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## Why Large Corporations Are Sourcing MBE Suppliers And Service Providers

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More and more large corporations are sourcing minority business enterprises (MBEs or MWBEs – minority and women-owned business enterprises) for their service and vendor needs. With the increased number of MWBE-certified minority owned businesses, a large corporation can now pursue supplier diversity across many different aspects of their business. From **minority owned building maintenance** to computer systems design to interior design and more, minority business enterprises are situated in many diverse industries. Additionally, minority business enterprises are now very diverse in terms of scale. This makes finding an MBE supplier for most any business need a possibility. There are many reasons why larger corporations have started sourcing minority business enterprises to a greater degree. Read on below to learn about some of the major reasons why MWBE supplier diversity is becoming more prevalent and to get more information about how sourcing MBEs could improve your business.

### Supplier Diversity Requirements

Numerous large corporations have put in place supplier diversity requirements and policies in order to increase the number of minority business enterprises they source. Additionally, corporations have put in place policies to increase their overall MWBE spend. Instating these policies can have multiple benefits. From reinforcing corporate values and objectives to meeting compliance requirements of

federal or state government customers, these policies have both intangible and economical benefits. Today, numerous businesses rely heavily on federal and state government purchases or contracts to bolster their revenue. Often, federal, state and even local government clients require companies to maintain a certain level of MWBE spend before they will even consider doing business with them. Maintaining this level of spend could potentially open your business up to more government contract or purchase opportunities. Large corporations maintain supplier diversity in order to have the opportunity to win these government contracts. Could your business benefit from maintaining supplier diversity compliance and gaining a government contract or purchase order?

## **Federal and State Tax Incentives**

In addition to the benefits outlined above, companies that source **minority owned business** or MWBE suppliers can see benefits in the form of tax incentives, rebates and breaks. Offered by a variety of governmental agencies, these tax incentives can provide significant tax savings or credits for MBE-subcontracted work. For instance, the Department of Defense's Indian Incentive Program (IIP) provides a 5 percent rebate on subcontracted work from an Indian-Owned Economic Enterprise. The Indian Incentive Program is just one example of the numerous tax incentive programs offered to companies that source MBEs. Many federal, state and even local programs are available for businesses to gain tax incentives by sourcing MBEs. Many large corporations have optimized their MWBE spending to gain substantial tax savings for their business. By exploring the programs available in your business' locale and industry, you could find MBE-related tax incentives that could save your business money and improve your ROI.

## **Additional Incentives and Benefits**

In addition to the economical benefits, large corporations have found that there are additional intangible benefits to sourcing minority business enterprises. For instance, a smaller minority and women owned business could offer more flexibility and agility in comparison to larger suppliers. Also, smaller MBE companies could potentially offer cost savings due to passed-along supply chain and overhead cost savings. Additionally, large corporations have found that increased supplier diversity can be valuable in pursuing diversity accomplishments which in turn can strength brand identity and marketing efforts. There are many more intangible benefits to increasing supplier diversity that can only be discovered by pursuing it for your business.

Numerous high-profile corporations are leading the way in improving supplier diversity and by prioritizing these initiatives; they have earned many economic and intangible benefits. Consider the impact supplier diversity and MWBE benefits could have on your business and get more information about MBE benefits available in your industry and locale.

## **About Pipestone Property Services**

As an MBE and Tribal Corporation, Pipestone Property Services has provided local, regional and national companies with quality building maintenance services that are federally incentivized. For more information about minority and women owned business certification and supplier benefits, consider returning to this blog for follow-up posts. For more information about Pipestone Property Services, their MBE certification and building maintenance services, visit <http://www.pipestone.biz>.

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