



4 Steps to Unlocking
Potential Through
Supplier Diversity
Initiatives 2

Supplier Diversity
Timeline 6

Facts & Figures 8

Leveraging MWBEs
to Increase Supplier
Diversity 9

FAIR360

Advancing Supplier Diversity for Sustainable Success

Unlocking the full potential of supplier diversity has become a priority for forward-thinking organizations. Promoting supplier diversity programs helps employers compete, drive down costs and improve product quality.

This Meeting in a Box digs into how to operate an effective supplier diversity program, the top companies for supplier diversity and the ideal metrics to assess success. It also includes an expansive timeline of key supplier diversity events and facts and figures from Fair360's Top 50 Companies for Diversity.

Use this Meeting in a Box as a tool to continue your organization's understanding of the relevance of supplier diversity.

CONFIDENTIAL AND PROPRIETARY

This document and all of its contents are intended for the sole use of Fair360's benchmarking and subscription-based customers. Any use of this material without specific permission from Fair360 is strictly prohibited.

4 Steps to Unlocking Potential Through Supplier Diversity Initiatives

Supplier diversity is the intentional inclusion to develop, use and support suppliers that are owned by traditionally underrepresented groups like people of color, women and military veterans.

Harvard Business Review notes that supplier diversity programs also promote competition in the supply base and widen the pool of potential suppliers, which can drive down costs and improve product quality. But among the fastest-growing segments of the economy, **research** from McKinsey & Company shows that a supplier diversity representation gap exists.

Supplier diversity initiatives go beyond just meeting quotas or ticking boxes. They are strategic approaches that unlock a company's full potential by promoting inclusion and driving innovation. Here are four steps companies can take to ensure their supplier diversity initiatives are successful.

Define Your Mission

A mission statement serves as a powerful tool for communicating an organization's commitment to supplier diversity both internally and externally.



“Our mission statement is to promote supplier diversity excellence by utilizing communication and outreach to provide access, growth and development opportunities to diverse businesses and contribute positively to the financial performance at Stellantis,” says Bruno Olvera, Head of North America Diversity Supplier Development at Stellantis (**No. 30** on Fair360's 2023 Top Companies for Diversity list and No. 2 on the Top Companies for Supplier Diversity).

“It has always been our mission to ensure that we're spending those dollars from the Tier I and also from the Tier II perspective and providing those opportunities to diverse suppliers,” he adds.

Stellantis has been supporting diverse suppliers for 40 years. Its High Focus Tier I program has generated over \$6 billion in new sourcing opportunities for diverse suppliers in 12 years. The program is aimed at driving supplier diversity accountability across Tier I suppliers, the primary suppliers or vendors that directly provide goods or services to an organization.

What Is Tier I and Tier II Spend?

In the procurement process, Tier I supplier diversity spend is achieved when an organization collaborates directly with an underrepresented organization as its partner.

Tier II supplier diversity spend occurs when an organization works with an underrepresented supplier through its relationship with a subcontractor.

Abbott (**No. 9** on Fair360's 2023 Top Companies for Diversity list and No. 4 on the Top Companies for Supplier Diversity) says supplier diversity is an important part of its work to expand access and equity in health. The healthcare company says a stronger and more inclusive healthcare supply chain allows Abbott to help people live healthier, better lives through its technologies and products.

Track and Measure Progress

A successful supplier diversity program starts with well-defined and measurable goals that align with your company's mission and strategic objectives. These goals should go beyond meeting compliance requirements and focus on fostering inclusion, driving innovation and creating economic opportunities for underrepresented communities.

Establish metrics and key performance indicators (KPIs) to measure the success of your supplier diversity initiatives. Regularly track and report your progress to stakeholders, both internally and externally.

All of Fair360's 2023 Top 10 Companies for Diversity establish specific goals and targets for supplier diversity, such as the percentage of spend with diverse suppliers, the number of vendors with certification for diverse groups and vendor retention.

"Our mission is to reflect the diversity of our more than 9 million customers in the suppliers that help energize our success," says Nikita Trivedi, Director of Supplier Inclusion and Sustainability at Southern Company (**No. 24** on Fair360's 2023 Top Companies for Diversity list and No. 5 on the Top Companies for Supplier Diversity). "At Southern Company, we are committed to mentoring, developing and partnering with diverse suppliers while striving toward our goal of 30% total diverse spending by 2025."

Sanofi U.S. (**No. 29** on Fair360's 2023 Top Companies for Diversity list and No. 15 on the Top Companies for Supplier Diversity) has a supplier diversity spend goal of \$1.6 billion by 2025. A good balance of strategy and tactics is needed for supplier diversity initiatives to be successful, says Rakhi Agarwal, Global Head of Supplier Diversity, Sanofi U.S.

"I made sure that the strategy is divided into three different pillars which are extremely clear so there's no confusion and the projects or programs that we run, they have a clear vision of why we're doing it," she says.

"Our strategy has three pillars: educate, engage and excel. Every program we run, either they have to be educating people, engaging our buyers or suppliers, or excelling in the sense we are recognizing, tracking and metrics-oriented, all of it falls into that."

Create Mentorship and Development Programs

Mentorship and development programs can help support the growth and success of diverse suppliers through resources and training programs.

Stellantis' MentorWE development program offers business development modules taught by Stellantis executives and female entrepreneurs, with support from the U.S. Small Business Administration. The focus of the program is to develop and coach women-owned businesses.



"We had nine suppliers in cohort number one and we're working on cohort number two for this year," says Olvera. "The beauty of this program is that it helps us with the development of our diverse suppliers, but also provides additional business opportunities in the industry. Not only with Stellantis but with other companies that are interested in joining the program."

Eli Lilly and Company (**No. 5** on Fair360's 2023 Top Companies for Diversity list and No. 6 on the Top Companies for Supplier Diversity) launched the Lilly

Executive and Protégé Mentor Program in April 2016. The goal of the program is to develop relationships with small-to-medium diverse suppliers. Participants learn about industry best practices and Eli Lilly's methodologies as well as current and future business needs.

Agarwal says Sanofi U.S. plans to launch a formal mentoring program this year.

"We will have one supplier in each country of our top 10 and then one in each domain. We then pair them with one of the buyers in their space," she says.

"They can help them understand what it means to be a Sanofi supplier. What are the documents, rules, regulations and processes that they have to follow? And depending on when the opportunity arises, they might or might not get the business."

Strive for Continuous Improvement

Supplier diversity is an ongoing journey. Companies should regularly evaluate their program's effectiveness, solicit feedback from diverse suppliers, and implement continuous improvement strategies.

"The primary goal is to stay closely engaged with our suppliers and monitor the outlay and flow of our spend, such that we can more easily identify new opportunities to expand with an existing supplier or

seek out new suppliers to connect with our global network," says Anu Saxena, President and Global Head of Supply Management at Hilton (a **Hall of Fame** company and No. 3 on the Top Companies for Supplier Diversity list).

Hilton's supply management business plan is evaluated monthly, where the company brainstorms additional opportunities to increase its commitment to work with diverse suppliers.

"Additionally, we are embedding growth opportunities and targets within individual lines of business so that each leader is focused on building up their team's supplier engagement opportunities," says Saxena.

Agarwal says the biggest challenge for supplier diversity teams is often resources. She questioned whether her team was able to take Sanofi's strategy to the global level and made some staffing changes.

"Now I have someone focused on data and analysis and she's always looking at the systems to see where the opportunities are and what we can do," says Agarwal. "She does the reporting, so one person is not overwhelmed by everything. Then I have one person who is dedicated to U.S. strategy and that's required by law. Then I hired someone dedicated to international supplier diversity as well."



Fair360's 2023 Top Companies for Supplier Diversity include:

1	AT&T	14	TIAA
2	Stellantis	15	Dow
3	Hilton	16	Wells Fargo
4	Abbott	17	Johnson & Johnson
5	Southern Company	18	Kaiser Permanente
6	Eli Lilly and Company	19	Sanofi U.S.
7	Medtronic	20	Aramark
8	Comcast NBCUniversal	21	PwC
9	Accenture	22	Ameren Corporation
10	EY	23	Mastercard
11	Raytheon Technologies	24	Toyota North America
12	KPMG	25	Novartis
13	U.S. Bank		