, my counterparts have actually done a much better job than non-MBE's. I mean there are companies here in town that are large MBEs that have, because they have everything in place the people, their skills, the training and the capital to not only perform like non-MBE's, but over perform.

(WS500017)

I'm very confident that we're pretty good, I think we're excellent. The reason is the way we put our business motto is, I mean stay competitive, is we don’t have any debt, the companies are very efficient, we’re very flexible, we have ability to procure all the components from the outside throughout the whole globe. We turn our inventory probably 14 times a year. I mean those are kind of the key measures that we strive our company so I'm very confident ... what we’re lacking is an opportunity to quote on projects. (WS500019)

I hate to admit it but I think I probably I try extra hard because I am very aware of that I'm representing a minority group and I don’t want people to think that hey, here’s a guy, you know, and he’s not performing and I will stand out you know because and for simple reasons I often tell this to my children. I say look the advantage you have because you don’t look Indian, you know, if I mess up something with a customer even if they don’t remember the name of the company they will come and say oh that Indian guy, and there’s only one of me in this industry. So I think that we have done exceptionally well.

Over the years, I learned one thing, okay, at the end of the day you know, I got to do what I got to do, you know, and I got to put aside whether somebody doesn’t want to do business because of my race or my color. or my accent; I got to
continue offering solutions, which I do, and do a better job than the next guy.

I always ask my clients at the end of a contract to grade what I’ve done, and in most cases they have felt I’ve done an exceptional job. I think the work I’ve poured into it I believe I performed exceptionally, but I can’t, I don’t know if... that wasn’t always shared with the person that I worked for. (WS500012)

Well number one, personally they gain the quality because we’re going to do more than the average because we know that our opportunities are limited, so we’re going to give them more than what they paid for. We always did, personally, in our business, we always give them more than what they paid for. We always go beyond and above the task, I mean that’s how we survive, and I think that paid off and like I say once we got in with the company we normally stayed for that reason. (WS500015)

MBE characteristics-buyers’ perspectives. Buyers seem to have a general positive outlook about the personal characteristics of MBE owners. They perceived owners’ product knowledge and skills, passion, hard work, and willingness to go the extra mile as strengths. However, from a business enterprise perspective, buyers perceived serious weaknesses in areas such as marketing and sales, human resources, succession planning, and financial resources. The following are relevant comments from the participants.

The strengths of them is that they’re very flexible, they certainly have very strong human capital, they will certainly bring passion about what it is that they’re doing – because that’s what they have, and what they have is mostly their livelihood.

You’re talking basically small businesses, if you will, and most small businesses
that I have been familiar with are a 24-7 kind of thing. It is not unusual to hear MBEs, or any small business people, to say that it’s been 10-12 years or whatever since we’ve been able to take a family vacation because we can’t afford to leave the business. It also brings together, I would say, a social kind of camaraderie where you’re looking at people who might have been disadvantaged but clearly understand human nature and what it takes to really provide a customer with the very best and not try to offer something that just don’t meet standards. Pride of workmanship is more from the inner sense, if you will, versus something exterior that it’s a job and I just got to do it. Now, what affects them could basically be from a weakness standpoint certainly, not enough resources, and that includes not only financial capital as well as human capital, not having what I would call an exit strategy that says, what are you going to do when you leave this business, is there something that you have in place that would say, here’s my succession plan, whether it be a family member or whether it be some outside entity that is willing to buy this business and move on with it. The technology also comes into play and that gets into investment opportunity where there is less as it relates to the financial capital. And, more importantly, it’s the time commitment which could really impact family as it relates to the mother and father both working and then working long hours every day. (WS500021)

They’re [strengths] basically about the same [as non-MBEs]. Where you see the real difference that is when we’re putting out a bid where MBE’s if it’s something that they do and would be interested in doing but then you get a medium sized non MBE business who has more capital and they can
underbid the MBE, so that’s one of the problems. The weaknesses of some of the MBE’s in my opinion relate more to their business attitude, you know, this is my own personal opinion. I think that a lot of them are weak when it comes to really viewing what they do from a total business perspective, you know, from a trade perspective or a craft perspective. They know their trade, they know their craft, but they are in my opinion, they need training and assistance in running the business end of their firm. (WS500023)

Strengths and weaknesses ... I’ve noticed that most of the, and this is usually the smaller MBE’s, don’t have that marketing arm to help them sell their business. They don’t seem to market themselves well, they’re at the shows, they’re sort of like well here I am, here’s my name. I think they don’t quite know how to market their company or where their niche is, and they need to find their niche in order to do the business. I would say the non-MBE has probably stronger marketing skills. (WS500024)

Well I think one would be a number of them lack of sophistication, lack of resources, financial resources, and sometimes what you see with a lot of small businesses – it’s hard to hire good people cause they can’t pay them as much. (WS500025)

The strengths that I see in some MBE suppliers is that they’re lean and simple, and they can be very responsive to a corporation or a customer or stakeholder.

Some of the negatives, challenges, or just challenges that an MBE may have is in resources because they may not be able to have the network and capabilities to really support a corporation on a national or global basis. which then potentially
could limit their opportunity. They may be able to get their foot in the door initially at a local level, however, if the strategy changes and now they have to compete on a national or global level, it may cut them out of that opportunity and ultimately they may lose what they’ve already worked for. (WS500026)

Some of the strengths of MBE suppliers are knowing their commodities, knowing the products or the services in detail that they provide. Having that confidence level and the ability to understand the business needs of an [Company Name 1] or an [Company Name 2]. I think that’s a big strength of networking. I see a lot of MBE doing very well, understanding the networking and where it could lead them. One of the weaknesses I see is not coming together in terms of organization. I mentioned a number of local groups that we have here in Rochester that are focused on promoting diverse business owners, and within those groups there’s very little desire to work together as a whole to try to speak to each of the larger companies in the area to try to move diverse businesses along. So it’s an, “I’m looking out for myself,” as opposed to looking out for the entire program or concept of what DBEs or MBEs can offer. (WS500022)

**MBE characteristics-MBE owners’ perspectives.** MBE participants seem to have a general positive outlook about the personal characteristics of MBEs similar to the buyers’. In addition to passion for what they do and a strong desire to perform well for their customers, they perceive MBEs to really care about their employees. They perceived weaknesses to be access to capital and human resources. Most indicated that they do not present themselves a minority in the pursuit of business development but view it as an extra characteristic that represents value to their customers. One MBE
owner indicated that she felt others are too absorbed with being a minority although she does not present herself as a minority in pursuit of contracts. The following are relevant comments from the participants.

Very personable; they can take the heat, you know what I mean, like they don’t mind working to the end of day to get a deadline done, you know, very passionate, very giving too, I mean giving to the point where they’ll do a job almost for nothing, you know. But when I say very personable, it’s just like warm, you know, they like actually from what I’ve seen minority businesses they really do care about their employees, you know. They really do care; they give other people a chance. (WS500011)

I think the strength is for the most part we know we’ve got to be better, so there’s a desire to be, to do quality work. I think our life’s experiences are sometimes in their broadness help us see things more clearly than some other people whose only experience has been with success and open doors and you know ease of entry.

I think sometimes we are too absorbed with being a minority, I don’t consider myself to be a minority. When I get a contract to do a job I am [Participant Name], who knows what she’s doing, who brings something to the table that I think can benefit my client. that’s all I am, I’m not a minority in that case. (WS500012)

People talent and capital were the two biggest obstacles. (WS500017)

*Buyer characteristics-MBE owners’ perspectives.* MBE participants felt that buyers tended to have a negative stereotypical impression of MBE performance. Their
perception is that buyers have not embraced the concept of diversity. They also indicated that when buyers believed that MBE owners were financially well-off, they would provide less business opportunities for them. They perceived that they were held to a higher standard than non-MBEs by buyers. However, they indicated that obtaining business from buyers is all about relationships. The following are relevant comments from the participants.

The perception [buyers have] with minority companies is that we don't provide that quality, we're not on time, we don't necessarily have the best locations, our people aren't responsive, you know, so that's what I've come up against. (WS500011)

There is some expectation that we need to be cheaper, better and faster than the current suppliers. I mean that's normal from any type of competitive situation, but I believe the expectation is that in order to really make it worthwhile. My feeling is that there is some expectation that we have to be really aggressive on pricing and we need to over perform on the deliverables.

Yeah I think they do have different expectations for MBEs. I think that we have to try harder. In my regular reviews with customers that track their MBE spend or track our performance, matrices are put in place that are something that, yes we can do, but at times are things that maybe others don't have to do. (WS500017)

I think as in every other place in the society, if you're Black you have to produce more [for buyers], you know, your product has to be stellar against a lot of other products.
I think they've [buyers] taken other approaches to meeting government requirements or association requirements if they're affiliated with some group. But there has not been a wholehearted embrace of the whole issue of diversity. I think that it's been somewhat of a phase rather than a change in culture in companies, and I think now that we’re going through a downturn its even gotten worse, because I think conservative people have been given a broader voice, or listened to voice; I guess they've always had the same voice but they just, you know, more people are listening to them about how discriminatory it is to have quotas and to have affirmative action programs. (WS500012)

So ... but to answer the question specifically, buyers I would say, you know, they're almost the same all over; it's just a matter of relationships. If you can kind of get in and establish a relationship with them, that's when they really do business with you and work with you. (WS500014)

*Trust-buyers' perspectives.* According to Doney and Cannon (1997), trust of a supplier is positively related to the likelihood that buyers will do business with that firm. Concern about MBEs lack of financial resources may contribute to less trust and belief in their ability to perform. The buying participants seemed to provide little emphasis on trust and generally indicated that there was no difference in the level of trust they had with MBEs versus non-MBEs. However, they did suspect that others within their organizations might not view MBEs as positively as them. The following are relevant comments from the participants.

I don't think it's any different. Any new supplier whether they're an MBE or not we obviously watch closer, you know, any time we start with a new person we.
you know, probably keep a closer eye on them, but that’s no different than any
other new supplier it doesn’t matter if they’re MBE or not. (WS500024)
I think that at the majority firms folks tend to be a little more - and I don’t think
it’s done on purpose but because the MBE firms usually are younger they may not
be as well capitalized and folks are a little bit nervous. The question always is do
they have the resources to do the job. (WS500025)
Personally for me it’s all the same. And it goes back to a buyer’s a buyer, a
supplier’s a supplier, to objectives are very similar. I expect service of
excellence, I expect the highest productivity that I can achieve along with
optimizing whatever process that I got that’s going to give me the benefits that I
have signed up. within my performance objectives and recognizing how my
objective is tied to the bottom line of this corporation. So if revenue is a key
objective of this corporation, then I will move in that direction in terms of
achieving that, and I will bring as many diverse suppliers with me that can help
enable that process. And as I said earlier, my diverse suppliers outperform the
general population. (WS500021)
I don’t distinguish. It’s the same. Everybody’s got to earn his or her keep, and so
I would not trust a non-MBE supplier, whether it be small or large, over an MBE
that would be small or large. It’s about infrastructure, resources, demonstration of
competency and capabilities. I would weigh them both the same. (WS500026)
If I do business with you I trust you regardless of whether you’re an MBE or non
MBE. (WS500023)
Research Question 2

How do MBEs and buyers perceive the environment in Monroe County, New York to be for business development of MBEs? The intent of the second research question was to determine how buyers and MBE suppliers felt about local business development opportunities compared to opportunities in other parts of the country. In recent years, this researcher has heard from other MBE owners that much of their growth was occurring outside of Upstate New York. The goal of this question is to determine the perceptions of the business development environment in Monroe County for MBEs in comparison to other areas of the country. An additional goal was to determine the perceptions about opportunities within Monroe County for MBEs as compared to non-MBEs.

Buying Participants were asked if they thought MBEs had a better or worse chance of doing business at their organizations than non-MBEs. Then they were asked about their perception of comparative opportunities for MBEs versus non-MBEs in general at other companies in Monroe County.

MBE participants were asked if they thought MBEs have a better or worse chance of doing business in Monroe County than non-MBEs. Then they were asked to compare their experiences of doing business in Monroe County to that in other parts of the country.

Monroe county opportunities-buyers' perspectives. Buyers tended to indicate that MBE range of opportunities for business development at their organization and within Monroe County was from ‘about the same’ to ‘more difficult’. They all felt that current tough economic times made it more difficult for MBEs. Opportunity to bid appeared to
be the measure of success on the part of diversity procurement advocates. One buyer indicated that even though there are some excellent opportunities for MBEs and organizations from the corporate world in Monroe County to engage each other, there seemed to be a lack of desire to do so. Another buyer indicated that Rochester is a better place for MBE business development than Buffalo or Syracuse. The following are relevant comments from the participants.

In general, in Monroe County, I believe MBEs have a more difficult time obtaining business than non-minorities. (WS500022)

In today’s climate, it is more difficult from the standpoint of manufacturing, and in today’s climate it is more difficult in the non-production today.

The challenges that we have in today’s environment here in Monroe County are one of participation not only from the corporate world here in the Monroe County arena, but also from the minority business enterprise world. We have some excellent opportunities to engage each other. We have some excellent processes to share with each other, but it lacks, I guess, incentives to want to get together and explore those opportunities in a larger sense. The council [USNYRMPCI] certainly put together some very, very good venues for the two to come together and be more resourceful to each other, but what I have found is that not all the time those two things match up. Minority suppliers here in Monroe County and corporate America here in Monroe County – the two things just don’t seem to match as well as they ought to match. Now, that could be a major divide, and that divide could very well be that while there are a number of minority suppliers here in Monroe County, likewise there may be a number of corporates here in Monroe
County, sometimes on the corporate side, the purchaser decisions are not made locally, they are made on a national basis and the headquarters of a procurement office of some of those organizations are outside of Monroe County and puts a heavy burden on the part of the corporates, who may or may not have that responsibility or commitment to do business with the local suppliers. It really, I think, creates a divide from that standpoint. I am the purchasing person here, but at the end of the day we’ve made a corporate decision somewhere in New Jersey or somewhere in Arizona to go and buy from someone locally in those locales from corporate headquarters. And what I have found is that many of the times, the minority suppliers don’t do enough of their homework; don’t do enough of addressing opportunities outside of Monroe County. (WS500021)

Well obviously the firm has been doing business with non-MBEs for over 150 years, but I’m saying that in terms of the paradigm shift, it’s better now for MBEs to approach [Firm Name] than ever before.

I would say that Buffalo would be very tough for MBEs to survive. I would say that Syracuse would be very tough. I would say that Rochester would have a better opportunity. Unfortunately, I think it’s shrinking in Monroe County, but I do think between the three upstate counties, this is the best one. (WS500025) Pre 2008 I would say – well between the periods of 2004 and 2007, I would say they [MBEs] had a greater chance and emphasis of participating in sourcing opportunities here at [Company Name]. No guarantee that they would secure the business, but definitely there was a strong emphasis of doing recruitment and finding opportunities that minority suppliers could participate in. But again, since
our privatization we still do the reporting, we still have an objective. However, the executive leadership support has been somewhat limited. (WS500026)

Well they both, everyone has to be competitive and I think the key is giving them the opportunity to be able to bid. After they have that opportunity to bid then they’re on the same level with the other bidders. Okay, so obviously they have to prove cost, quality. (WS500024)

I would say for us it’s probably I want to say about the same because everything is based on competitive bid. If a MBE comes in low, if they’re the low bidder the contract is theirs unless there’s something that they couldn’t meet that’s required. So I’d say it’s about the same. One of the problems that I see that some of the MBE’s have and this is primarily on the construction end, but also a little on the product end... on the construction end, bonding is required for jobs that are, for contracts that are in excess of $100K, okay. A good portion of our MBE’s have, I won’t use the problems but, they have concerns as it relates to bonding and their ability to obtain bonding or to obtain enough bonding to meet that contract requirement. (WS500023)

Monroe County opportunities-MBE owners’ perspectives. MBE participants indicated that opportunities in Monroe County are more difficult for MBEs than non-MBEs, and opportunities outside of Monroe County are better for MBEs than within the county. They perceived a lack of desire or even tolerance of success for MBE owners in Monroe County. They indicated that this condition is aggravated by the recent local economic problems but has existed for many years. The existence of a conservative and
closed community was blamed for many of the difficulties of MBE business development. The following are relevant comments from the participants.

They have a worse chance I think in Monroe County, it's very conservative here. So I think it's very difficult in Monroe County, it's such a small town. If you burn one bridge here, I mean you're pretty much blacklisted, you know. (WS500011)

Well I have two experiences, one having lived in Dallas and of course having my business here in Rochester in Monroe County. One of the biggest differences between both of course other than sheer size and the diversity of the economy is that the various agencies in Dallas are more unified, meaning that the folks from the city, the state and the county are working in tandem with private sector to create a program that includes to greater aspect what are they going to do to recharge the economy and bring diversity into the mix. The challenge that we have in Monroe County is that, I mean it's a challenge that we've had for many years in getting the economy going, it effects. they're not working together and because they're not working together, state, county and the private sector programs like diversity don't really get off the ground the way they're supposed to be. (WS500017)

It's a lot easier everywhere else. (WS500012)

I'll tell you, we have gotten some opportunities here, quite a few opportunities here but if I be honest with you, the way we ran this company for 25 years and the area that we market in, we had to go wherever the opportunity was. We had an office down in Virginia Beach where we did all these buildings for the city of
Virginia Beach. We cleaned about 67 buildings down there for them, and had an office down there. Along with something I missed earlier to tell you we had an office also in Philadelphia and from that office we ended up down in Virginia Beach as well, and we needed that to service the tri-state area because there were some opportunities but in order to take advantage, for us to take advantage of them we needed a presence there. (WS500015)

Case in point, and I go from [Local Company Name] to [Company Name outside of Monroe County]. [Company Name outside of Monroe County] had a program for minorities that worked well. It is actually in my 30 years of working in minority business, [Company Name outside of Monroe County] had the best program there was. Absolutely the best, it was top down driven, [Executive Name] had one of the top ears of the CEO of [Company Name outside of Monroe County]. If there was a problem you call [Executive Name] he was going to fix the problem, but he also had a process by where he set it up to grow business and they wasn't expecting business to grow and be what I call Ma and Pa. You know, Rochester the mentality is if you get $2, 3, 4, million dollars then that’s it, they’ve done this job. That’s all they need to do, that’s all the minority business needed to grow; they should know, you stop doing business, you stop the development process. [Company Name outside of Monroe County] had a totally different mindset.

So we couldn’t grow as fast as the guy in Detroit or Chicago, Cleveland, or Atlanta because they were growing, bringing on the infrastructure. We had to do what we call the ma and pa infrastructure, yet when I talked to the [Local
Company Name 1] and the [Local Company Name 2] or the [Local Company Name 3] here they would say well, they would say well you don’t have these tools in place so therefore we can’t do business with you. But yet they didn’t help me grow so that I could bring those tools in, because those tools are not free. Like I say, you pay for the quality of 6 sigma Blackbelt or you got to have, when I started which is interesting, you had to have quality [unintelligible], quality managerial, and all kinds of systems in place and managers and all that. You had a three man job; you had to be the chief cook and bottle washer as we say, and how do you run it with revenue of $1M and having those kind of infrastructure in place; that was the pitfall of what I call diversity, and I’m talking about Monroe County. You go outside of Monroe County, you don’t have those same issues, which is why I had to go outside because in order for us to compete we had to go to other places where the competition was and they didn’t look at you as, I’m not going to say they didn’t look at you because of color, but they simply didn’t look at you and say we do not want you to grow. Their whole intent was that we want you to grow and be successful; they clearly demonstrated that.

I started to diversify and go to other companies and I was fortunate enough to go outside of Rochester and once I left [Local Company Name 1] in that vein, I started to develop outside of Rochester and I started to grow the business 15 to 20% a year, and for the last ten years we’ve grown at least 15 to 20% a year, and it’s all been outside. The margins have been much more than 1 ½, 2% or 3% that [Local Company Name 1] or [Local Company Name 2] would allow.
I have been more in Monroe County than I have any place else in the country.

We travel outside, to give you an idea of how the system works in the buying; we called on 15 buyers, companies outside of Rochester in the last 6 months and all 15 we've gotten in to see, either got an RFQ or said they're down but when their volume comes back up they're going to give us an opportunity to quote. I'm now writing Congress a letter to find out why these five that I met in Syracuse, Binghamton, two in Rochester and one in Buffalo, we can't even get a visit.

There's a, my belief is the mentality is, I can't get in to see the buyers because lets say [MBE Owner Self Name] may live in Pittsford, [MBE Owner Self Name] may drive an Escalade, and [MBE Owner Self Name] got buildings on [Local street 1] and [Local street 2], he doesn't need any work from us; we're going to go find someone else. (WS500014)

I think Monroe County is a little lacking compared to the other places. (WS500019)

Yeah ... unfortunately I would have to say a worse chance, you know, and this has just been observing a number of business over the years I've been here that have, you know, developed themselves to some level of expertise that have pursued contracts, or sometimes even tried to pursue serious conversations with someone about contracts and just have had extreme difficulty. I think that there are some parts of our community that don't perceive minority businesses as being able to deliver at the level that would meet their expectations, and they don't really open up to attempt to do business. Unfortunately, also I don't think our city and our county have the level of commitment that could be there in terms of assisting
minority businesses to develop in terms of opening up opportunities for minority businesses to be part of the general business that goes on in the community. (WS500018)

Again, it's not from personal experience, what I read in the minority magazines and newspapers and articles that in major cities there are lot more opportunities than we have in Rochester and in the Monroe County, and part of this could be because we are a small community. So you know, we've got our own pros and cons. We like our small community but at the very same time, it has also become like a very closed what I call the country club type of attitude.

I've been in this town for 35 years; still I mean there are times that I'll tell this publicly to everybody, there are times you know I'm still reminded that hey I'm not part of this community ... I am, but I'm not, you know. (WS500013)

Yeah I think there's a difference. The difference I think that it's not as competitive. I think I'm more competitive outside Monroe County than I am inside Monroe County.

If you go out and buy a new car as a minority business owner, okay now who used to let you pay in 60 days, they start calling and harassing you at 30 days.

(WS500016)

Research Question 3

Are the transaction costs associated with commerce between MBEs and buyers perceived to be higher than with non-MBE suppliers? The intent of the third research question was to determine how buyers and MBE suppliers felt about the benefits in relation to the costs of doing business together. The goal of this question was to
determine the perceptions of buyers and MBE owners about whether the requirements of these advocacy programs were worth the results achieved.

The buyer participants were asked to discuss their perceptions of the costs of doing business with MBEs as compared to non-MBEs. They were asked if any special considerations such as premiums were afforded their MBE suppliers. Then, they were asked if their organizations gained anything for doing business with MBEs.

The MBE owner participants were asked to discuss their perceptions of the costs of doing business as MBEs as compared to non-MBEs. They were asked if any special considerations were afforded them as a result of their status. Then, they were asked if they perceived that buying organizations gained anything for doing business with MBEs.

*Costs and benefits—buyers’ perspectives.* Buyer participants indicated that there are numerous benefits of doing business with MBEs including satisfying their customer requirements, and the costs are generally about the same. All except one participant, local government organization, indicated emphatically that no premiums are paid to MBEs.

The following are relevant comments from the participants.

I think that the cost benefits would be that the MBE prices might be a little bit lower. (WS500025)

I think the benefit is greater because at least at [Organization Name] most of the MBE’s that we work with are small local companies, and if we can, you know, keep the business local and support the community then I think that’s an advantage.
Luckily I have an automated system where when in my Oracle system I can just tag them as minority and the numbers in my monthly reports just are automatically generated.

Oh I think there's always a gain when you have a diverse supplier base.

I think that’s just more opportunity to see different products and, you know, just to have more suppliers to choose from that obviously have more opportunity then.

(WS500024)

My first reaction is it shouldn’t be, but I also recognize the realities that say, if I do business with – and that’s just a stereotypical view – if I do business with an MBE, it’s going to cost me more. Nothing could be farther from the truth.

You’re not going to be spending anymore or any less in getting the goods that you want regardless of their status as non-minority, non-majority, non-diverse, or diverse. It shouldn’t cost you anymore.

No, at [Company Name] it’s all the same. There’s only one difference, and that difference might that we require that our diverse suppliers to be certified by some third-party agency.

Absolutely not [pay a premium]. We’re back to a buyer’s a buyer; a supplier’s a supplier.

Yes we do [gain]. That gain goes back to some of the things that we talked about as it relates to how you want to do business. Do you want to do business in a sense that says I’m only looking out for me. [Company Name], and not looking out for my customers? My customers are demanding very strongly that they want diverse solutions. There’s not a day that I don’t run across somewhere in my
marketing sales arena that are not asking that question. In fact, my coming here 15-20 minutes late, I was working on one of those bid proposals that basically got into who do we partner up with. Can you get us a partner that can help us on this bid? Of course, I’m successful at doing that and then provide our people with a partner. Now we got to wait to see what’s there. The short answer is absolutely. And I have said it over and over, and I’ll continue to say it, if you ask me who should we be doing business with and who could bring more to the table in terms of leading and helping us achieve our objective — and I am a minority in this thought, which you know that right now — I will take a diverse supplier.

(WS500021)

I see the cost benefit where we talk about just our social capital and community capital that we build when we do business within our communities, and we can see the positive effects of doing business with minorities within the communities that we serve, so that’s a cost benefit, and then again we can see that some MBEs are extremely competitive and can offer overall value when it comes to quality, cost, and delivery, and service and technology, so there in itself is a cost benefit. Just by the very nature of a supplier diversity program, there’s a governmental requirement that if you want to do business with the government, you’ve got to show, demonstrate, and report your performance in doing business with minority-owned companies. (WS500026)

Well, a benefit I could say is you’re really targeting your cost expenditures with a group of customers that you ordinarily would not embrace. Other than that, I don’t see — very little differences. (WS500022)
Sometimes we do [pay a premium] because and again I go back to construction and printing and is it office supplies, printing and office supplies. The program has built in that if an MBE is providing a product that's either printing, office supplies or on the construction end and they are not low, but they are within 10% of the low non minority, the city can award that contract to them. So there would be somewhat of a premium pay in that instance.

What the [Organization] gains and looks to gain when they created this program was that the expectation that these ... cause the [Organization's] program is an honors based program that by having this program it would help those businesses grow and prosper and that as a result of that growth and prosperity that they would in turn be hiring minorities and in particular the hope was that they would be [local] residents so it would be an employment program also creating job opportunities in these businesses for minority [local] residents, minority and [local] residents, I'll put it that way. (WS500023)

*Costs and benefits--MBE owners' perspectives.* MBE owner participants all indicated that that they perceived their costs of doing business to be higher than non-MBEs. Lack of adequate access to capital, cost of capital, additional efforts required, and certification costs were clearly identified as additional costs of doing business as an MBE. The benefit cited by these MBE owner participants was foot-in-the-door. They also perceived several benefits for their customers such as market access, community support, second tier requirements, and increased competitiveness of non-MBEs as a result of MBE inclusion in the process. The following are relevant comments from the participants.
There are a larger number of minorities in the market that may not have had a good orientation in developing and establishing credit in the earlier years. I think that's a void that we still have in this community and as a result when they are able to access capital whether it's a credit card or whatever they have a higher cost of funds than some non-minorities. (WS500018)

I take it as the cost of doing business. I'm quite sure we got to go an extra mile, we got to go a little more than the majority, you know, in order to get the business, so I'm quite sure it's going to cost us a little more than it would cost the average little Joe because we got to put more efforts in, we got to put more calls in, you know, we got to go buy more in order to get the opportunities. And don't forget, you're talking Monroe County and Upstate New York in particular this was a market, what they used to call it is the "buddy-buddy market" but it's something; I can't remember the name they call it but ... anyway it's what it is ... so in order to break that you know you've got to put a lot of efforts in and in putting a lot of efforts in, your cost of business goes up. (WS500015)

It takes so much time and to me it's ridiculous; that's the only way I can describe the state certification program. I mean they want some of the things which are ridiculous, like they want every time they want financial statement for 3 years, [unintelligible] by laws, and when you ask them why the answer is, I don't know I didn't make up the rules.

The paperwork, the bureaucracy, and you know, there are times I'm tempted to say heck with it, what is it doing for me, but still there's such an insecurity that hey who knows if somebody asks so we still go through the paperwork.
No, it’s not [advantageous] but you know it’s like a security, like Charlie Brown’s security blanket. I don’t want to give it up because tomorrow somebody may come back and say are you a minority, give me your certificate, and at that time I don’t want to scramble at the last minute knowing what I got to go through, so you know, I don’t know if I’m answering your question. You know, we go through every year, every time they ask, we go through all this paperwork and all these added costs of providing, you know, it takes 40 or 50 hours, you know, whatever the time it takes copying costs and everything else answering that question. Have I got anything out of it? No, nothing, zero.

(WS500013)

We’re 3 to 5% higher than my competitor because there’s things that we have to do that they don’t have to do, and a perfect example, you know how many forms and certification we have to fill out just because and there’s those, there are these companies that need certification from small business and that’s just one other thing. I don’t know if you know, do you know what it costs to get a certification done. its somewhere between $25K and $30K a year to do certification, that’s just the paper, that’s not the person you have on your staff, that’s all they do. I’m talking about the physical paperwork to be certified and to meet the government and the state requirements. So yes, it costs, you’re probably looking at 3 to 5% for sure; its 3% of what my sales are to be a minority, to go through all that process. I get my foot in the door; the rest is up to me to perform. I am clearly able to get my foot in the door if I got my certification down outside of the Rochester or Monroe County area. I’ve been very successful in that. So there’s an advantage
yes. Now there’s a disadvantage. Sometimes what happens is when you show up there the opportunity does go away. Okay, because that person is not probably ready to do business with you. That’s America and there’s a percentage of that and that probably won’t change in my lifetime. So there’s the disadvantage of that, but I would say overall the advantage outweighs the disadvantage.

(WS500014)

That phone call that they actually have departments that are set up for diversity, that’s the only part though that I can think of honestly. (WS500011)

From the business development standpoint, it [being an MBE] definitely opens the door, doesn’t mitigate problems getting the business, but it opens the door to having a conversation about what our company has to offer. That’s one of the biggest benefits.

Yeah, I mean depending on the size of the company you have to, we have to invest on let’s say have an audit to maintain an SBA certification as an 8((a). Normally companies unless the bank requires it, you don’t have to do that; so that’s a big expense of time and money and resources, human resources.

Sometimes capital is not given as willingly to MBE’s, I don’t know why but there are times when capital is not easily accessible, so that’s a cost to the business.

(WS500017)

I think what they truly get [buyer benefits] and I promote that, you know, and something I’ve learned from working with you, you know, and I sell that, you know, that when you do business with [MBE company name], you know. [MBE company name] is a vehicle for you to do business and support the community.
you know, so I do go in even our sales calls and promote things that we do in the community. So they do get that out of working with minority companies, that they are truly giving back, you know, to the community, to the hard to serve, that they truly are doing that and this is a vehicle through that, you know, and when we’re doing those things I definitely let them know what we do in the community on the sales call. (WS500016)

Some of the factors relate to the paperwork that people ask you to fill out and the whole issue of being certified. I mean that is its really onerous ... the 8((a) program I know its changed now but I think its changed to be almost nothing but during the years when I was going through 8((a) certification I got to tell you I had to produce a ton of paper. I have two full file drawers of documents that I had to produce not just once but every year. There were quarterly reports I had to file. When I’ve worked for some companies it’s been almost as onerous, so I think that that’s a cost in a drag on what you have to put out to do business.

(WS500012)

I think it’s easier to get you in the door than a non minority company but I mean if you’re compared say an apple to an apple, if the one apple comes with a cap on that might sell better than just the apple with just no cap. so if we use our status for the benefit of our customer because they have requirements from the governments or whatever, I think that’s certainly helpful.

The larger corporations are doing it well because they’re good citizens, no, I mean we all add something value on the table. I’m sure that, you know, big fortune 500
company in the minority business is what trying to increase their market shares with our changing demographics, you know, in our society.

You know I don’t know, my experience has been that when companies like [Company Name 1] and [Company Name 2] include minority companies then the other companies [non-MBEs] sharpen their pencil too, because they get afraid that the business is going to be given to minority companies so I think the companies get better prices overall because the other companies become try to become more competitive; they’re afraid of the minority companies being included.

(WS500019)

Summary of Results

The goal of this qualitative, phenomenological study was to explore the lived experiences, perceptions, and attitudes of a purposefully selected sample of MBE owners and buyers located in the Monroe County, New York area relating to aids and barriers for minority business development. All participants had a minimum of 3 years experience working with diversity procurement programs.

The data revealed that buyers and MBE owners generally have different perceptions about the efficacy of these programs. While the buyers perceived the programs to be effective, the MBE owners found them to be totally ineffective. The data also revealed that buyers and MBE owners generally agree that the performance of MBEs was either the same or better than non-MBEs. Buyers and MBE owners both perceived the environment in Monroe County, New York to be less advantageous for MBE business development than for non-MBEs. MBE owners perceived the opportunities for business development outside of Monroe County to be much better than within the county. The
buyers perceive the transaction costs of doing business with MBEs to be about the same as non-MBEs. MBE owners indicated that their additional costs were very high particularly the cost of certification. Buying participants perceived that doing business with MBEs accrue many benefits for their organizations. MBE owners also perceived that they provided many benefits to buying organizations that non-MBEs do not. The benefit for the MBEs was identified as the foot-in-the-door.

Chapter 5 provides a discussion and interpretation of the results including implications of findings, and study limitations. It also includes recommendations for future research and conclusion of the study.
Chapter 5: Discussion

Introduction

The goal of this study was to determine the efficacy of pursuing business development as an MBE by business owners who happened to be minorities. There are many aids and barriers that exist within this process. The aids come in the form of laws and regulations, organizational diversity advocacy purchasing programs, and advocacy networking membership organizations. Most of the barriers exist due to the results of past and present socioeconomic biases and discriminatory practices.

This study has explored the perceptions and attitudes buying personnel and MBE suppliers have about diversity advocacy procurement programs and about each other based on their lived experiences with the MBE business development process. In addition, the business environment for MBEs in Monroe County, New York was evaluated along with the costs and benefits of transacting business with these MBEs through the lens of the buying personnel and MBE suppliers. A purposefully selected sample of six buyers and nine MBE owners located in Monroe County was used to obtain this information. The primary goal of this chapter is to discuss the findings and present recommendations for future research.

Implications of Findings

The modified van Kaam method of analysis by Mustakas was used to categorize the recurring themes that evolved from the buyers and MBE owners, and several core themes were indentified. The core themes are grouped into four major categories: (a)
Program Effectiveness, (b) MBE Performance, (c) Opportunities, and (d) Costs and Benefits.

Category 1: Program Effectiveness

The data revealed that buyers and MBE owners generally have different perceptions about the efficacy of diversity procurement programs. While the buyers perceived the programs to be effective, the MBE owners found them to be totally ineffective. Both groups regularly attended trade shows and participated in the process of getting names on the lists of MBEs. Success with this process represented a sense of accomplishment for buyers and frustration for MBE owners.

The buyers tended to have their efforts focused on providing opportunities for MBEs to pursue business primarily through bidding mechanisms. Almost all of the MBEs indicated that they had experiences of not getting business for which they were the low bidder. MBEs were more concerned with whether they actually got the business and the value of that business.

These programs represent a demonstration for buying organizations that they are a player in the diversity arena which enhances their firms’ reputation as being socially responsible and provides a sense of pride for these buyers. According to Dollinger, Enz, and Daily, (1991), Corporate Social Responsibility (CSR) includes purchasing from MBEs which is supported by findings from this study.

The MBEs participate because they perceive the buying organizations expect them to, and they want to be in the environment just in case a real opportunity develops for them one day. While they profess to have received no real benefits from these
programs, they continue to participate because it represents somewhat of a "security blanket" for them.

The MBEs identified the factors they believed were essential for an effective program. They are: (a) a mentorship process, (b) top management involvement, (c) diversity department, (d) longevity of diversity professionals on the job, and, (e) accountability through performance appraisals. These factors are in alignment with the literature review which indicated that IBM employs most of these factors and have a very successful program that purchases goods and services from MBEs in excess of a billion dollars annually (Carbone, 2005). These factors were also confirmed by Carter, Auskalnis, and Ketchum (1999). In addition to the above, the MBE participants identified training as a key success factor.

Many diversity procurement programs include training as an important component of their programs. While we all need to continue our education and training, such programs by buying organizations for MBE suppliers may imply that these suppliers are not yet good enough. However, benchmark MBEs that are capable of actually training members of the buying organization still experience stereotypical reputations for poor performance and capabilities and are invited to these same training sessions. MBEs with adequate amounts of profitable business can provide training to their own organizations like many successful organizations do.

Category 2: MBE Performance

The data also showed that buyers and MBE owners generally agree that the performance of MBEs was either the same or better than non-MBEs. However, they both acknowledged that they operate in an environment with myths and stereotypes of poor
performance by MBEs in spite of data to the contrary. MBE owners felt that they were held to higher standards than non-MBEs by buyers and tried hard to meet those standards. Both groups also perceived that MBE owners had good personal characteristics and they were deficient in human and financial resources.

Although the literature indicated that trust of a supplier plays a major role in the functioning of business relationships (Young 2006) and trust for a supplier firm is positively related to the likelihood that buyers will do business with that firm (Doney and Cannon 1997), the buyer and MBE owner participants gave little credence to inquiries about trust. One buyer said, “if I do business with you, I trust you.” Another indicated that there is no difference in trust between MBEs and non-MBEs and simply stated “a supplier is a supplier.”

Category 3: Opportunities

Buyers and MBE owners both perceived the environment in Monroe County, New York to be less advantageous for MBE business development than for non-MBEs. MBE owners perceived the opportunities for business development outside of Monroe County to be much better than within the county. MBE participants expressed concerns that Monroe County is difficult for them to do business because the area is conservative and somewhat closed. They also perceived an element of discrimination exhibited by comments about their success indicating that they already had enough if not too much. They felt that the cars they drove or the communities they lived in were monitored and affected the way people conducted business with them in Monroe County. This translated into small orders, low profit margin business, and oftentimes no opportunity to do business in the county.
Category 4: Costs and Benefits

With the exception of a government program that allows up to a 10% premium on certain bids, the buyers' perceptions of the transaction costs of doing business with MBEs is that they are about the same as non-MBEs. One buyer acknowledged that they do require MBE certification by a third party. They all perceived that doing business with MBEs accrue many benefits for their organizations. MBE owners also perceived that they provided many benefits to buying organizations that non-MBEs do not. The benefit for the MBEs was identified as the foot-in-the-door. However, the MBE owners strongly felt that the costs for them associated with the certification process was onerous. While the literature did not identify the high costs of the certification process, it did enumerate costs experienced by MBEs in the pursuit of diversity business known as the Transaction Cost Economic (TCE) theory. Those costs were associated with (a) a negative atmosphere derived from the costs of doing business in a discriminatory environment, (b) opportunism whereby MBEs spend significant time and energy qualifying and bidding for business without much prospects for getting the business, and (c) small numbers which involves the cost of doing business when buyers feel there are not enough sellers to meet MBE local purchasing goals (Dollinger, Enz, and Daily, 1991). Findings from this study from MBE owners support the TCE theory. Buyers failed to identify these costs for MBEs.

Limitations

A limitation of this study was that the participants may not have been completely honest during the interviews and tended to give answers to questions that are considered to be politically correct since their answers might indicate some biases on their part and it
was being audio taped. In one case, a participant did seem to be more critical of buyers after the tape was turned off. The above limitation was mitigated by telling participants that this was (a) strictly for research, (b) their identity will be held confidential, (c) the identity of their organizations will be held confidential, and (d) there is no right or wrong answer. Another limitation is that this research is based on what people say rather than what they do, the absence of behavioral measures. The fact that the buying participants were all African American except one from an institution of higher education represents another limitation of this study. Although several attempts were made, this researcher was unable to convince a single Caucasian buyer from business organizations to participate. In addition, most of the African American buyers were somewhat reluctant and had to be convinced to participate. Out of the 60 surveys sent to the buying organizations, this researcher was able to convince only 6 to participate. All of these organizations were paying members of the UNYMSDCI, RBBA and/or RHBA, all diversity procurement advocacy organizations.

Recommendations

The first recommendation is that minority business owners in Monroe County, New York should pursue business development outside of the area. Their business development activities within Monroe County should be carried out in a manner that minimizes their classification as an MBE. The results of this study indicate that the benefits do not nearly cover the costs. However, further study is recommended to determine why so many MBE owners continue to participate in diversity advocacy programs when they indicate that they get nothing or not enough in return. There may be
some hidden value that has not been uncovered or some relationship to the brain’s hidden impulses as identified by Vedantam (2010).

The second recommendation is that buying organizations should invest in means of dissemination of information throughout their organization about the value that has been derived from doing business with MBEs. They need to highlight their stellar MBE performers and see that they are rewarded for contributions to their organizations. True rewards usually come in the form of more business within the buying organization as well as assistance in getting business with other organizations through activities such as recommendations and testimonials. On the other side, these organizations will undoubtedly have some MBEs that perform poorly. The same will be true for non-MBEs. The organization needs to be informed that all Caucasian-owned business will not be blamed for the failure of a few, and this same rule will apply to minority-owned businesses. Further study is recommended to determine what happens to MBEs that perform much better than non-MBEs within buying organizations.

Recommendation three is that further study be conducted to examine the effects of MBE certification on buying organizations and minority business owners. While the certification process was designed to prevent non-MBEs and MBE fronts from participating in the diversity advocacy purchasing process, the costs may outweigh the benefits.

Since this research did not include Caucasian buyers from corporations, it is recommended that a comparative similar study be conducted with such buyers. Another comparative study is recommended whereby other similar counties in the country would be researched. A determination might be made about whether Monroe County is
exclusively that bad for MBE business development or is this just "the grass is greener on the other side" syndrome.

Conclusion

In conclusion, this study provides a comparison for the perceptions and attitudes of buyers and MBE suppliers about diversity procurement programs and each other. It also examines the perceptions of both participant groups about the business environment in Monroe County for MBEs versus non-MBEs as well as a comparison of local conditions versus places outside of the county. Finally, the study identifies perceptions of costs and benefits of doing business with MBEs. The biggest gap between what the buyers and MBE owners perceived has to do with the efficacy of the diversity procurement programs. Since both groups spend money participating in these programs, it is important that representatives get together to discuss this gap and develop ways to close it. Since UNYMSDCI represents a bridge between the two groups, perhaps it could form some sort of commission to address this issue.

Given that problems for MBEs in Monroe County seem to be pervasive throughout the county, perhaps the city and/or county government could similarly appoint a blue-ribbon commission to address the issues. A government sponsored program such as the Mosaic Partnership program might be another effective tool. This is a formal program designed to build social capital among different racial and ethnic groups. Buyer and MBE supplier dyads would be formed to help address these issues and help unleash social and economic potential for this community.

Finally, in an effort to address the high costs of the certification process, perhaps the costs could be shared among the MBEs and organizations that require them. This
would address two issues, one would be the reduction of cost for the MBEs and the other would be the recognition and appreciation by buyers of such costs. Perhaps UNYMDCSI could facilitate this process as well.
References


Appendix A: Diversity Procurement Survey for MBEs

1. To be completed by MBE owners and operators

* 1. This survey is being sent to selected individuals at Minority Business Enterprises located in Monroe County. The data provided by you is for academic purposes only. Your responses will remain confidential. Your help would be greatly appreciated. There are 15 questions. It will take you only a few minutes to complete.

Name:  
Company: ________________________  
Address: ________________________  
Address 2: ________________________  
City/Town: ________________________  
ZIP/Postal Code: ____________________  
Email Address: ____________________  
Phone Number: ____________________

2. What is your current occupation/title?

3. Please indicate your Gender.

- Female
- Male

4. What is your ethnicity?

- African American
- Caucasian
- Hispanic
- Native American
- Other

5. What is your age?

- 18 or under
- 19-44
- 45-64
- 65 or over

6. How many people, including yourself, are currently employed in Monroe County, New York by your company?

- 1-5
- 6-25
- 26-50
- 51-100
- 101-250
- 251-500
- 501-1000
- Over 1000
### Appendix A: Diversity Procurement Survey for MBEs

7. How many years experience as an MBE owner or operator do you have calling on companies or organizations with diversity procurement programs?

- [ ] Less than 3 years
- [ ] At least 3 years but less than 10
- [ ] 10 or more years

8. Please check each industry in which you have 3 or more years of calling on organizations that have diversity procurement programs.

- [ ] Business Services
- [ ] Government
- [ ] Media
- [ ] Construction
- [ ] Health Care
- [ ] Not-For-Profit
- [ ] Education
- [ ] Legal Services
- [ ] Transportation
- [ ] Manufacturing
- [ ] Utilities

9. Please check each organization that you or your company/organization maintain any type membership.

- [ ] National Minority Supplier Development Corporation
- [ ] Rochester Black Business Association
- [ ] Rochester Hispanic Business Association
- [ ] Upstate New York Regional Minority Purchasing Council

10. Please check each organization that has certified your company as an MBE.

- [ ] MTA
- [ ] New York State Department of Economic Development
- [ ] NYSDOC
- [ ] ESG
e
- [ ] OFTEC
- [ ] Other
- [ ] None of the above, my company is self-certified
- [ ] My company is not an MBE
Appendix A: Diversity Procurement Survey for MBEs

15. Please use this box to make comments or ask any question you might have.

[Blank space for comments]

[Blank space for questions]

[Blank space for comments]

[Blank space for questions]

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Appendix B: Diversity Procurement Survey for Buyers

1. To be completed by buyers and buying influencers

* 1. This survey is being sent to selected individuals at companies and organizations located in Monroe County. The data provided by you is for academic purposes only. Your responses will remain confidential. Your help would be greatly appreciated. There are 15 questions. It will take you only a few minutes to complete.

Name:
Company:
Address:
Address 2:
City/Town:
ZIP/Postal Code:
Email Address:
Phone Number:

2. What is your current occupation/title?

3. Gender
   ○ Female
   ○ Male

4. What is your ethnicity?
   ○ African American
   ○ Caucasian
   ○ Hispanic
   ○ Native American
   ○ Other

5. What is your age?
   ○ 21 or under
   ○ 22-24
   ○ 25-44
   ○ 45-54
   ○ 55-64
   ○ 65 or over

6. How many people are currently employed in Monroe County, New York by your organization?
   ○ 500 or less
   ○ 501-1,000
   ○ 1,001-2,999
   ○ 3,001-5,999
   ○ 6,001-10,000
   ○ 10,001 or more

Appendix B
Appendix B: Diversity Procurement Survey for Buyers

7. Diversity procurement programs have been categorized into 5 levels of program performance. Which do you believe best describes your organization's level?

- [ ] 1-Beginning MBE Program (No outreach, tracking, trade fairs, materials or budget)
- [ ] 2-Basic MBE Program (Subcontracting plan, coordinator, brochure, some trade fairs, compliance driven)
- [ ] 3-Traditional Supplier Diversity Program (MBEDC membership, limited tracking, vendor manage, senior level exposure, limited outreach)
- [ ] 4-Advanced Supplier Diversity Process (Active MBEDC member, involved senior management, adequate resources, key manager training, second tier program, superior tracking, marketing/sales interaction)
- [ ] 5-World Class Supplier Diversity Process (Integrated processes, senior management leadership, tied to performance objectives, advanced tracking/measurement, primary supplier development, productive second tier, communications/marketing plan, process improvement teams, contributions to market share & stakeholders equity)
- [ ] None of the above because my organization does not employ any type of diversity procurement program.

8. How many years of diversity procurement experience/exposure do you have?

- [ ] Less than 2 years
- [ ] At least 3 Years but less than 5
- [ ] 5 or more years

9. Please check each industry in which you have 3 or more years of diversity procurement experiences.

- [ ] Business Services
- [ ] Construction
- [ ] Education
- [ ] Financial Services
- [ ] Government
- [ ] Health Care
- [ ] Legal Services
- [ ] Manufacturing
- [ ] Media
- [ ] Not-for-Profit
- [ ] Transportation
- [ ] Utilities

10. Please check each organization that you or your company/organization maintain any type membership.

- [ ] National Minority Supplier Development Corporation
- [ ] Rochester Business Association
- [ ] Rochester Hispanic Business Association
- [ ] Upstate New York Regional Minority Purchasing Council
Appendix B: Diversity Procurement Survey for Buyers

11. What is your best estimate of your organization’s diversity procurement spend with MBEs for Fiscal Year 2008? Please do not include WBE expenditures.

- [ ] Less than $250,000
- [ ] At least $250,000 but less than $1,000,000
- [ ] At least $1,000,000 but less than $10,000,000
- [ ] At least $10,000,000 but less than $100,000,000
- [ ] $100,000,000 or more
- [ ] Information not available or provided

12. In your Fiscal Year 2008, approximately what number of MBE suppliers did your company buy products or services from?

13. In your Fiscal Year 2008, approximately what number of MBE suppliers did your company buy products or services from?

<table>
<thead>
<tr>
<th>Average Number of MBE Suppliers</th>
</tr>
</thead>
</table>

14. For Fiscal Year 2008, approximately what percent of your total procurement spend was with MBEs?

15. For Fiscal Year 2008, approximately what percent of your total procurement spend was with MBEs?

<table>
<thead>
<tr>
<th>Average Percentage of Total Spend</th>
</tr>
</thead>
</table>

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Appendix B: Diversity Procurement Survey for Buyers

16. Thank you for completing this survey. Your help is truly appreciated. As a follow-on, some respondents will be asked to share, via in-person interviews, some of their experiences and perceptions in reference to diversity procurement. The interviews would be audio-taped and last about 1 hour. All data will be combined, and maintaining anonymity of sources and their organizations will be a priority. Would you be willing to be interviewed under these circumstances?

☐ Yes
☐ No
☐ Maybe, you may contact me to discuss

17. Please use this box to make comments or ask any question you might have.
Appendix C

Interview Introduction Letter for MBEs

Date

MBE Owner Name
MBE Company
Address
City, State

Dear MBE Owner Name:

I am currently a doctoral candidate in the Ed.D. Program in Executive Leadership at St. John Fisher College. My coursework for the program will be completed within the next two months. The final requirement for me to earn my doctorate degree is the successful completion and defense of my dissertation.

As CEO of Eltrex Industries, I have participated for about 30 years in various diversity procurement initiatives both as a buyer and seller. About a year ago, after presenting to a local MBA class, I was asked if it was advantageous to pursue business development as a Minority Business Enterprise owner. I truly could not answer the question. As a result of this, I changed the topic of my dissertation to “Minority Business Enterprises (MBE) and organizational diversity procurement programs: Implications for MBE business development.” The goal of this study is to determine what factors encourage or hamper the success of MBE business development from the perspectives of both buyers and sellers. It is my expectation that this research will contribute to knowledge and inform practice in the diversity procurement arena.

You can help by completing the enclosed survey. You can return it in the enclosed postage-paid self-addressed return envelop or by completing it on-line using the following link: http://www.surveymonkey.com/s.aspx?sm=0AIM9Z7jvc_2bH7xmBi6s4AodA_3d_3d.

Based on responses from the surveys, requests will be made for some individuals to participate further by agreeing to partake in an in-person interview. Those interviews should take about 1 hour, and participants’ identities and their organizations will be protected and kept confidential. These interviews will be conducted by me and will be audio taped and confidentially transcribed.

Please complete the survey at your earliest convenience. Thank you in advance for your time and consideration. Your help with this project will be greatly appreciated. I look forward to having the opportunity to communicate with you further. If you have any questions, I can be reached at 454-6100 extension 204 or at matthew.augustine@eltrex.com.

Sincerely,

Matthew Augustine
Doctoral Candidate
St. John Fisher College
Appendix D

Interview Introduction Letter for Buyers

Date

Buyer Name
Buyer Company
Address
City, State

Dear Buyer Name:

I am currently a doctoral candidate in the Ed.D. Program in Executive Leadership at St. John Fisher College. My coursework for the program will be completed within the next two months. The final requirement for me to earn my doctorate degree is the successful completion and defense of my dissertation.

As CEO of Eltrex Industries, I have participated for about 30 years in various diversity procurement initiatives both as a buyer and seller. About a year ago, after presenting to a local MBA class, I was asked if it was advantageous to pursue business development as a Minority Business Enterprise owner. I truly could not answer the question. As a result of this, I changed the topic of my dissertation to “Minority Business Enterprises (MBE) and organizational diversity procurement programs: Implications for MBE business development.” The goal of this study is to determine what factors encourage or hamper the success of MBE business development from the perspectives of both buyers and sellers. It is my expectation that this research will contribute to knowledge and inform practice in the diversity procurement arena.

You can help by completing the enclosed survey. You can return it in the enclosed postage-paid self-addressed return envelop or by completing it on-line by using the following link: http://www.surveymonkey.com/s.aspx?sm=shEy5VNjUP_3f9tCtGhlt13kg_3d_3d.

Based on responses from the surveys, requests will be made for some individuals to participate further by agreeing to partake in an in-person interview. Those interviews should take about 1 hour, and participants’ identities and their organizations will be protected and kept confidential. These interviews will be conducted by an independent doctorate-qualified professional educator familiar with the goal of the investigation, and will be audio taped and confidentially transcribed.

Please complete the survey at your earliest convenience. Thank you in advance for your time and consideration. Your help with this project will be greatly appreciated. I look forward to having the opportunity to communicate with you further. If there is some else in your organization who you think should be surveyed, please give them a copy of this letter or let me know, and I will send them one. If you have any questions, I can be reached at 454-6100 extension 204 or at matthew.augustine@eltrex.com.

Sincerely,
Matthew Augustine, Doctoral Candidate, St. John Fisher College