

Defining Supplier Diversity Value Proposition!

Definition of a Value Proposition: Simple, clear statement directed at a specific and targeted customer, regarding the Quantifiable & Measureable Benefits they can achieve by solving a strategic business problem along with the Required Investment needed to make engagement possible.

Measureable Benefits – Required Investment = Value (Output)

Key Elements of a Value Proposition:

1. What is the product and/or service you are providing?
2. What Strategic Business Problem is the solution solving?
3. How is this helping the Specific and Targeted Customer?
4. What is the cost associated with delivery of your product and/or solution?

Sample Value Proposition:

The Northwest Mountain MSDC (Council) believes that Company XYZ will be able to more cost effectively drive innovation, creativity, and efficiency by integrating Council Certified Minority Business Enterprises into your supply chain, thereby solving the stated problem resulting in projected cost reduction of 15% while increasing customer service to your Business Partner and their customers. Increasing customer value can be achieved with an investment of \$100,000.⁰⁰.

Key Elements of a Value Statement:

Definition of a Value Statement: Quantifiable & Measureable Results captured at the end of an agreed too period of time, e.g., 1 year after initial implementation of the problem solving solution.

Key Elements of a Value Statement:

1. Quantifiable & Measureable Results
2. Resultant Objective Monetary/Dollar Value, or,
3. Resultant Customer Monetary/Dollar Value conversion elements
 - a. Net Present Value of Customer
 - i. Customer Lifetime Value

Sample Value Statement:

The Northwest Mountain MSDC committed to a 15% reduction in customer service response time solving the defined problem as defined by Company XYZ. After a year of the solution being implemented both Company XYZ and the Northwest Mountain MSDC has determined that we have achieved a 22% reduction in customer service response time thereby saving \$200,000.⁰⁰ in customer deflections the first year.

$\$200,000.<sup>000000
(Value Directly Attributable to MBE Innovative, Creative, and Cost Effectiveness)</sup>$