



# Charting a course for success

How effective diversity and inclusion targets can help companies win more business

Words by: Julien Bitton and Leopoldo Romagnoli

**Diversity and inclusion (“D&I”) has long been a crucial part of organisations’ environmental, social, and corporate governance efforts as they attempt to address issues such as the gender pay gap and introduce more diversity and inclusion policies in the workplace. But, in recent years, action has become essential, with a global spotlight shining upon injustices around racial inequality, sexual harassment, sexual orientation discrimination, gender inequality, and more.**

We are in the midst of a social reckoning, and the public lens is sharply focussed on the pressing need to embrace diversity and inclusion in business. Today, the spotlight is also on organisations to commit to doing more to tackle inequality in society and represent that commitment in their businesses, their staff, and throughout their supply chains.

Research shows that consumers want brands to [showcase more diversity in their image](#), and, according to data from Adobe, [one-third \(34%\) of adults](#) said they either temporarily or permanently stopped supporting brands they felt did not represent them.

Factoring inclusion, equality, and diversity into both internal processes and the supply chain is vital for procurement teams, as it can strengthen stability and, when done right, can help win more business. As governments and local authorities around the world begin to put into place D&I requirements that businesses must meet if they wish to remain competitive, now is the time for businesses to act.

With processes becoming more formalised, D&I implementation has matured in key regions across both the public and private sector. This article explores the key benefits of implementing and integrating diversity and inclusion into procurement processes, how to determine D&I credentials, and how to set realistic and achievable goals.

## Why should D&I be a top priority for your supply chain?

A [diverse supplier](#) is considered a business that is at least 51% owned and operated by an individual or group that is part of a traditionally underrepresented group. This includes small and local businesses, minority-owned businesses, women-owned businesses, businesses owned by persons with disabilities, and LGBTQ+-owned businesses.

While the diversity assessment process to deliver this change in your supply chain can be both time and resource intensive, organisations that prioritise D&I in their procurement strategies are highly likely to see benefits long-term.

An inclusive culture in the workplace drives innovation, creativity, and brings a wide range of skills to the table, enhancing business performance. This allows for diversity of thought, bringing wider perspectives and opinions to problem solving and developing new ideas. It has also been linked to increased productivity and can attract new talent.

For procurement, D&I brings a wealth of benefits, such as creating transparency and trust in your supply chain base through a wider range of suppliers. You may also be surprised to learn that bringing D&I into the heart of your organisation can help you win more business overall, particularly if bidding for public sector contracts.

## What are the key benefits of implementing D&I into procurement practices?

According to [US public sector statistics](#), D&I makes up almost 30% of the overall vendor score for US government contracts. Therefore, securing the relevant certifications and credentials can give businesses a competitive advantage over other vendors. However, many businesses that already meet the criteria for D&I targets have yet to seek the proper accreditation to bid for such work.

The U.S. Small Business Administration published a [July 2021 press release](#) containing a useful chart showing contract goal achievements by D&I business categories.

### To implement D&I into your procurement strategy, you should:

- Target specific categories of spend and categories of diversity, to make your approach match what is relevant for your contracts at any point in time. You can also shift this focus over time.
- Create transparency in your supply base and critically evaluate suppliers
- Track D&I evolution month-to-month and monitor initiative progress
- Understand the geographic make-up of your supply base and adjust accordingly



## How can you determine supplier D&I credentials?

Identifying suppliers with D&I credentials presents a potential minefield for procurement teams, particularly if the skills to understand the various certifications do not exist in-house. Our work with clients has saved procurement teams months of work by quickly and efficiently matching D&I credentials to their existing supply bases.

Determining D&I credentials involves issuing requests for information (RFIs) and evaluating suppliers' credentials, which is a time-consuming process that requires careful management when working with a large supply base. Requests must be sufficiently detailed to gather the information required for assessment.

This level of detail is a key element throughout the RFI process, for both your organisation and any potential suppliers, as it's important to be able to demonstrate spend breakdown to prioritise the spend with diverse vendors according to your needs. Spend matching – part of the toolkit Efficio offers – can analyse the supplier database to provide a holistic overview of breakdown by annual spend. This is a highly useful practice when faced with mandates, such as needing to show that 25% of your direct costs are invested in local suppliers.

Efficio has organised a list of more than 300 agencies based in North America to help US clients understand which vendors are certified and how they might be suited to the needs of their supply chain. This list references organisations, such as Women's Business Enterprise National Council, Disabled Veterans Business alliance, and the United States Hispanic Chamber of Commerce, to ensure compliance with policies.

This information was invaluable to an Efficio client that commonly bids for public sector work. Getting the right certifications in place and being able to demonstrate their own diverse supplier network resulted in a significantly higher score when bidding for the work, making their tender response much more compelling.

## Setting realistic and authentic goals

The key to unlocking a D&I strategy that will work for your organisation is to develop an understanding of how you can apply D&I targets to your specific scenario and the supply base you work with.

This level of clarity and transparency can be difficult to achieve without an objective and sometimes critical eye, but it empowers you to pinpoint where you need to make changes to move the dial. In the case of one of our client organisations, carrying out this work

resulted in a more positive tender process, and stronger results across the board. It also prepared them to be proactive rather than reactive in approach and setting D&I parameters.

Transparency is essential in building the foundation of your strategy. It ensures the targets you put into place are not only realistic but authentic to your needs and the goals you want to achieve.

### What are the key considerations when setting D&I goals for your supply chain?

Do you need to:

- Address a skills gap
- Make your manufacturing more cost-efficient?
- Utilise local labour to deliver faster results?
- Promote innovation through new solutions from alternative suppliers
- Provide multiple channels from which to procure goods and services
- Take advantage of new opportunities for business expansion
- Attract new talent when recruiting





Taking the time to ask these questions enables you to base your targets around the right methodology, as sometimes a hyper-focus on superficial targets can lead organisations to forget other elements of the process and the overarching purpose. Once targets are established, allow ample time to achieve them and ensure that your stakeholders – both internal and external – are on-board by communicating regularly.

## Looking to the future

Prior to the pandemic, an increasing number of companies sought to consolidate their supply bases and restrict the number of key vendors, in the hope of driving greater value. In subsequent months, the situation has changed, and companies are looking to diversify their base across regions to reduce risk in the chain.

This behaviour change has also stretched to how organisations approach long-term commercial partnerships. Instead of solely locking in prices over longer periods of time with preferred suppliers, organisations are negotiating hybrid pricing agreements to better manage risk, which increases flexibility in how organisations work with suppliers and adjust their supplier base to support D&I objectives.

In North America, there are a growing number of [mandates around diversity and inclusion](#). While the UK and Europe may not yet have specific targets or one-size-fits-all policies, it is likely that more rigid requirements – particularly for the public sector – will soon come into play. It is also possible that these requirements will spread geographically in Europe and Asia, as D&I becomes an increasingly important part of corporate social responsibility.

Perhaps most importantly, there is a clear trend toward businesses gaining a clear perspective on what they hope to achieve when setting D&I targets, facilitating transparency across industries, and ensuring goals are set and achieved.

In a year where global supply chain issues already have businesses evaluating their procurement process and their network of suppliers, now is a prime time to invest in a more diverse and inclusive vendor programme. Not only are end customers and consumers demanding more diverse approaches from the businesses they use, but there are clearly business benefits to be found.

New perspectives, a wide, diverse bench of suppliers, and innovative approaches can help your organisation to deliver growth and win more business at a time where new thinking is most needed.

**If you'd like to discuss any of the topics in this article, please get in touch with Julien Bitton or Leopoldo Romagnoli.**



**Julien Bitton, Principal**

Julien.Bitton@efficioconsulting.com



**Leopoldo Romagnoli, Principal**

Leopoldo.Romagnoli@efficioconsulting.com

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**We support blue chip multinationals, private equity companies, and SME clients around the world to deliver increased value from procurement.**