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After 25 years of success, the Tuck School reengineers its approach to supporting supplier diversity.

By Leonard Greenhalgh, Ph.D.

Data from the U.S. Department of Commerce show that minorities and women are becoming an increasingly prominent component of the national entrepreneurial economy. But the business world in which they are operating has changed dramatically, and the pace of change has accelerated at an alarming rate during the past few years. In past decades, the practice of domestic outsourcing, coupled with corporate and public sector commitments to supplier diversity, afforded a safe haven for the development of minority and women's business enterprises (M/WBEs). Today, these same entrepreneurial businesses face major challenges.



The most significant development has been the globalization of business, which intensified competitive pressures on major corporations and necessitated consolidation of their supply bases. The competition from low-cost countries, combined with the persistent sluggishness of the U.S. economy, has shrunk profit margins, with the result that many U.S. corporations simply can't afford to be generous. In these lean times, making a social case for supplier diversity is no longer persuasive—M/WBEs need to present procurement managers with a compelling business case.

But offering an attractive value proposition is not



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enough—M/WBEs must be able to deliver on the promise. To do this, they need to *have their act together*, so that they are running an efficient, agile, highly integrated, high-performing business. Further, today's M/WBEs need to grow. Major corporations with sincere commitments to supplier diversity—and their public sector counterparts—cannot operate cost-effectively if they are dealing with myriad small suppliers.

Facing a harsher business environment, M/WBEs need to adapt. So do supplier diversity professionals and the various support organizations that foster their progress and inclusion in value chains. Adaptation, in this context, involves a learning process—selectively abandoning old approaches that are not suited to the new era, devising creative solutions to the current challenges, positioning M/WBEs for the future, and learning best practices. In short, entrepreneurs, supplier diversity professionals, and support organizations need to operate differently to keep up with the pace and the kind of changes taking place in the world around them.

In response to these emerging needs, the Tuck School has reengineered its approach to supporting supplier diversity. An important element of the school's mission is to have a real impact on how well minority- and woman-owned businesses are being operated, and on the economic well-

being of minority-dominated communities. To stay at the cutting edge, Tuck has reevaluated its role and contributions, broadening its audience as well as its offerings. The rationale behind Tuck's reinvention of its programs, after 25 years of success, stems from its steadfast commitment to fostering the survival and prosperity of M/WBEs.

The Evolution of Programs for Minority Business Enterprises

As recently as 2001, Tuck had only two educational offerings for minority business owners. The Minority Business Executive Program (MBEP) taught these entrepreneurs many of the things they needed to know about running a business; and the Advanced Minority Business Executive Program (AMBEP) added to participants' knowledge and skills. The programs were successful because they were high quality. Tuck faculty members are world-renowned for their excellence in teaching, and minority entrepreneurs were eager to learn from them; and many minority business owners and operators were energized by being taught at a quality level few had ever experienced.

Even though these earlier generation programs received rave reviews from participants, it wasn't clear that the learning experience was fully preparing minority business owners for the unforgiving business climate they were beginning to face. So the programs were redesigned and refocused. The mission statement at Tuck shifted from providing high quality programs for minority entrepreneurs to providing high quality, *high impact* learning experiences. The emphasis was on making a real difference in how well participants *ran their businesses*.

The Tuck core program—MBEP—has been re-named *Building the High-Performing Minority Business*. It is a highly integrated learning experience that, in a week of busy days and evenings, shows minority entrepreneurs how to diagnose and overcome the shortcomings of their businesses. It features self-assessment of the business, learning how each aspect of the business would ideally be managed, and developing a participant-specific plan for business improvement. Instead of emerging from the program with a binder full of articles and case studies, Tuck's participants emerge with a detailed *To Do* list that they are expected to implement.

Tuck's traditional follow-up program—AMBEP—has been re-named *Growing the Minority Business to Scale*. It is designed for participants who have been through the core program—or equivalent educational preparation—and have implemented the changes necessary to assure high performance and to build a solid foundation for growth. This equally intensive 5-day program gets participants to explore alternative strategies for achieving scale: organic growth, mergers and acquisitions, and strategic alliances.

Tuck's new-generation executive programs actually document business improvements. Minority business owners are required to perform a detailed assessment of their own businesses a month before they come to the program, answering questions a consultant would pose about various aspects of organizational functioning. The programs teach them how to optimize their businesses, "drilling down" in all the important topic areas. At the end of the arduous week of learning, they are charged with implementing all of the changes that are needed. Six months after graduation, they have to perform the detailed assessment once again. The difference between the pre- and post-scores measures the improvement in their businesses.

Another premise guiding the evolution of Tuck's offerings is that program designs need to be tailored to the size of the business. When the businesses are small, it makes sense to teach the owners how to run them well. The entrepreneurs can implement their learning because they have face-to-face contact with their workforce.

When businesses are larger, focusing only on educating the CEO often has a low impact and results in frustration. The typical scenario is one in which the CEO returns to the business brimming with good ideas, but the managers who need to implement the changes are not on the same page, because they were left out of the learning process.

Tuck has dealt with this challenge by administering programs for up to eight *intact top management teams*. These 3-day programs combine the best features of tailored executive education, just-in-time consulting by the instructors during private company breakout sessions, and a strategic retreat (which is usually long overdue for managers who find themselves perpetually putting out fires and never actually getting around to the big picture!).

The advantage of this approach is that the management team understands the need for the changes listed on the *To Do* list, and is already committed to implementing them. The disadvantage is that this program can serve, at most, eight minority businesses at a time. Thus, in the case of

larger minority-owned companies, a tradeoff is being made that favors depth of impact over the number of businesses served.

At Tuck, program designs are not only tailored to the size of the business, some are also tailored to the nature of the business being served. For example, the exact learning needs of minority entrepreneurs supplying defense contractors are different from those in other industries, such as retailing, so Tuck is running a special program for aerospace suppliers. As another example, tribally-owned businesses have very different governance structures from those found in businesses run by members of other minority groups. The latter are unfettered in their pursuit of opportunities, while the former often must deal with multiple

constraints, such as maximizing tribal employment; locating on the reservation, even if this poses competitive disadvantages in terms of proximity to key customers; and a slow decision-making process that lets pop-up opportunities slip by.

In late 2004, Tuck ran two programs for Native American



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businesses, allowing the programs to focus on their unique challenges. These examples show that to maximize program impact, Tuck needed to move toward grouping participants who have common needs when this is feasible.

A different approach is also needed to stimulate the growth of minority businesses in the nation's depressed urban areas. Many institutions have fostered the success of individual M/WBEs dispersed throughout the United States, but this effort hasn't addressed the inner city problem. A more geographically concentrated intervention is needed to restore and sustain the vitality of a localized value chain, and connect it with the mainstream U.S. economy—and it requires concerted action by multiple institutions.

A new initiative, the Urban Entrepreneur Partnership, is committed to demonstrating real results in specific urban locations, and Tuck is providing the educational support for this effort. Thus far, the committed parties include the White House, the National Urban League, the Minority Business Development Agency, the Ewing Marion Kauff-

man Foundation, Business Roundtable, the Small Business Administration, and the Financial Services Roundtable. To be effective, this initiative needs to further broaden the coalition to include other institutions that can help chart the path toward a different future for minorities in the U.S. economy.

Strengthening the Minority Business Support System

Some educators believe that their job is done when the student graduates. Tuck's perception is that its job is done when its graduates run successful business enterprises. With participants drawn from all 50 states plus Puerto Rico, it is impossible for the school to give the follow-up attention its graduates sometimes need—primarily, help with access to capital and customers, and management and technical assistance. Fortunately, the Minority Business Development Agency (MBDA) has a national network in place that can provide much of this support.

It has therefore made sense for Tuck to engage in a strategic partnership with the MBDA. Under the leadership of National Director Ronald N. Langston, the partnership has flourished. Tuck trains MBDA's staff, including those of its funded field organizations, to be more effective consultants to minority entrepreneurs that are on strategic growth trajectories or that have the potential for such growth. This has enabled the MBDA's National Director to fulfill his vision of a uniform, high-impact approach to helping the companies that seek out MBDA's help. The synergies are clear: MBDA can help minority business owners in ways that Tuck cannot; and Tuck can provide learning experiences that MBDA lacks the budget or the training expertise to provide to its field organizations.

After two years of working together, the Tuck-MBDA partnership has shifted its focus from sharpening the skill sets of the client-facing consultants in the MBDA network to upgrading the skills of minority business owners with high potential. This development has been very positive, because sometimes it is a skill deficit rather than a resource deficit that has brought the minority entrepreneur to seek help from the MBDA.

For example, if the business owner needs access to capital because cash flow is being poorly managed, then loans or an infusion of equity capital may create additional financial obligations without addressing the underlying problem. Similarly, if the business owner is having difficulty selling services or goods to customers, the problem may not be poor access to contracts, but rather a mismatch of supplier capabilities with customer needs. Tuck's programs for MBDA-nominated minority businesses have been very popular adjuncts to the set of services that the MBDA provides.

Programs for Women Entrepreneurs

The Tuck School is a service provider to corporate and public sector supplier diversity programs. Most of these programs aspire to ensure the quality of the women, as well



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as the minority, business owners in their value chains. Tuck responded to requests to create programs for this underserved sector by partnering with the Women's Business Enterprise National Council (WBENC) and IBM. The Tuck-WBENC Executive Program was first offered in 2003 with top-tier faculty from Tuck and world-class facilities and accommodations provided by IBM at its Palisades, New York, executive education facility. The core program—which embodies all the high-quality, high-impact features of Tuck's new generation of offerings for other entrepreneurial businesses—is offered annually, and advanced-level programs for women business owners are already designed and awaiting corporate sponsorship.

Programs for Corporations

Achieving meaningful supplier diversity results is a big challenge for many corporations. Tuck has been approached by corporations interested in moving beyond existing processes that seem fully leveraged. To date, corporations have largely focused on what supplier diversity structure is in place: measurement of diversity spend, espoused top-level commitment, accountability, and assigned supplier diversity roles. Increasingly, corporations are concerned with outcomes, not structures. Supplier diversity programs consume valuable resources and companies want to be sure their expenditures lead to the development of a strong, integrated value chain and improvement in the corporation's competitive advantage. Tuck is equally focused on achieving real results—for M/WBEs and the corporations that do business with them—and is in a position to provide innovative solutions

for procurement, supply-chain management, entrepreneurial development, and adaptive organizational change.

An example of Tuck's non-traditional approach is the development of new-generation corporate mentor-protégé programs. Many of the traditional programs provide limited real benefit, because of the way they are structured. In many cases, available corporate managers with no experience in entrepreneurial or supplier businesses are assigned to talk with M/WBE owners. They can connect the M/WBEs to decision-makers within their own corporations, but often cannot provide much useful advice or coaching.

By supplementing this effort with a tailored educational component, Tuck can transform this process into an opportunity for both the protégé company's management team and the assigned mentor to improve their business acumen, and rapidly increase the protégé's attractiveness as a supplier. Even IBM, with its excellent record of commitment to diversity, is using Tuck resources to implement a pioneering approach to reengineering its mentor-protégé program.

Thought Leadership

As an academic institution with long-term, deep involvement in minority business, Tuck is in a unique position to host the conversation that needs to take place among the disparate set of parties concerned with the economic future of minorities in the United States. Tuck has assembled an array of leaders and visionaries and invited them to a two-and-a-half day summit meeting in May 2005, to address what needs to happen in order for initiatives like the Urban Entrepreneur Partnership to succeed.

The objective of the meeting is to ascertain how various parties need to work together to break the cycle that has destined minorities to under-participation in the U.S. economy; to identify the barriers to minority entrepreneurial success; and to enlist others to join the coalition of institutions that are working to transform stagnant urban communities. Many people have observed that the various parties dedicated to addressing the problem of minority participation in the U.S. economy could increase the effectiveness of their contributions if they partnered strategically to create greater long-term impact.

Facing New Challenges

In 2004, Tuck celebrated 25 years of providing educational services to the minority business community, counting among its more than 3,000 program graduates numerous well-known M/WBE achievers—many of whose portraits have adorned the cover of *MBE* magazine. Three years earlier, Tuck offered only two programs per year—MBEP and AMBEP. In 2004, Tuck offered 10 major programs and six “cameo” programs, was working with virtually every major business support organization, and had outreach efforts under way with every minority group.

With the passing of its Silver Anniversary, Tuck is now facing its next quarter century, and a more formidable challenge. To have a real impact, a premier business school like Tuck cannot simply impart skills and knowledge to a select group of M/WBEs and then hope for the best. The challenges facing M/WBEs are complex and systemic, so the solutions must likewise be multifaceted and oriented toward reshaping the system in which M/WBEs must operate. Tuck is working hard—and creatively—to foster those solutions.

The degree of involvement required to have an impact on the M/WBE community is consistent with Tuck's mission and values. The Royal Charter that established Dartmouth College in 1769 stipulated that the college would serve the needs of minorities (Native Americans in particular), and the Tuck School has been the nation's pioneer in making world-class educational experiences available to minority entrepreneurs. The need is different today, and the challenges more daunting, but the school has refocused and increased its efforts accordingly.

More specifically, the Tuck School of Business is able to serve M/WBEs, supplier diversity professionals, support organizations, and urban areas with large concentrations of minorities because of the commitment the school has made to address the changing demographics of the nation's entrepreneurial growth engine. The effort is more than something that is done on the side; the program designs, and the continuous improvement processes that keep them refreshed, are guided by a team of first-line faculty—tenured full professors who are top scholars in their fields as well as world-class teachers.



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The Tuck School deans are highly committed to program success, and have appointed a dedicated advisory board consisting of some of the nation's top supplier diversity professionals: Benita Fortner of Raytheon (Chair), Reginald Layton of Johnson Controls, G. Winston Smith of Microsoft, Diane Freeman of General Motors, Theo Fletcher of IBM, Brenda Schneider of Comerica Bank, and one of the country's greatest minority success stories, Frank Venegas of the Ideal Group. In addition, the M/WBE initiative at Tuck has a highly qualified program staff that is dedicated to its year-round operations.

Tuck recognizes the importance of making M/WBE edu-



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cation a high priority. M/WBEs are the fastest-growing sector of the U.S. economy. The nation's future economic prosperity will hinge on how well this sector fares in the globalized business world. There are nearly four million minority business owners to be served, and even more women. It is Tuck's hope that its programs and focus will inspire the more than 1,000 U.S. business schools to develop programs where none exist and refine those that do, working constantly to evolve with new challenges and make a significant difference in the minority- and woman-owned business communities. ◆



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