

## DIVERSITY AS A STRATEGIC INITIATIVE

### BACKGROUND

MWBE firms have come a long way in the last decade—reaching a level of maturity and sophistication that allows them to be more valued and strategic with their clients than ever before. They have proven in their relationships with non-MWBEs that diversity offers various opportunities for positively impacting the bottom line.

For example, MWBEs can help non-minority companies understand the nuances of the growing diversity marketplace and thereby be in a better position to tailor products and services to meet the needs of those consumers, penetrate new markets, and increase sales.

Large and small companies alike (including suppliers themselves) who are really serious about capitalizing on these relationships are taking their diversity initiatives to the next level—supplier development. Supplier development is a natural evolution that expands a one-to-one purchasing relationship to a more in-depth, strategic alliance that supports the growth and ongoing success of the MWBE firm.

Supplier development can take many forms, including mentor protégé relationships, tier two purchasing arrangements, and incubator programs. One “form” of this evolution is exemplified by a strategic alliance where a corporation and a minority business team up on one or more projects to enhance the capabilities of each to win a contract, service or manage a contract, or develop a product/service.

### BUSINESS CHALLENGE

For 3D Performance, Inc., an Atlanta-based MWBE technology firm specializing in training, consulting, and information management services, the difficulty was in handling all the business it was bringing in. 3D Performance employs a small group of key executives and core direct employees with strategic skills. These are augmented by a range of contract consultants. At any given time the company might be managing a dozen or so consultants in the field, supplied by different staffing firms. One of its biggest challenges was a fundamental one faced by many small businesses—managing finances and maintaining cash flow. 3D Performance CEO Sheila Jordan said, “Every minute we had to dedicate to back office functions—collecting receivables, handling staffing issues and getting payroll out—was time lost being in front of the customer and building new business. These weren’t our core strengths.”

### SOLUTION

MATRIX Resources, Inc., one of the staffing firms used by 3D, had an idea for an expanded relationship that would benefit both companies. “They came to us and outlined the issues that were preventing us from growing,” said Jordan. It made sense for us to partner with MATRIX; they were willing to handle billing, receivables, and payroll, in addition to being my outsourced HR resource. Best of all, these activities are totally transparent to our clients.

Close Business  
Relationship  
Between MWBE  
Technology Firm  
and Non-MWBE  
IT Staffing Company  
Opens Doors to New  
Markets; Solves  
Back Office Dilemma



Sheila Jordan  
3D Performance, Inc.



Don Palmer  
MATRIX Resources, Inc.



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MATRIX sends out invoicing as though it comes from 3D, allowing us to maintain our direct client relationships.”

As MATRIX became more knowledgeable about 3D’s business objectives, and vice versa, joint marketing was a natural next step for the relationship. “With MATRIX standing behind them, 3D has the additional resources and credibility to pursue and win larger business opportunities. Partnering with a highly regarded industry leader can be a major factor in doing business with larger companies because it presents depth and breadth without having to expand resources to obtain them,” said Don Palmer, vice president of sales at MATRIX Resources, Inc.

“Our close business relationship allows us to work together to leverage 3D’s contacts to open doors to new business opportunities that help both our companies to grow and prosper,” he said.

## RESULTS

3D Performance CEO Sheila Jordan no longer needs to invest as much time with day-to-day back office details. Instead, she can focus on building her client base and growing her business. The structure of the relationship frees her to secure new business while taking a flexible approach to the use of human talent through a combination of direct hiring for core strategic long-term skills and the supplemental use of contract consultants where it makes sense. In 2002, the company’s business grew extensively; a positive step but one that would have otherwise forced 3D to make major changes internally to accommodate growth, if the partnership were not in place.

Conversely, in these tough economic times, it is not uncommon for projects to be delayed or postponed, or even cancelled. A small company such as 3D can be vulnerable if it has to staff up for “potential business.” This relationship allows it to be very flexible while still being responsive to new business opportunities.

The win for MATRIX is that the close rapport it has built with 3D has generated trust and loyalty, and a thriving business

as an exclusive staffing partner. As 3D grows, MATRIX will continue to share in the success. 3D has also helped MATRIX approach and secure business in geographies not normally served, and open doors to potential clients where MATRIX is not on the vendor list.

## ABOUT MATRIX DIVERSITY INITIATIVES

For MATRIX, being a non-MWBE firm has not inhibited it from participating in diversity initiatives. In fact, the opposite has been the case. With 3D Performance, it has put into place a diversity program that works, and works as a mutually beneficial partnership, which improves the chances for long-term success. And as the relationship grows and matures, the two companies are becoming stronger together as strategic partners.

Using this success as a model, MATRIX participates in the Georgia Governor’s Mentor Protégé program, and is in the process of helping other MWBE protégés in its Atlanta and Dallas offices along similar paths. As with 3D Performance, the MATRIX mentoring model isn’t simply a holding of hands; it often involves a professional assessment of the smaller suppliers’ strengths and weaknesses and strategic insights on where to go, ultimately delivering business value that provides opportunities, challenges, and rewards to both parties.

## DIVERSITY POSTSCRIPT

Supplier diversity initiatives and an increased attention to different cultures by companies are becoming much more than just “feel-good” programs. Diversity is about market share, buying power, and the business imperative to maintain a supplier base that reflects an increasingly diverse and powerful customer market.

Recent studies predict minorities will constitute 40 percent of the U.S. population by around 2012. Even today, according to the Society for Human Resource Management, “Minorities” are the majority in six out of the eight largest metropolitan areas of the United States. Additionally, the combined African-American, Hispanic American and Asian-American buying power is more than \$750 billion.



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