

Start or Grow:

The Top Strategies of a Successful Supplier Diversity Program



ISM—New York, Inc.



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Agenda

- 1) Desired Outcomes**
- 2) Introductions**
- 3) Top Strategies of a Successful Program**
 - a. Defining what is Supplier Diversity
 - b. A Sound Business Case
 - c. Top Down: Leadership Commitment
 - d. Duties & Responsibilities of a Supplier Diversity Manager
 - e. Compliance & Monitoring
 - f. Engage the Entire Supply Chain
 - g. Leverage External Resources
 - h. Supplier Mentorship & Development
 - i. Drive Innovation
- 4) Questions**

Desired outcomes

- **Gain greater understanding of Supplier Diversity Programs**, including memberships to organizations, identifying resources for M/W/BE's such as mentorship and networking
- Ability to effectively communicate business case for Supplier Diversity to internal stakeholders
- Understand Duties & Responsibility of a Supplier Diversity Manager including tracking Utilization



Supplier Diversity in a Box

What is Supplier Diversity?

What is Supplier Diversity?

It is a proactive business process that seeks to provide diverse suppliers equal access to purchasing opportunities. It promotes supplier participation reflective of a company's diverse customer base and the diverse business community.

What is a Diverse Business?

- Owned, operated and controlled by minority group members, women or other historically disadvantaged individuals - At least 51 % ownership
- Minority Groups include: African Americans, Asian Americans, Hispanic Americans, & Native Americans
- Provide a Commercially Useful Function
- For-profit enterprises
- Physically located in and incorporated in the USA

Other Groups that may be Included

- Service-Disabled Veteran-Owned Small Businesses (SDVOSB)
- Disabled-owned business enterprises
- Lesbian, Gay, Bisexual or Transgender-Owned Businesses (LGBT)
- HUB Zone Businesses

Certifying Agencies & Organizations

**National Minority Supplier
Development Council
(NMSDC)**

**Women's Business
Enterprise National
Council (WBENC)**

**Division of Minority &
Women's Business
Development (New York
State)**

**NYC Small Business
Services**



A Sound Business Case

Why Supplier Diversity?

The Business Case

- Optimizes the Supply Chain by increasing competition
- **Fulfills compliance requirements**
- Aligns with company value
- Attracts new customers
- Supports the customer base

Cultural Shift

- Internal barriers
 - “Business as Usual”
- Update Policy & Procedures
 - Include diverse suppliers
- Internal Training



Top Down Leadership Commitment

Top Down Commitment

- Provides direction, support and resources
- Makes sure that supplier diversity is integrated into the management routine
- Ensures that supplier diversity is linked to performance incentives



Supplier Diversity Manager

Duties & Responsibilities

The Supply Management Professional Duties & Responsibilities

- Manages the overall supplier diversity process
- Communicates the business case throughout the organization
- Drives the awareness of and compliance with supplier diversity commitments
- Participates in supplier outreach programs

The Supply Management Professional Duties & Responsibilities

Serves as resource to:

- **Procurement Department** : Identify qualified diverse suppliers
- **Construction Managers/ General Contractors:** Developing second tier plans ; coordinate outreach events, communication liaison
- **Top Leaders & Stakeholders:** Prepare, track and present annual reports



Compliance & Monitoring

Participation & Utilization

Compliance & Monitoring

- What should be measured
 - Participation & inclusion rates
 - Utilization & contract awards
 - Tier 2 Utilization
 - Effectiveness of outreach events
 - Cost savings and other value-added benefits

Recommendation: Quarterly meetings with procurement to keep open communications.

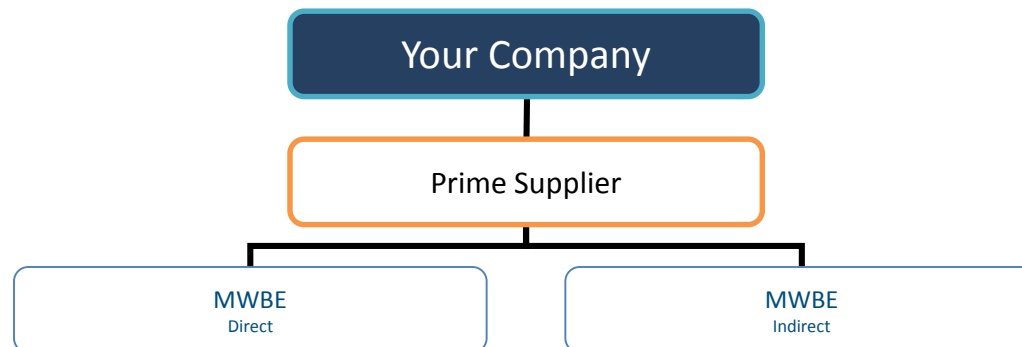
Compliance & Monitoring

What is Tier 2

- Tier 2 is subcontracting opportunities agreed by Prime Contractors (1st Tier Suppliers) to MWBE diverse suppliers for goods and/or services

Why is Tier 2 Important

- Second tier programs encourage the prime supplier (s) to utilize qualified MWBE's and other underutilized groups as subcontractors
- It maximizes opportunities for diverse suppliers
- It maximizes diverse spend for your organization (indirect & direct)





Engage the Entire Supply Chain

Procurement & Diversity

Step 1 Scope of Work

At this stage work with buyer to identify potential opportunities - Tier 1 or Tier 2

Step 2 Diverse Inclusion

Identify qualified MWBE List to receive RFP

Step 3 RFP

During the RFP process stay involved with buyer and MWBE's

Step 4 Vendor Selection

If diverse supplier is successful as Tier 1 - inform stakeholders and ensure diversity class is captured

Step 5 Tier 2 Tracking & Reporting

If diverse supplier is successful as Tier 2 work with Prime to track Utilization



Strategies

- Include diverse suppliers in every procurement opportunity
- Encourage or require prime suppliers to include diverse suppliers as subcontractors
- Mentor diverse suppliers so they can better compete: after a solicitation if unsuccessful encourage supplier to get feedback on their submission from Procurement



Leverage External Resources

Importance of External Stakeholders

Various organizations in the U.S.

Establish partnerships with various councils within your company's jurisdiction(s):

- **U.S. SBA-** Small Business Administration: Over 75 locations across the U.S.
- **SBDC-** Small Business Development Center
- **ISM NY-** Institute of Supply Management New York
- **WBENC-** Women Business Enterprise National Council: A national certifying agency/council however there are many local affiliate councils throughout the US
- **NMSDC-** National Minority Development Council: A national certifying agency/council however there are many local affiliate councils throughout the US
- **City Councils-** Varies: some cities across the US have their own certifying agencies
- **State Certifying Agencies-** Varies: some states across the US have their own certifying agencies

External Stakeholder Value

- Networking events and conferences
- Supplier mentorship opportunities
- Supplier discovery services
- Committee membership opportunities
- Board membership opportunities
- Knowledge sharing: best practices seminars
- Industry insights and updates
- Professional networking

Council Outreach

Council Outreach: *Utilize local certifying councils and business development centers to attain information on:*

- Business Matchmaking Events
- Trade Shows/Expos
- National/State Conferences
- Database access to diverse suppliers across the U.S.



Supplier Mentorship & Development

Don't just do business, grow it

Supplier Mentorship

Supplier mentorship programs focus on capacity building to enhance business competitiveness and growth within the marketplace. Companies also offer these training and developmental programs to improve supplier effectiveness in meeting the needs of the company and to create conditions for them to competitively seek contracts and business opportunities.

Common Types of Mentorship Programs

1. Academic Institution Hosted Mentorship
2. Council/Agency Hosted Mentorship
3. Skills Based Volunteerism/Corporate Sponsored Mentorship

Academic Institution Hosted Mentorship

An *Academic Institution Hosted Mentorship* program can be delivered by a University, Community College, or any other educational institution in partnership with one or more corporations.

- Courses can be available via online, on campus, or as a hybrid model
- Suppliers may receive a certification signed and stamped by the educational institution
- Curriculums may be customized to meet the needs of their industry and/or sponsoring corporation's procurement practices

Pros	Cons
<ul style="list-style-type: none">• Certificate from academic institution	<ul style="list-style-type: none">• Tuition costs for sponsor
<ul style="list-style-type: none">• Custom Curriculums	<ul style="list-style-type: none">• Travel expenses for non-local suppliers
<ul style="list-style-type: none">• True classroom setting	<ul style="list-style-type: none">• Limited # of institutions that offer customized curriculums
<ul style="list-style-type: none">• Face to face interaction	<ul style="list-style-type: none">• Administrative resources needed from sponsor

Council/Agency Hosted Mentorship

Councils partner with corporate members to offer mentorship programs for diverse members of the council. Corporate members can select suppliers from their own supply chain to attend these programs.

Reach out to your local councils to attain information on upcoming mentorship program offerings.

Pros	Cons
<ul style="list-style-type: none">• Certificate for supplier	<ul style="list-style-type: none">• Tuition costs for each supplier
<ul style="list-style-type: none">• Established curriculums	<ul style="list-style-type: none">• Travel expenses for non-local suppliers
<ul style="list-style-type: none">• Face to face interaction	<ul style="list-style-type: none">• Programs may not be customized to specific supplier needs
<ul style="list-style-type: none">• Little to no administrative resources needed from corporate sponsor	<ul style="list-style-type: none">• Councils may not offer flexibility in designing curriculum

Corporate Sponsored Mentorship/Skills Based Volunteerism

This type of mentorship program matches diverse suppliers with subject matter experts within the corporation. These subject matter experts are often selected to address specific supplier development needs.

Pros	Cons
<ul style="list-style-type: none">• One-on-one workshops	<ul style="list-style-type: none">• Identifying internal partners within corporation willing to commit to program
<ul style="list-style-type: none">• Customized programs that fit the exact needs of the supplier	<ul style="list-style-type: none">• Management by supplier diversity department
<ul style="list-style-type: none">• No cost to the sponsor	<ul style="list-style-type: none">• Suppliers may be reluctant to offer information to sponsor



Drive Innovation

Stay Creative and Competitive

- Participate in roundtable discussions outside of your industry
- Collaborate with other corporations within your industry
- Ask diverse suppliers to come up with creative solutions
- Always align supplier diversity strategies with your corporation's vision
- Look for new ways to capture spend
- Simplify processes and always look to increase efficiency
- Align your SD program to support economic initiatives

Questions





Thank you!