

## Diversity, Equity, Inclusion, and Supplier Diversity: The Double Bottom Line is Under Attack!

By Fernando Martinez

Diversity, equity, and inclusion (DEI) and supplier diversity form part of the foundation for building strong, inclusive, and profitable organizations. Unfortunately, a short-sighted anti-DEI and anti-supplier diversity movement has taken the easy route, reversing and undermining work that began over 150 years ago<sup>1</sup>. This threatens to dilute the value of both publicly traded and privately owned companies. Moreover, the fifteenth largest employer in the country, the federal government, risks eroding its diverse workforce and suppliers. The rollback of support for supplier diversity, established by the federal government over 60 years ago<sup>2</sup>, further entrenches institutionalized discriminatory systems and practices.

Diversity, equity, and inclusion defined: A strategic framework that fosters an inclusive culture by equitably engaging individuals with diverse experiences, expertise, and backgrounds. When fully integrated, DEI enhances value for both the organization and society.

Supplier diversity defined: A strategic business process that creates fair and equitable sourcing, procurement, and contracting opportunities for diverse business enterprises within the public and private sectors. Its purpose is to competitively procure services and solutions that deliver the best value.

There is a clear commonality between both strategies. Fundamentally, DEI and supplier diversity are business growth strategies. Both leverage one of the most valuable assets this country offers — its diverse population, businesses, and workforce. This population is enriched by varied educational backgrounds, life and work experiences, and a resilient human spirit — driven by individuals striving to create better lives for themselves, their families, future generations, and society.

Both strategies contribute to the bottom line:

- a. DEI is a human resources strategy. Its purpose is to include all individuals to engage and compete in educational, workforce, and career opportunities, resulting in a diverse workforce contributing to organizational growth. Fair and equitable opportunities improve quality of life — directly and indirectly — by creating better wages, salaries, and future prospects.

Top industry performers committed to diversity and inclusion strategies are 39%<sup>3</sup> more likely to financially outperform peers with low commitment. Similarly, top inclusive performers show an average 27%<sup>4</sup> financial advantage over their less committed counterparts. DEI impacts bottom-line results, driving cost savings and operational efficiencies.

- b. Supplier diversity is a sourcing and procurement strategy. Its purpose is to intentionally include diverse businesses in an organization's supply chain, delivering measurable value. On average, supplier diversity programs yield net cost savings of 17% to 35%, along with efficiency improvements of approximately 40%. When effectively implemented, a supplier diversity strategy becomes a profit- and efficiency-generating practice that directly contributes to the bottom line.

Based on this two-pronged strategy, focusing solely on the ethnic minority community, an organization with a strong DEI framework can position itself to capture a significant portion of the market. This includes access to \$1.405 trillion in disposable income or \$904.3 billion in discretionary income. Organizations with genuine and meaningful DEI practices have a higher likelihood of capturing this market segment as stated above.

DEI also creates value internally by enhancing creativity, innovation, and invention; improving employee engagement and retention; and establishing a productive work environment that fosters an empowered, inclusive culture. Additionally, organizations prioritizing DEI tend to benefit from stronger brand reputations and, on average, perform 27%<sup>4</sup> better financially than their less inclusive peers.

Gross Income Minus Taxes & Necessary Expenses	\$1,405,261,300,000.00	Discretionary Income Minus Non-Essential Spending at 35.65% Median	\$500,975,653,450.00
Ethnic Minority Population Disposable Income	\$1,405,261,300,000.00	Ethnic Minority Discretionary Income	\$904,351,568,576.10

Note: The data presented in this analysis is sourced from the Federal Reserve Board's dataset on the distribution of household wealth in the U.S. since 1989. However, all interpretations, conclusions, and insights derived from this data are my own and do not represent the views or analysis of the Federal Reserve<sup>5</sup>.

Having designed and executed a supplier diversity sourcing and procurement study while working in Corporate America, I know first-hand that the inclusion of diverse firms generated an average savings of 17% to 35%. Based on the 2022 Economic Census, we can project that of the \$32.16 trillion generated by non-classified firms in aggregate, there is an opportunity for organizations to save between \$5.46 trillion and \$11.25 trillion by effectively instituting an effective supplier diversity strategy.

The value of supplier diversity is also realized through improved supplier relationships, a positive brand reputation, fair and equitable competition, and risk mitigation. Financially, both DEI and supplier diversity contribute significantly to an organization's efficiency and net income. See table below for range of potential net income.

Supplier Diversity Savings				
17%	22%	27%	32%	35%
\$5,467,328,438,230.00	\$7,075,366,214,180.00	\$8,683,403,990,130.00	\$10,291,441,766,080.00	\$11,256,264,431,650.00

Note: The original data used in this analysis is sourced from the U.S. Census Bureau. However, all interpretations, conclusions, and insights presented are my own and do not represent the views or analysis of the U.S. Census Bureau<sup>6</sup>.

Understanding that net income can be directly attributed to the inclusion of DEI and supplier diversity practices in this country, the question becomes: why would anyone intentionally dismantle DEI and supplier diversity? It is the responsibility of an organization's leadership — as stewards — to optimize operational performance for financial growth.

Private sector corporations are being attacked by individuals for being inclusive organizations. This effort is further compounded by activist shareholders and board members who do not support DEI or supplier diversity practices, instilling fear, uncertainty, and doubt. It is difficult to comprehend how a small group of individuals can have such an outsized ability to erode an organization's financial performance, workforce value, diverse business growth, and community relationships.

This erosion exacerbates the existing disparate behaviors toward equity in the workforce and business contracting (i.e., the \$15.68 trillion in revenues generated by white-owned businesses compared to \$2.15

trillion for ethnic minority businesses). This disparity speaks the truth! Not all corporations have, or ever had, a commitment to building a workforce and economy where everyone can thrive. This reversal and damaging corporate stance mirror the federal government's recent shift away from its 56-year commitment.

The federal government established the supplier diversity practice in 1969<sup>2</sup>, and for over 56 years, it has protected business and inclusion programs to avoid contributing to discriminatory practices and complicity in the widening U.S. wealth gap. By attacking and eliminating DEI and supplier diversity contracting programs, they are reversing course, effectively abolishing protections against discriminatory practices in the workplace and business environment. This reversal perpetuates discrimination, exacerbates the wealth gap, and patently permits the reinforcing of the existing caste system.

Stated another way, the private sector and federal government are being attacked for supporting racial and economic equity in this country. Most importantly, these reversals are not based on data, but on emotions, prejudices, and fears that foster a zero-sum game culture. If intentional efforts were made to understand the value of DEI and supplier diversity as business strategies, corporations would adopt these practices, driving profitability, growth, development, and workforce diversification — ultimately creating a level playing field where advancement and promotions are based on ability, merit, and equity. The current attack on DEI and supplier diversity will set the country back to the pre-Civil Rights era of 1964<sup>3</sup>.

In conclusion, DEI and supplier diversity are strategies and practices established to level the playing field within the workforce and supply chains. DEI and supplier diversity opens a \$1.405 trillion ethnic minority market and enhance corporate value by \$5.46 to \$11.25 trillion. Thus, if DEI and supplier diversity economically improve market value and the lives of everyone in the U.S. Any action against supporting these practices is an abdication of leadership and fiduciary accountability. It directly contributes to discrimination, widens the wealth gap, and takes the country backward instead of forward!

## Resources

1. Martinez, F. (2025), 158 Years of Challenge to Equality and Equity!. [www.santafestreetconsulting.com](http://www.santafestreetconsulting.com)
2. Exec. Order No. 11458, 3 C.F.R. (1969). <https://www.mbda.gov/about/history>
3. Carucci, R. (2024, January 24). "One More Time: Why Diversity Leads to Better Team Performance." Forbes, <https://www.forbes.com/sites/roncarucci/2024/01/24/one-more-time-why-diversity-leads-to-better-team-performance/>
4. Dixon-Fyle, S., et al. (2023). "Diversity matters even more: The case for holistic impact." McKinsey & Company, [Why diversity matters even more | McKinsey](https://www.mckinsey.com/insights/diversity-and-inclusion/diversity-matters-even-more)
5. Federal Reserve Board. (2025). Distribution of household wealth in the U.S. since 1989 [Data Table]. Retrieved from Federal Reserve. [The Fed - Distribution: Distribution of Household Wealth in the U.S. since 1989](https://www.federalreserve.gov/data/distribution-of-household-wealth-in-the-u-s-since-1989)
6. U.S. Census Data Source of Original Data Only: [AB2200CSA01: Annual Business ... - Census Bureau Table](https://data.census.gov/tables//2022/bus/ab2200csa01)

