



Whitepaper

# THE SUSTAINABLE IMPACTS OF WBE PROCUREMENT

CONNEXUS<sup>®</sup>

# OVERVIEW

While supplier diversity programs yield basic supply chain inclusion, tracking corporate spend with woman-owned businesses is simply not enough in today's increasingly transparent economic state.

Often times, government entities and large corporations require a percentage of WBE spend compliance to be met, before contracts or tax incentives are even considered. To stand out in a competitive marketplace, it is critical to provide the transparent and sustainable impact data that your corporations' diverse spend has on the economy.

## The Economic Impact of WBE Spend

According to research by the Hackett Group, companies who embrace diverse suppliers show more than 130% greater return-on-investment. Though women make up roughly half of the U.S. population, WBEs only account for 31% of all privately-held enterprises. This gap highlights female entrepreneurs' enormous potential for economic development, especially given their astonishing growth rates in recent decades.

Sourcing from women-owned businesses contributes to women's economic empowerment, or setting a path towards gender equality through inclusive economic growth.

Unfortunately, women oftentimes end up in unsecure low-wage jobs and constitute a minority of senior positions. By supporting WBEs in your supply chain, your corporation can provide women entrepreneurs the opportunity to develop their business and help to level the playing field in the ongoing employment gender gap.

More and more, corporations are increasing their supply spend with WBEs for myriad reasons. Their decision is not based solely on an ethical imperative, but because doing business with WBEs provides tangible economic benefits. According to a McKinsey & Company survey, 34% of senior executives reported that a company's efforts to empower women in emerging markets increased overall company profits.



Tier 1 and Tier 2 impacts on job growth and economic sustainability

## A Boom in U.S. Woman-Owned Businesses

Over the past decade, the United States has witnessed a robust growth of women-owned business enterprises. Since the economic recession of 2007, the number of WBEs has increased by 45%, compared to a nine percent increase among all other businesses – a remarkable growth rate five times the national average. Women are now a dominant force in small business ownership, succeeding in industries that were once taboo for women. Ten of CNBC's inaugural Upstart 25 companies were founded by women in industries ranging from finance to neuroscience.

**With over 1.8M supplier certifications in the ConnXus Database, over 16,000 nationally-certified WBE's cover these top five industries:**

Administrative Services  
Management Consulting  
Advertising Services

Scientific and Technical Services  
Custom Computer Programming

Small businesses are often thought of as the backbone of the economy, employing 51% of all people, generating nearly 64% of net new jobs over the past decade and producing 13 times more patents per employee than large patenting firms. Almost all (99.9%) women-owned businesses are considered small businesses, employing less than 500 people.

In recent years, businesses owned by women of color increased by 126%. Today, nearly eight out of every ten firms are launched by a woman of color. It is estimated that there are now 11.3 million WBEs in the United States -38% of the country's businesses- employing nearly nine million people and contributing over \$1.6 trillion in revenue to the national economy. With this phenomenal growth rate, tracking and reporting spend with WBEs is a critical function of corporate procurement.

# Measuring Impact, Increasing Efficiency, Decreasing Costs

Many organizations use basic spreadsheets that are insufficient and inaccurate in leveraging total purchase power. An important component in developing strategy is analyzing the general market with past spend data. Spend data analysis reveals issues surrounding visibility, compliance, and control. Strategic sourcing must be a priority at the C-suite level, with application across many business areas.

Presenting your C-suite stakeholders with data-driven metrics that demonstrates the success of your supplier diversity initiatives and its impact on the US economy is possible through a ConnXus Economic Impact Report™. You have the power to visualize and analyze Tier 1 and Tier 2 spend data's impact on job creation, economic sustainability and inner city growth.

Supplier data, however, is not static. Organizations merge, certifications expire, and business ownership changes hands. Data enrichment and validation tools provide a baseline for how many WBEs are certified or self-certified. Long-term, sustainable growth of doing business with WBEs requires investment and development. By tracking and managing spend with WBE organizations, you can mitigate risk, optimize your procurement process, promote innovation, and drive mutual value amongst stakeholders and business owners alike.



TO LEARN HOW CONNXUS  
IS EMPOWERING  
CORPORATE SUPPLIER  
DIVERSITY PROGRAMS  
THROUGH STRATEGIC  
WBE SOURCING, SPEND  
TRACKING AND  
ECONOMIC IMPACT  
INTELLIGENCE,  
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## ABOUT CONNXUS

ConnXus is a supplier management software company that simplifies the complexities of global supply chains and allows buyers to achieve their goals of responsible and sustainable sourcing. ConnXus is a NMSDC, CPUC, CAMSC and State of Ohio-certified minority-owned business enterprise (MBE) based in Mason, Ohio with local, regional and international capabilities. For additional information about ConnXus and their growing suite of supplier management solutions, visit the company's website at [www.connxus.com](http://www.connxus.com). To register your company on the ConnXus platform, visit <https://mysuppliernetwork.com>

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