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# RACE MATTERS

*Occasional Updates*

# 2



## Guidelines for Promoting Racially Equitable Purchasing

If you are looking for ways to ensure that your organization's purchasing decisions are racially equitable, consider these three steps.



**Step 1.** Identify the likely reasons that your choice of vendors is not diverse. Some possible answers include:

*"We don't have a diverse set of vendors to call on. There may not be many in the business we're seeking, or they might not be nearby. The pool of potential vendors is very limited."*

*"We make these decisions quickly, so we rely on our usual vendors."*

*"We select vendors based on their advertising and marketing."*

*"We only use vendors who come to our annual orientation."*

*"Vendors of color may be too expensive – we don't have more money to spend."*

*"Maybe we're judging vendors differently."*

What other possible reasons might you imagine?

**Turn the page to see what you can do.**

### **MORE**

RACE MATTERS offers additional resources that align with the perspective of the RACE MATTERS Toolkit.

## Guidelines for Promoting Racially Equitable Purchasing (cont. from p.1)

**Step 2.** Note that the solutions are embedded in the explanations. Devise strategies for change based on where the explanations lead you. Some possible strategies related to usual reasons include:

*“We don’t have a diverse set of vendors to call on. There may not be many in the business we’re seeking, or they might not be nearby. The pool of potential applicants is very limited.”* (1)

Invest time in expanding your purchasing networks and your knowledge of available business options. One place to start: Your local government may have a list of vendors who have registered for its targeted programs. If not, ask around. You are likely to be surprised at the range of options this work uncovers. (2) Keep in mind that you are usually only looking for one vendor for a given need at any particular time. So a small

pool is not necessarily a problem. With lead time, you will be able to expand the pool by expanding your networks using the strategies mentioned above. A small pool of vendors is not a problem if the right one is in it!

*“We make these decisions quickly, so we rely on our usual vendors”* Build your information base. Once you’ve expanded your networks, this won’t remain an issue.

*“We select vendors based on their advertising and marketing.”* (1) Are you looking in advertising outlets that are likely to be used by vendors of color? Learn about and review new outlets (e.g., newspapers and radio stations with significant minority audiences, publications of faith-based and nonprofit organizations serving communities of color). (2) Because businesses of color are more likely to operate with limited capital, and thus fewer dollars for extensive advertising, don’t depend solely on advertising to identify your vendor options.



***“We only use vendors who come to our annual vendor orientation.”***

Be sure to invite vendors of color specifically. Those who have not had your business in the past are less likely to come without your outreach to encourage them to do so.

***“Vendors of color may be too expensive – we don’t have more money to spend.”***

(1) This is only an assumption that must be tested by the facts. In our experience, and at the risk of over-generalizing, vendors of color can actually help your organization save on costs. Because they tend to be smaller businesses, their overhead costs may be lower than those of larger businesses. So don’t assume – test this out. (2) If the cost turns out to be marginally higher (which can happen where smaller business size can’t benefit from economies of scale), there is an argument to be made for the fact that diversified business choices are good for the community and good for your organization’s reputation – and thus a second bottom line is being served. Operating your organization in a way that consciously promotes racial equity is a positive reputation builder.

***“Maybe we’re judging vendors differently.”***

(1) Ask staff to check one another about any tendency to apply

different interpretations to comparable proposals – for example, one business has “a wide range of customers” while another “seems to be all over the place with its customer base.” The first interpretation suggests an asset; the second raises questions about the very same information. (2) Be sure to make decisions based solely on bona fide task requirements. For example, in your selection of a vendor for catering, someone comments, “But they don’t advertise very much.” This should not be a criterion for choosing one caterer over another because it has no necessary link to the availability of tasty, nutritious offerings. Instead, a focus on level of advertising as a selection criterion might actually be an unintentional discriminatory disqualifier of businesses of color disproportionately and small businesses generally because they are not likely to have the kind of profit margin that allows for elaborate advertising.

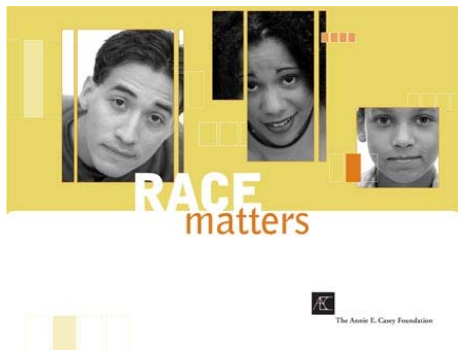
What else? Other reasons you identified for having a less than diverse set of vendors are also likely to have solutions embedded in them.



**Turn the page for Step 3.**

The Race Matters Toolkit  
is available from:

The Annie E. Casey Foundation  
701 St. Paul St.  
Baltimore, MD 21202  
[racematters@aecf.org](mailto:racematters@aecf.org)



### What users are saying about the *Race Matters* Toolkit:

*"It's been so constructive from the get-go that others are hungry to be a part of it."*

*"It gave us a real jump-start, a way to focus."*

*"There are so many things you can do with it."*

## Guidelines for Promoting Racially Equitable Purchasing (cont. from p.3)

**Step 3.** Maintain the strategies just identified as a routine part of organizational practice and (re)commit to work that produces racial equity.

The above practices are healthy for your organization's community connectedness and reputation over the long term.

Be aware that the achievement of vendor diversity without attention to aligned organizational operations risks losing newly recruited vendors and thus undermining equity. For example, if businesses of color are more likely to be smaller enterprises, they will rely on quick turnaround times for payment after delivery of services. Your payment system may need to be altered to ensure that you can retain their services. More generally, while working to recruit more diverse vendors, look at relevant organizational operations to be sure they are not inadvertently un-

dermining your commitment to utilize a wider range of vendors.

Also recognize that a commitment to equity in organizational operations as well as in program and policy work – while essential in its own right – sends a strong positive signal to diverse staff, Board, and the larger community.

Celebrate your achievements in producing racial equity in organizational purchasing. Then be prepared for that success to create its own set of next step challenges. For example, you may find that others want to emulate the purchasing model you are now known for. At some point vendor capacity may be fully tapped, creating unmet demand. At this juncture, there's an exciting opportunity for business expansion and an identified demand for it. Help interested vendors find partners in the community to advance this opportunity for job creation and wealth-building within communities of color.