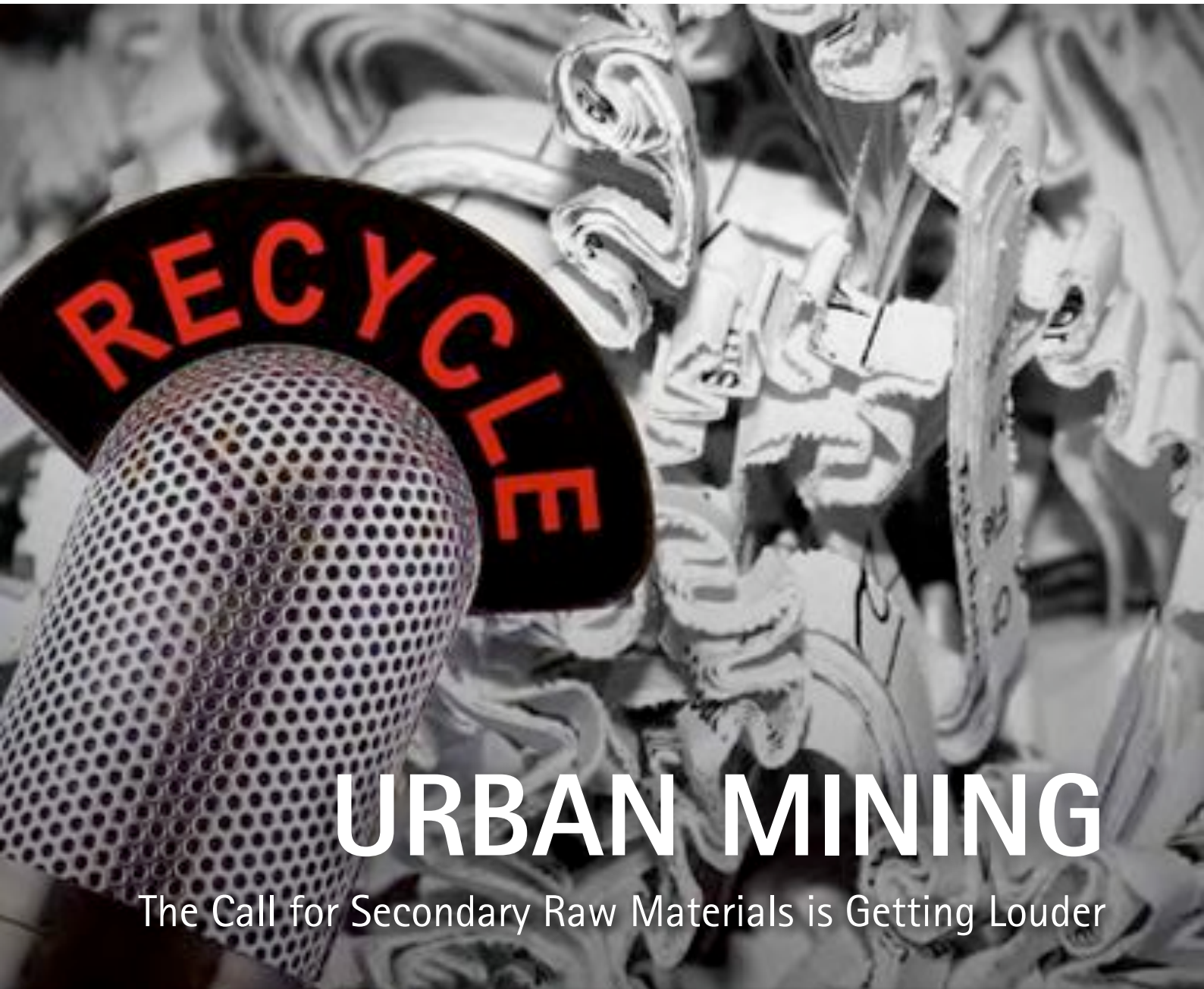


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A Woman's World

Integrating Women-owned Businesses into Global Value Chains Strengthens Supplier Diversity

by SOPHIE GUERIN

The inclusion of women-owned businesses in the global value chain is vital to economic success in the 21st century. Globally, women own approximately 25%-33% of all private businesses in the formal economy. Despite this fact, women own less than 10% of the world's assets, around 1% of the world's means of production and globally secure less than 1% of the business contract opportunities offered by large corporations and governments. If women are to play a more powerful role in building strong communities and sustainable economies, women entrepreneurs need clear incentives to move from the informal sector to the formal sector, they need access to the right networks and they need technical support to develop their capacity to grow and to create wealth and jobs as business owners.

Globally, women earn approximately USD 13tr, which is expected to rise to USD 18tr within five years. In the doldrums of the current economic recession, these figures are a beacon of hope. The growth of these numbers clearly indicates that women-owned businesses will play an important role in future global economic growth. Savvy companies that actively integrate women-owned businesses into their global value chains will reap long-term economic benefits as this rapidly growing economic powerhouse continues to expand.

Mr. Michael Silverstein of The Boston Consulting Group estimates that the number of women-owned enterprises will increase in the coming ten years. Forward thinking multinational companies such as Cisco Systems, Ernst & Young, ExxonMobil Corporation, Marriott International and Pfizer have already moved to build these suppliers into their business model. As a result, these companies are able to produce a wider array of products tailored specifically to the demands of their consumers.

However, in order for multinational companies to implement a diverse vendor model, suppliers must have the capacity to meet the demands of the global market.

Despite the rapid expansion of women-owned businesses, many suppliers still encounter significant obstacles when it comes to scaling up their operations. In the United States, women own 30% of all businesses, but only 5% of all equity capital investments go to businesses headed by women. This funding gap, particularly in the early stages of a company's development, hurts the ability of women-owned firms to compete on a greater global scale. This is of serious concern to companies seeking economic resiliency in a shaky global market.

Many successful corporations including AT&T, The Boeing Company, IBM Corporation and Walmart Stores spend over USD 1bn on diverse businesses per year. Recognizing the challenges faced by women-owned businesses, some companies have started to do more to assist their suppliers in scaling up. A central component of Accenture's Supplier Diversity Programme is their development initiative. This helps suppliers expand capacity through a mentorship programme linking Accenture executives and suppliers. Through this mentorship, Accenture is able to directly communicate their needs and strategize together on overcoming challenges faced by their vendors in the production process.

These companies recognize that greater supplier diversity ensures greater economic resiliency for their businesses, consumers and the global marketplace. It promotes a fully integrated business model where the company and vendor are invested in their



mutual successes. As a result, they are able to identify and react faster to obstacles along the value chain. This agility in production means that companies have the capacity to respond faster to changing consumer demands, ensuring that they stay on top of new market trends as they emerge.

As companies with diverse supplier chains expand their market share, women-owned businesses, acting as vendors and consumers, are able to benefit from this increase in economic growth. Today, women account for USD 20tr in annual consumer spending and make up 85% of overall household spending on a global scale. Understanding and meeting the needs and expectations of women as consumers is essential to capture this significant and growing market. With women-owned businesses built into corporate value chains, forward thinking companies retain a competitive edge in this sector. Women-owned businesses are uniquely capable of developing and producing products and services that fit the needs of this consumer base while ensuring that companies are meeting their bottom line.

For those companies that recognize the importance of integrating women-owned businesses into their value chains, finding the right suppliers capable of meeting their needs continues to remain a challenge. Today there are a few committed organizations and multinational-driven programmes that seek to help women-owned businesses scale up their operations. As companies continue to recognize the need for supply chain diversity, these types of initiatives will become an increasingly essential component of successful business-to-business relations along the global value chain.

Ms. Sophie Guerin is a project manager at WEConnect International, an organization that facilitates sustainable economic growth by increasing opportunities for women-owned businesses to succeed in global value chains. To learn more about WEConnect and how it can help you improve your business performance in China and across the globe, contact:

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Case Study: Cisco Systems Streamlines Operations by Helping Suppliers

Mr. David Morgan founded D.W. Morgan Company in Pleasanton, California in 1990. Since its founding, D.W. Morgan has grown to serve the logistical needs of some of today's largest Fortune 500 companies. Over the last ten of those years, D.W. Morgan has been a successful part of Cisco's global supply chain.

Nevertheless, D.W. Morgan Company found it difficult to break into new Cisco-related market opportunities. To help suppliers like Mr. Morgan, Cisco launched the Executive Mentor Protégé Programme with the objective to foster mentorship between Cisco executives and supplier companies' CEOs. In this relationship, Cisco can educate CEOs on Cisco's "expectations, business strategy and potential opportunities for increased spending." The Executive Mentor Protégé Programme adds value to the traditional mentor/mentee relationship by providing protégés with the opportunity to participate in Cisco expos and lectures, meet Cisco customers and regularly network with fellow protégés.

Additional participants in this programme, such as Ms. Nancy Duarte, CEO of Duarte Design; Ms. Jodi Bailey Gill, President of The Experts Bench; and Ms. Linda Gold, President and CEO of M3iworks, have all expressed their support for the Executive Mentor Protégé Programme as a means of scaling up their operations and entering new Cisco markets. Furthermore, each of these protégés have stated that by becoming better educated on Cisco's broader needs and expectations, they are better able to serve the company.

While participating in the Executive Mentor Protégé Programme, Mr. Morgan worked closely with senior Cisco executives in supply chain management to identify opportunities for growth and potential obstacles towards meeting the company's expanded objectives. Through a rigorous and collaborative process, D.W. Morgan Company was able to reframe and reposition itself on the Cisco market, breaking into new markets in Thailand and China, while helping Cisco to streamline their logistics system in the U.S.



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