

# SUPPLIER DIVERSITY 101

THE BUSINESS CASE & APPROACH



**QUINLAN**  
SCHOOL of BUSINESS



ISM—Chicago, Inc.



# AGENDA

- 5:00 p.m. Welcome message and remarks
- 5:05 p.m. Opening Remarks by Georgia Marsh
- 5:10 p.m. Supplier Diversity Presentation – Business Case
- 5:20 p.m. Panel Discussion / Q&A
- 6:30 p.m. Program Concludes



## **GEORGIA MARSH**

Chief Development Officer

Women's Business Development Center



## **HARRY HANEY**

Director, Supply Chain & Sustainability Center  
Loyola University Chicago

# Supplier Diversity Defined

## **A proactive business process that:**

- Seeks to provide diverse suppliers equal access to purchasing opportunities
- Promotes diverse supplier participation reflective of the community and customers
- Brings business value to your company/organization
- Optimizes your supply chain

# SUPPLIER DIVERSITY PROGRAM

## WHAT IT IS

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A strategic business imperative

A marketing advantage

An enhancement to corporate brand and reputation

A part of supply chain best practices

A customer satisfaction tool

## WHAT IT IS NOT

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A handout

A set-aside/ pass-through

A social program

A compromise on quality, service or cost

Solely owned by the supplier diversity team or supply management

# Diverse Business

**Public/Private sector definitions can vary but in general:**

- For profit business enterprise
- Certified 51% owned, operated and managed by:
  - Ethnic Minority (MBE)
  - Women (WBE)
  - Service-Disabled Veteran (SDVOB or DVBE)
  - Lesbian, Gay, Bisexual or Transgender (LGBTBE)
  - Disabled (DOBE)

# Why is supplier diversity good for business?

# Unleash Economic Growth

Current	Potential Opportunity
<b>Black People</b> 14.2% of US Population 2.2% of employer businesses	800,000 more black businesses

# Community Impact

	Black Businesses	White Businesses	Potential Opportunity
<b>Job Creation</b>	10	23	1.6 Million jobs
<b>Pay per employee</b>	\$29.9K	\$51.4K	\$26 Billion
<b>Revenue Generation</b>	\$1.0 Million	\$6.5 Million	\$676 Billion

Black adults are much [more likely to be unemployed](#), and [Black businesses are much more likely to hire Black workers](#). Minorities on average are more prone to giving than their non-minority counterparts and, in some cases, giving up 25% more.

**Why is supplier diversity  
good for YOUR business?**

# Attract and Retain Talent

**52%** of respondents to a survey said they would like to work for a company that has a supplier diversity and inclusion program<sup>1</sup>.

# More Customers

- Minority buyers will increase purchasing by up to 70% between 2000 and 2045<sup>4</sup>
- Women are expected to control \$43 trillion of global consumer spending in 2020<sup>5</sup>
- 82% say existence of a corporate supplier diversity program influences buying decision<sup>7</sup>

# Efficiency, Resiliency and Innovation

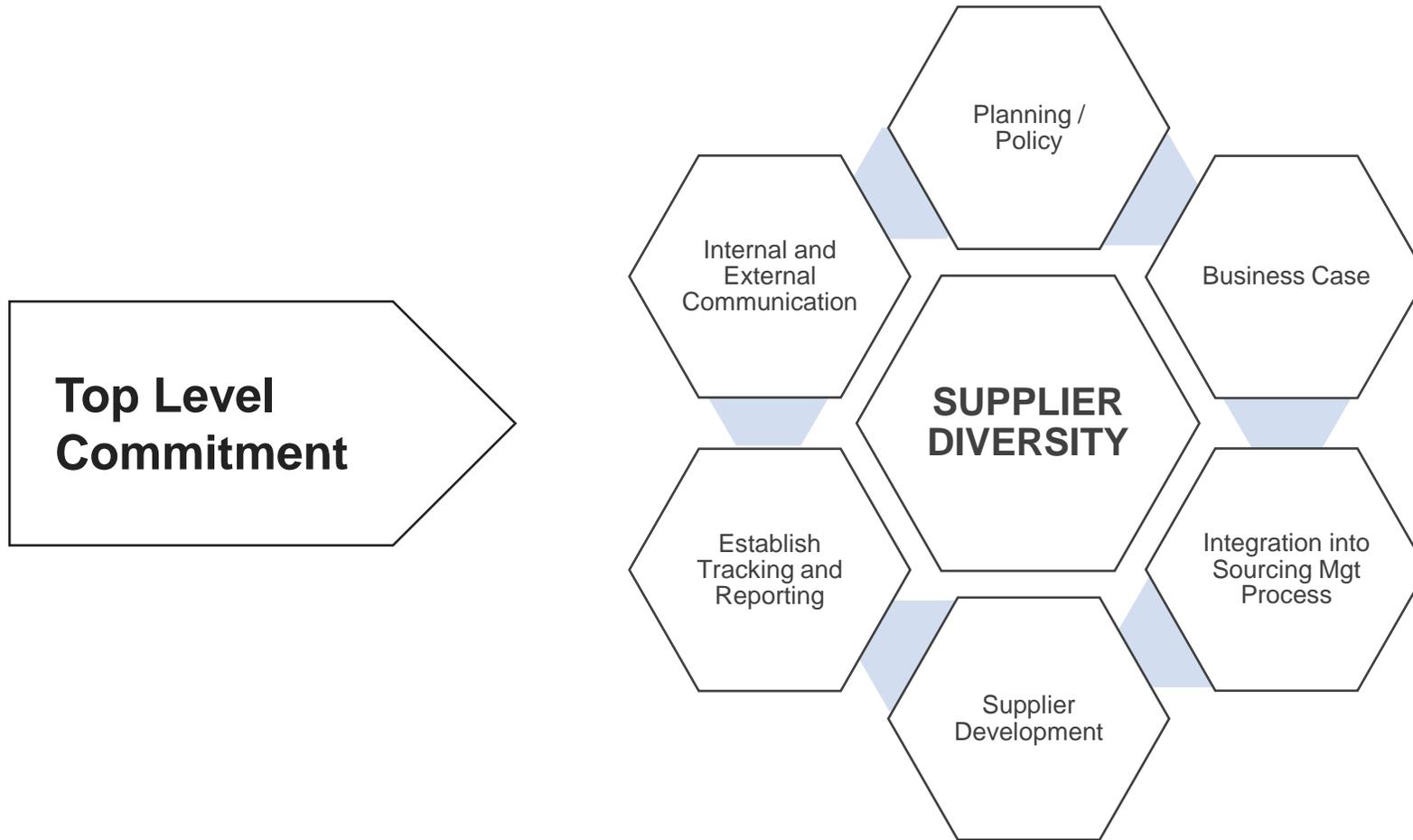
- Widens the pool of potential suppliers which can improve quality decrease costs and improve resiliency<sup>1</sup>
- Improve bottom line: supplier diversity = 133% greater return on procurement investments<sup>2</sup>
- The Hackett Group research shows that virtually all diversity suppliers meet or exceed quality and cost expectations<sup>3</sup>
- Innovation: often smaller, more nimble firms (Olympic jacket example)<sup>7</sup>

# How to find diverse suppliers

- Utilize an e-procurement platform with diverse suppliers
- Partner with supplier diversity organizations
- Publicize your supplier diversity efforts
- Leverage your existing supplier relationships
- Below are partners but not limited to:



# Supplier Diversity Levers



# Resources

- [Supply Chain and Sustainability Center: Loyola University Chicago \(luc.edu\)](#)
- [ISM Chicago, Inc. \(ism-chicago.org\)](#)
- [Procurement Leaders Playbook](#)
- [ChicagoBusiness.com: Supplier diversity needs to focus on industries of today and tomorrow](#)
- [WSJ: Benefits of Supplier Diversity May Go Beyond 'Social Good'](#)
- [The Business Case for Supply Chain Diversity | IndustryWeek](#)
- [CCB Journal: The Case for a Diverse Supplier Program](#)
- [Reuters: Why Diverse Suppliers Hold the Key to Business Resilience](#)
- [Forbes: Supplier Diversity Will Help Businesses Large And Small Recover From Pandemic](#)

## Supplier Diversity Organizations/Partners/Reporting

- [NMSDC – National Minority Supplier Development Council](#)
- [WBENC – Women’s Business Enterprise National Council](#)
- [Disability:IN – People with Disabilities](#)
- [NGLCC – National Gay and Lesbian Chamber of Commerce](#)
- [ThomasNet – Diverse Non-Diverse](#)
- [Supplier.io – Supplier Diversity Reporting](#)
- [WeConnect International](#)

## Sources for statistics on slide 11

1. [HBR: Why You Need a Supplier Diversity Program](#)
2. [MMSDC: Benefits of Supplier Diversity](#)
3. [Hackett Group: Top Supplier Diversity Programs Broaden Value Proposition](#)
4. [What is Supplier Diversity and Why is it Important? \(thomasnet.com\)](#)
5. [Global Female Income to Reach \\$24 Trillion in 2020, says Frost & Sullivan \(prnewswire.com\)](#)
6. [Industry Week: The Business Case for Supply Chain Diversity](#)
7. [Does Supplier Diversity Help Satisfy Customers' Needs? \(cvmsolutions.com\)](#)

# Panel Discussion Moderator



**SHAUN JONES**

Director of Supplier Diversity  
Walgreens

# MEET OUR PANELISTS



**Angenetta Frison**  
Supplier Diversity and Sustainability  
Barilla



**Heather Herndon Wright**  
Director of Supply Chain Diversity  
Vistra



**Shaun Jones**  
Director of Supplier Diversity  
Walgreens



**Georgia Marsh**  
Chief Development Officer  
WBDC



**Nicole Wiggins**  
Head of Diversity and Inclusion  
Navistar



# Follow Up Questions not answered in Session

## **1. Q: Is there a list of the certifying organizations overviewed?**

A: While there is not a complete list, the deck that has been provided as a leave behind has a good briefing of the main players in the space that do certifications. Please note that many cities and states also do their own certification by state rather than the ones listed in our handout that our national organizations. The following link is also a great resource on more information about certification. <https://getdiversitycertified.com>

## **2. Q: Navistar has risk assessment - but most are publicly held firms... private is more of a challenge. What do you find with suppliers to work with large firms to supply data that would allow them to verify risk?**

A: Private businesses are a challenge from a risk assessment standpoint. Every large business approaches this differently. In some cases, a private confidential conversation with the supplier's CFO and Procurement Finance takes place to assess overall risk and in some cases, financials are reviewed in a confidential setting.

## **3. Q: How do you define categories within healthcare industry to RFP certain services-products / Recruit specific vendors?**

A: There are a number of databases offered through Supplier Diversity organizations (National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), National Gay and Lesbian Chamber of Commerce (NGLCC) to name a few. It is to the understanding that not all categories will be rich in diverse suppliers. These organizations can provide heat maps that will help in determining which categories are highly diverse versus others.

# Follow Up Questions not answered in Session (continued)

**4. Q: Does Walgreens monitor percentage of annual spending made with diverse suppliers and prepare an inclusive procurement spend strategy?**

A: Walgreens does have a diverse supplier strategy in place and has a number of metrics that are monitored including overall diverse spend as well as percentage of annual spending. In addition, we have a program in place to support diverse suppliers in “How to do business in the retail space” Please see our latest DEI report for more information here: <https://www.walgreensbootsalliance.com/corporate-responsibility/diversity-and-inclusion-report>

**5. Q: Given the rollout of vaccines direct to pharmacy - Walgreens / CVS - is there any plan to increase general merchandise offerings to satisfy anticipated increase in traffic?**

A: Walgreens is always looking at their product portfolio in store to meet customers and patients expectations. We always welcome new suppliers to understand if there is fit for our business. For more information on becoming a supplier – Please see link here: [https://www.walgreens.com/topic/sr/supplier\\_diversity\\_become\\_supplier.jsp](https://www.walgreens.com/topic/sr/supplier_diversity_become_supplier.jsp)

**6. Q: Do you all have specific vendor qualifications/validation/etc. that are unique to the diverse suppliers?**

A: All companies have different qualifications and validation procedures for suppliers as well as diverse suppliers. Recommendation would be to reach out to the supplier diversity department where applicable to gain additional information on requirements.

# Follow Up Questions not answered in Session (continued)

**7. Q: Hello, My organization recently launched our Supplier Diversity program and my thought was that we needed a portal to attract diverse providers. Heather, why did your organization decide to eliminate the portal? Pros/Cons of portal?**

**A:** We found that having a separate portal from our Master Supplier Database (with diversity coding) did not get utilized and was expensive and time consuming to maintain if done correctly.

In addition, we require third party certification for our Diversity Spend Reporting so we require our category managers to utilize NMSDC Central, WBENCLink and NaVOBA databases to source, which in essence becomes our default “Portal” because they collect and verify much more information than we could internally anyway. (Although we are required to allow Self certification/verification through our completed SBA form for our Small Business initiative – we operate two initiatives separately for that reason) That is how we justify the NGO Membership Dues. It is cheaper than maintaining our own portal both from a hardware/software standpoint as well as validating the supplier information that is submitted is correct and protects us from potential media scandals.

We have what is called the RULE OF AT LEAST ONE, that is part of our Supply Chain Policy and Procedures, so our Category Managers utilize these databases to more specifically identify qualified candidates for bid opportunities based on RFP SOW’S and bidder qualification criteria.

# THANK YOU FOR JOINING US



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