

UNDERSTANDING SUPPLIER DIVERSITY AND ITS ROLE IN BUSINESS GROWTH

OVERVIEW

Diversity, Equity and Inclusion (DEI) as a concept has multiple facets to it. Amidst the ongoing efforts to address racial disparities in the United States, the emphasis is on workforce representation, minority groups, women employees, LGBTQIA+ rights at the workplace; but we often overlook the suppliers & procurement function. The focus area of DEI has widened over the years to include “Supplier Diversity Programs” as one of the key components. Supplier Diversity Programs serve as a powerful vehicle to dismantle systematic barriers and promote racial equity within the business spectrum.

In today’s business landscape, having diverse vendors is of prime importance. Buyers these days are increasingly smart, informed and prefer to purchase from corporations who share the same DEI values. Sourcing from under-utilized suppliers can help encourage the growth of diverse businesses in their respective communities.

UNDERSTANDING SUPPLIER DIVERSITY

Supplier diversity is the strategic business process of adding businesses owned by traditionally underrepresented groups to the corporate supply chain. These groups typically include but are not limited to minorities, women, LGBTQIA+ individuals, veterans, and disabled individuals. The goal of supplier diversity is to create a supply chain that reflects the diverse communities and customers an organization serves.

Supplier diversity is well established in the United States, where over 95% of Fortune 500 companies have implemented supplier diversity programs. It has already been adopted by banks, national corporations (*inc. facilities management, construction, staffing etc.*) and the momentum continues to build.

Supplier Diversity falls under Corporate Social Responsibility (CSR) initiatives and represents a pivotal aspect of diversity, equity, and inclusion (DEI) efforts by a business striving to be more socially conscious in the long run.

THE BUSINESS OPPORTUNITY

The business case for supplier diversity is strong and compelling. Supplier diversity programs expand buyers’ choice, boost innovation, competitiveness, and market knowledge. Maintaining a diverse portfolio of suppliers demonstrates the company’s commitment to equitable business

practices, that in turn can have a positive impact on internal culture, external stakeholders & investors and even boost financial performance.

Apart from moral and ethical grounds, there is a strong commercial aspect to support Supplier Diversity Programs. It can positively impact the company's bottom line through revenue growth, higher returns on investment and contribute to its market success. Businesses can tap into a broader range of products, services, and expertise, thereby gaining a competitive advantage.

In addition to profitability, large organizations have now recognized the significance of optimizing their supply chains for stability and sustainability. The current landscape of shifting consumer trends, market dynamics, material shortages, price fluctuations and climate change has instilled a sense of urgency among organizations to prioritize supplier diversity and mitigate potential business risks. In response to these evolving challenges, it has become imperative for businesses to proactively build a resilient and diverse supplier network that can withstand unforeseen disruptions and enhance the strength of their supply chains.

Supplier diversity is a dynamic and ongoing process in which businesses and suppliers commit to mutual learning, undertake small-scale trial projects, and eventually expand towards establishing long-term partnerships. By incorporating supplier diversity, corporations can have a diverse ecosystem that creates an overall inclusive and socially responsible business environment.

DRIVING BUSINESS GROWTH

As supplier diversity grows in the United States, there is a tremendous business opportunity for companies capable of providing solutions to supplier diversity program challenges, facilitating their adoption and implementation within large corporations and their Tier 1 and Tier 2 suppliers.

To effectively implement a supplier diversity program, companies must establish robust processes for identifying, vetting, and connecting under-represented suppliers with relevant procurement opportunities. However, several factors can affect its success, such as securing management buy-in, allocating necessary resources, resistance to change, coordination amongst other functions/policies, and identifying suitable suppliers. Addressing these challenges is essential to unlock the full potential of supplier diversity initiatives and drive meaningful impact within the organization and the broader business ecosystem.

Companies that are at the initial stages of implementing supplier diversity programs face the challenge of establishing benchmarks, training staff, and achieving their procurement goals. Their primary goal is to establish a strong foundation for supplier diversity by creating attainable goals, devising strategies to engage diverse suppliers, and equipping their staff with the necessary knowledge and skills to drive the program's success.

On the other hand, companies that have established supplier diversity programs strive to

continuously improve and exceed their previous achievements without incurring additional costs as they have seen the benefits it brings to the table. In both the cases, companies aim to enhance their diversity initiatives by creating a more inclusive supply chain and contributing to the social impact while being mindful of their financial resources.

OUR ROLE IN FACILITATING THE CHANGE

In business, success is usually based on a very simple equation: Opportunity + Product + Accurate Implementation = Profit. We have identified an emerging corporate need for Supplier Diversity Program Management and developed a simple, cost-effective solution that utilizes the most popular trend in computing, i.e, cloud-based application - **Supplier Diversity Management Hub™**.

The Supplier Diversity Management Hub™ is a unique, cloud-based platform, developed specifically for organizations with supplier diversity programs. Using a customized hub, such organizations can achieve measurable improvements in communication, training, and mentoring outcomes without increased spending. Within this hub, suppliers can easily access and complete necessary tasks such as reviewing and agreeing to your company policies, accessing supplier resources, and completing required training.

The American Diversity Initiative is a US-based company with a strong history of success in the development and management of online training and communication tools. With an agreement in place with its strategic technology partner, The American Diversity Initiative is well-positioned to accommodate the growing service requirements that will accompany the launch of Supplier Diversity Management Hub™.

For customized Supplier Diversity Management Hub™ solutions to meet your organization's needs – [Contact Us – American Diversity Initiative](#).