

Doing business with corporations

by Onnie R. Martin

Despite difficult business challenges, Corporate America is making serious efforts to build meaningful relationships with minority and women-owned businesses. They cannot guarantee success for minority and women enterprise — no one except the entrepreneur can do that. What they can do is utilize minority and women suppliers to help bring these groups into the main stream of business.

The thing to remember is major corporations choose their vendors and suppliers with care. That's why it is important to know what Fortune 500 companies are looking for when they are on the look out for qualified firms.

The commitment to use minority and women-owned businesses comes from corporate top brass. The responsibility for finding them rests with the Corporate Purchasing Manager. It stands to reason this individual is only going to recommend suppliers with innovative ideas, and the financial strength to back them up.

Corporations that do business nationally are continuously placing orders, expediting, working with material control — and that's only half the story. The other half is marketing their business, negotiating major contracts, setting long-range goals and objectives, forecasting and strategic planning . . . That may sound impressive, but it is also an awesome decision-making responsibility.

Supplier capabilities not only should match production problems, but preferably should contribute to the company's long-range plans. Most purchasing managers are looking for vendors who have long-term potential.

Purchasing is considered an important strategic function. Since purchasing departments are attuned to both the day-to-day operation of the company's business and future goals, vendor selection is based on a number of key performance factors:

- 1 — Quality
- 2 — Price
- 3 — Delivery
- 4 — Service

Making initial contact with the responsible procurement officer is only the beginning. The purchasing agent will be interested in learning more about your capabilities. Questions

most frequently asked are: Can you supply products of appropriate quality level? What is your company's financial ability to handle the business you're soliciting? What kind of reputation do you have in the marketplace with existing or previous customers?

In the past, cost may have been the overriding concern for many corporate purchasing managers. But times have changed. In today's competitive environment, corporations are more quality conscious. Vendors who are supplying products or services are actually considered "part" of the company. Top brass expect the same kind of professional qualifications from potential suppliers as they do from potential employees. After all, no one wants to hire a worker who can't perform.

Of the four factors minority and women-owned businesses should demonstrate, quality and reliability are by far the most important. Without a doubt, performance is the key to success.

In the buying of goods and services, there is a move toward entrepreneurial leadership. As consumer demands for improved quality and service intensifies, major companies are constantly looking for new development and new methods which will provide greater efficiency and economy. The primary objective is to work closely with suppliers to assist in improving product quality and productivity.

As more and more corporations look to develop a sense of partnership with businesses owned by minorities and women, higher standards of performance will insure mutual prosperity in the years ahead. A supplier must be prepared to demonstrate its capabilities when the purchasing manager reviews its basic business data. Potential new suppliers are generally requested to submit the following information:

—Data pertaining to the financial strength of the business, e.g., an annual report or income statements for the past six months.

—Specific details on the types of products or services supplied.

—Description of facilities and equipment used in furnishing these products and services, including facil-



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ity location and size, as well as capacity limitations considerations.

—Current customer and the duration of the supplier's business relationships.

The supplier should be prepared to present and discuss this information in its initial meeting with the buyer.

Understanding the minority purchasing program from a corporate point of view is an important step that will improve the ability of minority and women-owned companies to compete successfully in today's market place.

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Small business sustains economy

We take a lot of things for granted — running water, the daily newspaper, electricity, the corner drug store — the list is long. We seldom stop to realize however, how much we need or rely on those things we take for granted until we have to do without them.

One of the difficulties in creating public awareness of how important small business is in sustaining local and national economic strength is, in large part, due to the fact that because small businesses consistently and reliably meet our daily needs, we tend to take them for granted and we lose sight of their importance.

Most of us work for a small business. We buy our houses, cars, clothes and household appliances from small businesses. When we need the toaster, TV or the children's bikes repaired, we call on our neighborhood small business. We get our clothes cleaned and our hair styled at our favorite local shop. The watch for our son or daughter's graduation is available at the local jeweler's and our audio, video and computer needs are conveniently available "from a store near you" as a favorite advertising phrase goes.

But what if we had to call or go to Detroit to buy a car? What if we had to go to the plant of one of the major pharmaceutical manufacturers to buy aspirin or the prescription the doctor ordered for our sick child? What if we had to go to Georgia, Washington or Oregon to look at and buy the lumber we need for our home repair jobs?

Possibly only if these exaggerated examples became realities would we understand the true value of small

business. And this in no way demeans or denigrates the value and importance of big business without which our economy could not survive. But through TV commercials and other media attention which centers on the ebb and flow of activity in these businesses, many of the "Fortune 500" names are well known to us and occupy our attention when we think about America's business community.

Local small businesses do not enjoy the same media attention and consequently do not rate high in the public consciousness, but their importance is just as vital to our economic wellbeing.

The National Small Business Association (NSB) has compiled a basis of comparison which we believe gives scope and dimension to small business' value and importance.

Last year, small businesses provided a livelihood for over half our population and jobs for 45 percent of the nation's total, non-farm workforce. That meant jobs for over 45 million Americans.

Stated another way, jobs provided by small business were:

- Ten times greater than all the jobs in the federal government;
- Three times greater than all the jobs in state and local governments;
- Three times greater than the total number of jobs of the "Fortune 500"; and
- Thirty-seven times greater than the total number of jobs of the Big Three automobile manufacturers!

Last year small businesses also produced 39 percent of our Gross National Product. This translated to one

trillion four hundred billion dollars — \$1,400,000,000,000!

Put in perspective, that was:

- Six times greater than the cost of national defense;
- Five times more than total health care costs, including social security, medicare and medicaid;
- Thirteen times greater than interest on the debt;
- Thirteen times greater than income security costs, that is, retirement and disability payments and assistance to the aged and disabled;
- Fifty-two times greater than the cost of all of our education programs;
- One and one-half times greater than total expenditures of the 1984 federal budget!

Viewed in this broader perspective of its relative value to the nation, small business can begin to receive the attention it needs and merits to grow, prosper and continue as a bulwark of the nation's economy.

We need small business. We need the diversity small firms provide in broadening a community's economic base. We need the traditional values that small business alone provides in preserving competition, an independent market economy and our free enterprise system which allows Americans a unique freedom of choice in the product they buy and the prices they pay; and perhaps most of all, we need small businesses' productive capacity and the jobs they generate each year.

You need your local small businesses and they need you. Continue to support them.

Women are new entrants in stock market buying

Fifty-seven percent of the people who bought equity securities for the first time between 1981 and 1983 were women.

Surprising? It shouldn't be. Over 42 million Americans currently own equity shares — and fully half of those owners are women. In fact, according to a 1983 New York Stock Exchange survey, the typical new shareholder is a female, 34 years of age, married, and employed full-time.

The final qualification — employed

full-time—is the key. Thirty-two percent of shareowners first acquire shares through employee purchase plans. With women making up almost half of American labor, women's importance in the financial marketplace has grown as well.

Traditionally, women have been saver-oriented. They have tended to shy away from speculative investing, preferring safe vehicles that offer capital preservation. In the 1970s, mutual fund groups profited from this atti-

tude, as many women with new control over money were attracted by the safety and high yields available through money market funds, particularly government-only money funds.

Almost half of the assets of American households are now in what the Investment Company Institute defines as "safe" investments — bank deposit accounts and money market funds.

The other half — \$2.6 trillion — is divided between debt and equity instruments. And here women are

changing their traditional attitudes, broadening their portfolios to include stocks, bonds, and tax shelters, as well as money market fund shares.

According to the New York Stock Exchange, women making their first securities purchases usually anticipate making additional stock purchases during the next year.

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