



## Supplier Diversity Best Practice

A Capita Talent Consulting guide

Extending the now widely-accepted premise that diversity serves as a springboard to innovation and enhanced productivity, organisations are now using the same principles to encompass their existing and prospective suppliers.

One of the most significant challenges to a successful supplier diversity programme is getting the buy-in of business owners, managers and other stakeholders that are not necessarily familiar with the business case for supplier diversity or with the community of diverse suppliers.

In this guide to supplier diversity best practice, our diversity and inclusion (D&I) team offers advice on changes to policy, process and culture that can help you build the business case and significantly broaden your organisation's supplier base.



## Why supplier diversity matters

Supplier diversity not only has a social benefit, but also a credible business case that goes well beyond compliance with regulation.

- A more diverse supplier base means an organisation is much more likely to be a reflection of the customers it serves. Hence, a broad supplier base enables the better serving of customer needs, improved customer satisfaction, and the opportunity to grow through the cultivation of new markets, customers and talent.
- Diversity leads to greater innovation and enhanced capability to deliver exceptional products and services, increased profitability through competition, and improved business resilience. Conversely, organisations that don't take an inclusive approach to suppliers run risks including supply chain rigidity, unduly high costs, a lack of competition, a lack of innovation and concentrated risk.
- Supply chain diversity is also a channel through which organisations can exercise corporate social responsibility as partnering with diverse suppliers increases opportunities for economic development and job creation in local communities.

In summary, buying organisations need to create a diverse supplier base if they want to be innovative, responsive, cost effective and socially responsible businesses.

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## Recommendations and best practice



### 1. Audit processes

- Measure current suppliers against organisational values, brand proposition and diversity strategies.
- Review existing policies and procedures and mandate that supplier diversity metrics are included in every RFP.
- Integrate diversity requirements into tendering processes and communicate these publicly in annual reports, on websites and in other public materials.



### 3. Challenge

- Challenge stereotypes and the way women and minority groups are portrayed (especially in advertising) by your own business and by suppliers.
- Communicate with employees and existing suppliers about your supplier diversity objectives and the possibility of termination of contracts if behaviour is in breach of D&I policies.



### 2. Educate

- Communicate with potential suppliers about the value of diverse workplaces and help them achieve new requirements in tendering processes.
- Develop and implement a training programme for procurement staff.
- State your D&I values and expectations to suppliers and require suppliers to undergo formal D&I training or invite them to attend your organisation's programme.



### 4. Drive through procurement

- Create a more inclusive approach to procurement: internal support and fresh thinking around procurement KPIs is crucial to the inclusion of suppliers who would otherwise be overlooked.
- Make the procurement process friendly to all, ensuring barriers to tendering - such as excessive form-filling and minimum turnover requirements - are removed.





### 5. Dedicate resource

- Appoint a Supplier Diversity Co-ordinator to monitor sourcing and supplier adherence.
- Audit supplier diversity numbers and set up metrics to ensure accountability (report to CPO).
- Develop targets and monitor success.



### 6. CEO sponsorship

- Have the CEO personally sign off on supplier diversity goals and metrics.
- Executive sponsorship, engagement and accountability are the greatest factors leading to the success of these programmes in a corporate or organisational setting.



### 7. Consider financial support

- Consider adjusting payment terms to assist small suppliers.
- Consider consortiums to build capability of small suppliers to take on larger contracts or structuring contracts in smaller elements to enable smaller suppliers to bid.

## Next steps

Through their commercial weight and purchasing power, large businesses can influence other businesses to establish policies and practices which support equality and diversity. Businesses can play a leadership role by promoting these standards beyond their own organisation, for example among their commercial partners and other stakeholders in markets and the community.

We are always ready to have an informal and confidential conversation about how we can help you strengthen your recruitment or other people processes, as well as build a more inclusive workplace for diverse talent.

Capita Talent Consulting has developed a range of practical actions that can be taken in response to the challenges, and which can have a measurable impact on diversity and inclusion in your organisation and its suppliers.

## Contact us

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