

Supplier Diversity Is Central to Navistar's Success



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2021 marks the 40th anniversary of Navistar's pioneering supplier diversity program. We are proud to be the first U.S. truck maker with a formal supplier diversity program in place. Meanwhile, an array of recent data strongly supports our conviction that society, the economy and business all benefit from the contributions of the diverse supplier base that is encouraged by such programs.

For one thing, supplier diversity programs can actively address the challenges faced by diverse businesses. The pandemic has been a tough time for small businesses, and

for diverse businesses in particular. A [recent study](#) by a unit of H&R Block, for example, found that more than half of Black-owned small businesses experienced at least a 50% decrease in revenue during the pandemic, compared to only 37% among white-owned small businesses.

The pandemic's impact only adds to structural challenges still faced by diverse businesses. For example, a recent [Brookings Institute analysis](#) of census data found that while Black people comprise approximately 14.2% of the U.S. population, Black-owned businesses comprise only 2.2% of the nation's 5.7 million employer businesses, meaning firms with more than one employee. The same study found that the under-representation of Black-owned businesses is costing the U.S. economy "millions of jobs and billions of dollars in unrealized revenues."

Diversity Programs Can Make a Real Difference for Suppliers

Against this backdrop, supplier diversity programs like Navistar's can have considerable economic impact. During the last three years, Navistar has spent well over \$2 billion with diverse suppliers.

Navistar's supplier diversity program actively engages with a wide array of diverse businesses, including not just minority-owned and women-owned, but also small disabled businesses, veteran-owned and service-disabled veteran-owned small businesses, and HUBZone businesses. Our procurement goals drive us to continue increasing our diverse spend annually with these groups and with small business enterprises across the board.

Added to our purchasing power is the power of advocacy, which can translate to tremendous impact for individual diverse businesses. For example, seven years ago, VIVA USA, a small, diverse computer consultancy, developed a portal for use by Navistar's diversity team, which the team believed showed promise for other companies. "They have been an advocate and a champion for us," says Sumalya Sundaram of VIVA.

Internally, advocates throughout the company identify opportunities for diverse suppliers, and actively communicate and support the value of supplier diversity with their teams. We also inform suppliers, customers and peers about the ways in which they can support diverse businesses in their own companies and communities.

Our Diversity Program Adds Value for Navistar and Our Customers

Navistar actively supports supplier diversity not just because it demonstrates civic and social responsibility, but also because access to a diverse supplier base has practical business advantages for Navistar. Our experience has shown that diverse suppliers are generally more adaptable, flexible and nimble due to having fewer operational restraints. This allows them to more easily pivot and meet changing or new customer demands. Smaller businesses, which diverse businesses generally are, also tend to operate with lower overhead, enabling

them to deliver quality at highly competitive rates which we can pass along to customers.

The new ideas, improvements and modern approaches delivered by diverse suppliers are also a key factor in helping Navistar maintain a competitive edge. Tapping into the experience and insight of diverse-owned companies allows us to better understand the expectations and needs of today's diverse and increasingly multicultural population. Supplier diversity also helps attract new talent: Harvard Business Review [recently reported](#) that 52% of respondents in a survey commissioned by UPS said they want to work for a company that has a supplier diversity and inclusion program.

We're proud that our supplier diversity program has been recognized for its contributions. For the last two years, for example, Navistar's program has been named an All-Star of Supplier Diversity by Minority Business News USA. But much more important than recognition is the actual business impact. By capturing fresh and diverse perspectives, our supplier diversity program establishes a platform for delivering enhanced customer satisfaction.