



**SUPPLIER DIVERSITY:**

# **Building Stakeholder Alignment in Any Economy**



**INSIGHT**  
SOURCING GROUP

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# INTRODUCTION

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In today's workplace a strong diversity, equity, and inclusion (DEI) policy is an expectation – one that is key to attracting and retaining both talent and customers – even within an uncertain economic climate. This expectation extends to supplier relationships, where diversity is now embedded in the expectations of best-in-class procurement organizations.

In fact, when companies move away from simply performing supplier diversity tactics to implementing fully integrated diversity strategies, they see sustained year-over-year growth in investments in diverse suppliers. Many reports confirm U.S. companies that plan for – and uphold – strong supplier diversity also experience higher annual cost savings, more efficient processes, and a resilient supply chain with lower supplier turnover.

For executives interested in creating long term, impactful DEI goals in procurement while leveraging the unique buying power and opportunities that come from diverse business partners, ensuring the right strategy within organizational leadership matters. To gain internal alignment on an effective supplier diversity strategy, here are four key strategies to follow.



TIP  
1

# DEVELOP A FORMAL STRATEGY FIRST

A strategy is a plan to take you where you want to go. Tactics are the individual actions that will get you there. That is why a formal strategy should come before any action your organization takes. An effective supplier diversity strategy proactively encourages the use of six types of vendor partners:

- Women-owned
- Ethnic/minority-owned
- Veteran-owned
- LGBTQ+-owned
- Disability-owned
- Small businesses

Taking the time to craft a supplier diversity strategy forces subject area experts to make clear choices around which of the above categories to prioritize efforts, and at the same time, documents which diversity initiatives within procurement the team will (and will not) work on. This saves busy supply chain professionals from wasted efforts sourcing and forging supplier relationships that do not align with the corporate mission and vision, while opening avenues of opportunity by emphasizing categories of supplier partnerships that do.



Documenting these priorities with a carefully considered plan can enable a diverse supplier base while adding value, innovation, and thought leadership to your organizational ecosystem. To help ensure your supplier diversity strategy is well-written and executed, it is important to keep the following in mind:



## INCLUDE TIMELINES TO STAY ON TRACK.

**Scope work on a 3-to-5-year horizon.** This gives enough runway to think strategically for long-term impact but recognizes the potential need to pivot to ensure relevancy. Annual check-ins and responses to market events are critical to staying on course to maturation.



## STATE YOUR “WHY” TO AVOID CONFUSION.

**Every key element within the strategy should include a clear reason-for-being.** This will help stakeholders understand choices and/or suggestions made and allow the document to function as intended without verbal explanation—enabling your strategy to gain support from all readers, no matter their role or function.



## MONITOR AND SHARE MEASURABLE GOALS TO STAY ON TRACK.

**All goals should be quantitative and regularly updated.** When goals are established, tracked, and updated two to four times per year it shows the progress clearly. When reviewing the updates regularly with leadership, highlight areas of success while sharing unforeseen or expected barriers needing extra attention. This creates an opportunity to pivot to more effective workflow sprints, versus marathons.



**GAIN SUPPORT FROM SENIOR LEADERSHIP TO SET THE TONE.**

**Sign-off by the Chief Procurement Officer or other CXO should be visible.** Observable buy-in from one or more C-Suite representatives in this space will help get other executives on board. More so, with the growing global focus on stakeholder-centric approaches to doing business with initiatives like ESG (environmental, social, & governance), it is important to gain champions such as the organizational officer(s) responsible for sustainability, diversity, and inclusion as well.



**ASSIGN TEAM LEADERS TO CAPTAIN AND DELEGATE WORK.**

**Enforce accountability to maintain responsibility.** Each initiative within your supplier diversity plan should have a designated owner assigned to lead – and be accountable for – the work. These leaders do not need to be experts in supplier diversity but should possess the appropriate knowledge and skillset to delegate responsibilities and take ownership of any actions and updates necessary to reach the goals outlined within their assigned scope. The program leaders for these initiatives should come together as a team on a quarterly basis to share progress updates and ensure open access to current data and resources to support the plan's success.



**UTILIZE AN ANALYTIC ROADMAP TO STAY AGILE AND MOVE YOUR INITIATIVES FORWARD.**

**Use data and analytics to make informed decisions.** Every suggestion and accompanying rationale within your supplier diversity plan should reference strong and current supporting data from the current program and/or industry statistics. By combining comprehensive data sets with strategy, the credibility of any initiatives and tactics outlined in the plan will be increased and inform any new team members about how and why it was developed.



TIP  
**2**

## CREATE INTENTIONAL AREAS OF FOCUS



Focusing on one thing at a time helps get things done. When it comes to supplier diversity, concentrating scope alignment with corporate mission and vision will help make systemic progress towards DEI for your organization not only doable, but sustainable — no matter the external business climate.

Here are a few ways you can help create meaningful and impactful areas of focus within your supplier diversity program:



### PLACE EMPHASIS ON SHAPING NEW SUPPLIER SELECTIONS.

When taking your supplier diversity into consideration, it is important to focus not only on present, but also future, provider possibilities. To guide your search, the following are some helpful questions to keep in mind.

- What spend areas will need to conduct competitive bids within the next 12-to-18 months?
- Are there new goods or services required by your business where there is no strong incumbent supplier?
- Are there any spending areas that could benefit from alternate vendors, additional vendors for a growing need, or vendor consolidation?

Answers to these questions can help your team map out upcoming needs and center attention on finding and preparing diverse-owned suppliers for targeted and viable bids.



**PUT ENGAGEMENT  
WITH ESG CORPORATE  
GOVERNANCE INTO FOCUS.**

It can also be advantageous to link supplier diversity initiatives with other timely corporate-level priorities. This includes any ESG or U.S. re-shoring work your company may be heavily investing in to keep pace with other corporations within the supply chain and manufacturing sectors.

The above-mentioned initiatives could be opportunities to build momentum for supplier diversity. For example, external stakeholders are pressuring many companies to put comprehensive ESG plans in place to address environmental and social barriers impacting disadvantaged people around the world – and the future of our planet.

By making system improvements to lower carbon emissions, including more robust diversity and inclusion business policies, and hiring practices, and committing to pending legislation to ensure progress is made in these areas, organizations can easily collaborate on diversity efforts with supply chain partners. What is more, because supplier diversity programs are collaborative, have reach, and are trackable, including one in a comprehensive corporate ESG program will instantly lift the credibility of a company's commitment to these issues.



**TAP INTO SUPPLY CHAIN  
RESILIENCY INITIATIVES.**

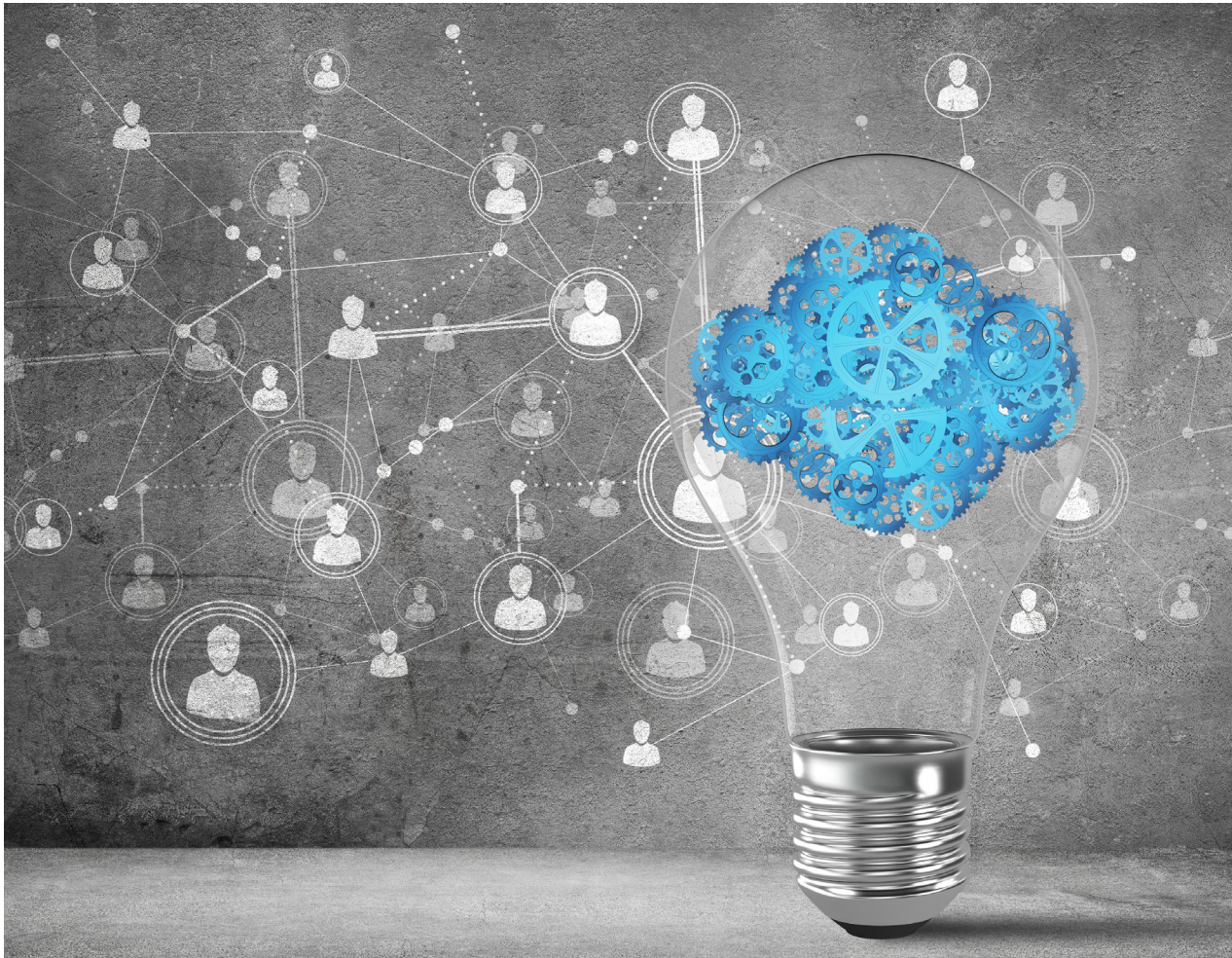
Another opportunity to boost supplier diversity is by aligning timing with any plans to redesign the company supply chain. In the current post-pandemic environment, many organizations are rethinking their global supply chain structure and heavy reliance on the global logistics infrastructure.

While foreign relations remain positive, many teams are developing plans for a more resilient supply chain, recognizing the opportunity to share the benefits of working alongside diverse-owned companies within the U.S. Because they are often more agile, more innovative, and increase the financial stability of minorities, these diversely owned supplier relationships can bring more consumer value to your business over time.

Furthermore, since supply chain structure initiatives have longer lead-times, their timing is well-suited to accommodate sourcing and on-boarding more diverse direct and indirect suppliers.

TIP  
**3**

## FIND LIKE-MINDED PARTNERS



By the nature of the work, supplier diversity programs and strategies are best led by the sourcing and/or procurement team(s) of your organization. Internally, the work should be viewed as a partnership between these teams and other functions within the corporation that align in purpose and function.

For example, if there is an opportunity to consider new suppliers for raw materials or packaging, it would be opportune for the team leading supplier diversity initiatives to collaborate early with the research and design teams within the organization. Similar partnerships could apply with other internal teams such as IT, HR services, or marketing.





**HERE ARE SOME WAYS TO  
SHAPE INTERNAL TEAMS AND  
IDENTIFY CROSS-COLLABORATION  
OPPORTUNITIES:**

**1 Gain support from the profit & loss leader for the business unit first.** Whether it is the general manager or another leader responsible for the overall financial performance of the business unit or product line in question, getting buy-in ensures all staff are operating from the same performance scorecard and will support opportunities to contract with women and/or minority-owned suppliers.

**2 Invite cross-functional peers to supplier capability presentations.** Getting a firsthand experience of what the unique capabilities or offering the supplier can provide – and the chance to clarify any details upfront – can foster deeper understanding and better working relationships between the potential supplier and others at your company. Keep in mind it is important to first vet the supplier yourself to confirm they are a company ready to compete for your business.

**3 Ensure you or someone from procurement is part of upstream initiative discussions.** Non-procurement professionals often identify external partners very early in the process of seeking new, unique, or innovative ideas. It is important that procurement experts are involved early in these discussions so that a full understanding of upcoming needs can be had, and an appropriate suggestion of any diverse-owned suppliers can be included as part of the early evaluation.

Remember that by leveraging your written supplier diversity strategy and linking it with any pre-existing ESG efforts across company functions, you can help elevate the priority of supplier diversity within endeavors where support is greatest from cross-functional leaders.

TIP  
**4**

## START EXPANDING YOUR SUPPLIER DIVERSITY STRATEGY

### DEVELOP COLLABORATIVE EXTERNAL SUPPLIER DIVERSITY PARTNERSHIPS.

When crafting your supplier diversity strategy, do not forget to look beyond your organization's walls. Be sure to include suggestions and opportunities to advance efforts with external relationships, too. Beneficial partnerships can be forged with advocacy groups, supplier diversity councils, and/or current or new suppliers. By placing some focus on partnership with external partners, the opportunities for long-term sustainability of diversity spending increases. There are many ways to collaborate externally that will help all boats rise in this space. Here are just two examples:

**1 Supplier Diversity Councils** have a variety of programs to help corporations match with certified suppliers for consideration for upcoming opportunities. These Councils also have mentorship and training programming available for suppliers that can help address common pain points, like succession planning and access to capital.

Influencing how these events are organized, which of your incumbent suppliers participate, and what industries they target, creates a win-win-win for your company and the Council as well as any participating suppliers.

**2 Intentionally look for internal instances where a new supplier is needed for a new space.** Then, foster that opportunity with a diverse partner in an adjacent space, coaching them on how to evolve or amplify offerings to meet the new business need within your organization. Investing in these relationships can be time-consuming but will prepare those diverse suppliers to not only grow with your company but improve their overall capabilities for other customers.

## CONCLUSION

Supplier diversity in procurement is here to stay and supply chain leaders like yourself can lead organizations to an expanded, more diverse supplier network. Ensuring your team has a data-driven approach and a solid strategy in place is the right start.

Tapping into the seasoned advisors at Insight Sourcing Group can ensure you have access to an up-to-date and vast knowledge base, helping to establish a supplier diversity strategy that is focused not only on the biggest opportunities – but the right opportunities for your goals.

Let our team of procurement experts leverage their analytical capabilities to help you identify current spending areas with the biggest gap to amplify diverse spending; and take advantage of their established relationships with Supplier Diversity Councils and diverse-owned suppliers to gain results, fast.



## ABOUT INSIGHT SOURCING GROUP

Insight Sourcing Group is the premier professional services firm in North America exclusively focused on strategic sourcing, cost optimization, and procurement operational transformation.

Founded in 2002, Insight's capabilities are designed to accelerate impact through the expertise of its 250+ procurement experts, its market-leading Category Center-of-Excellence model, and practices specializing in Private Equity, Supplier Diversity, Energy Management, and Sustainability.

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