MACP
MASSACHUSETTS COMPETITIVE PARTNERSHIP

VALUE CHAIN
DIVERSITY

MARCH 2023 // PREPARED BY DELOITTE

Contents

1. Executive Summary

1.1. Objectives & Overview

In 2022, the Massachusetts Competitive Partnership ("MACP"), in concert with its Member Firms ("Member Firms") and Deloitte, undertook a study to understand the current landscape of their value chain diversity processes and programs. The goals of this study were to identify common challenges faced by Member Firms when executing on value chain diversity programs, highlight leading practices implemented by Member Firms, identify opportunities to further promote diversity within Member Firms' value chain (e.g., joint ventures, business partners, distributors, resellers, direct suppliers, Tier 2+ suppliers), and drive collective maturity in those practices which promote a diverse business landscape.

Member Firms operate in many different industries, are of differing sizes from a revenue and employee perspective, and have varied business models. To reflect this, our study focused not only on direct suppliers or service providers but also partnerships, joint ventures, subcontractors, and other elements of an organization's extended enterprise. Success stories discussed with Member Firms highlight that, in addition to driving corporate responsibility, these programs open the door to new product ideas and increased competition within the supplier base, while improving brand image, driving consumer adoption of products and services, and enabling the economic development of communities served by these organizations.

To gather the information for the study, we first conducted a survey of 16 Member Firms and collected Member Firm data and documentation. Comprised of MACP, representatives from its Member Firms, and Deloitte, the project team leveraged information obtained to inform focus areas for interviews. Those who participated in the 24 interviews included stakeholders across 18 Member Firms, representatives from two supplier diversity advocacy organizations, and interviewees from three women- or minority-owned business enterprises ("WMBEs").

By combining insights from the information-gathering stage of the study and Deloitte's experience supporting value chain diversity programs, the study was able to build a clear picture of value chain diversity practices which have the potential to drive a positive shift towards a more diverse, equitable, and inclusive business landscape within Massachusetts.

1.2. Summary of Recommendations

This is a summary of the project team's recommendations to MACP and its Member Firms based on the results of the surveys, documentation review, data analysis, and interviews (please see Sections 6, 7, and 8 for detailed leading practices, roadmap, and recommendations). The recommendations below are designed to drive collective maturity, enable innovation of value chain diversity practices within Member Firms, and further support diverse businesses.

Implementation of Leading Practices[1]

1. Align value chain diversity program goals with their organization's core values to facilitate organizational buy-in. This exercise should be sponsored by the C-suite and be supported by organization-wide communications to convey business commitment to value chain diversity, initiatives, and how other functions can assist in promoting value chain diversity practices. Clear guidance should be provided at all levels of what is expected and how progress toward

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[1] See Section 6 for additional detail on leading practices observed.

goals will be measured and incorporated into both personal and business level performance review. As was mentioned in several interviews, *'What gets measured, gets done'*.

2. Formulate category and / or business unit-specific value chain diversity goals to drive accountability across the Member Firm and establish formal processes for reporting on progress against goals. It is important to establish attainable goals by understanding the current state of value chain diversity and identifying categories / business units where there are opportunities for leveraging diverse businesses. Progress against goals can be tracked through:
   a. Overall diverse business spend / revenue impact and count of contracts with diverse businesses engaged across the value chain[2]
   b. Diverse business spend / revenue impact and count of contracts with diverse businesses across the value chain for critical categories / business units
   c. Percentage increase in diverse business spend / revenue impact and number of contracts awarded per quarter across the value chain
3. Include requirements in contracts with all suppliers / business partners upon contract renewal to promote value chain diversity across Tier 2 and beyond.
4. Assess performance of current supplier population to identify potential opportunities for diverse suppliers to replace or supplement existing suppliers. This can include retaining a larger legacy supplier with a national reach but reserving parts of the contract for smaller, local diverse businesses.
5. Work with executives responsible for the Member Firm's go-to-market initiatives to assess feasibility of partnerships, distribution agreements or joint go-to-market opportunities with diverse businesses who provide complementary products / services to the organization.
6. Consider establishing formal mentorship programs for diverse businesses, leveraging internal subject matter experts to provide specific guidance based on suppliers' specific circumstances. Both WMBEs and supplier diversity advocacy organizations noted that WMBEs were fatigued by generalized mentoring programs that did not offer the opportunity to generate new business.
7. Publicize the organization's commitment to value chain diversity to raise external awareness and encourage internal stakeholders to participate in initiatives. It is important to align with internal DE&I groups on broader goals and denote specific areas of opportunities for diverse businesses within the organization (i.e., increased focused on staff augmentation engagements, outsourced recruiting, etc.).
8. Establish relationships with supplier diversity advocacy organizations to obtain support in identifying diverse businesses and providing visibility into upcoming opportunities. Engaging with local supplier diversity advocacy organizations can also increase the Member Firm's community footprint.

Plan a Value Chain Diversity Maturity Roadmap for a more efficient program

> Member Firms should use the detailed roadmap, outlined in Section 7, to identify the current state of their program across each operating model component (i.e., People & Culture, Governance & Standards, Process, and Reporting & Technology). Member Firms' leadership teams should align on the desired maturity level to be achieved in the near- and long-term, leverage the recommendations provided throughout this report, and build a roadmap for the implementation and operationalization of measures driving their organization to the desired stage of maturity.

[2] For examples of businesses across the Value chain please see 2.1.2. Wider Tier 2 and Broader Value Chain Activities

Supporting Partner Value Chain Diversity Efforts

> MACP should work with Partners to identify existing WMBE repositories and work with its Member Firms to enhance existing WMBE repositories.
>   1. Partner-owned repositories
>   • Consider working with Partners to create repositories that include granular information on suppliers, including specific service offerings, active certifications, geographic reach, and organizations with which they have had contracts. This may likely allow organizations to identify WMBEs that can fulfill specific requirements.
>   2. Business case for WMBE versus incumbent
>   • Provide relevant stakeholders with the information necessary to build a convincing business case for diverse businesses to facilitate their inclusion in procurement opportunities.
> MACP should consider working with Member Firms to identify enhancement opportunities for ongoing value chain diversity efforts established by Partners:
>   1. Mentorship: MACP should work with Member Firms to identify enhancement opportunities for diverse business mentorship opportunities (e.g., providing mentorship that is tailored and outcome-driven).
>   2. Certifications: MACP should work with Member Firms to identify minority- or women owned suppliers who are actively seeking certifications and collaborate with certifying agencies to help these suppliers attain certifications.
>   3. Events: MACP should encourage Member Firms to actively participate in events aimed at promoting diverse businesses (e.g., matchmaking events, tradeshows, supplier showcases, meet and greets, etc.).

See Section 8.1 for additional details.

Establishing an Ongoing Dialogue, including internal and external conversations

> Member Firms should facilitate the following conversations internally:
>   1. Third-Party Risk Management ("TPRM") process enhancements aimed towards supporting diverse businesses
>   • Enhance current risk management processes to drive accurate applicability assessments in order to tailor control requirements to facilitate small and diverse businesses participation in the procurement process.
>   • Leverage risk assessment results to provide feedback and guidance to diverse businesses on relevant control requirements with the goal of fostering diverse business development.
>   2. Embedding value chain diversity material into presentations to provide education for their workforce
>   • Provide education to the entire workforce and embed value chain diversity topics into discussions with large audiences (e.g., all-hands meetings). Internal education can drive a sustainable value chain diversity program.
> Member Firms should facilitate the following conversations with external parties:
>   1. Communication promoting value chain diversity to Tier 1 suppliers and business partners across the value chain
>   • Ensure continuous communication channels with Tier 1 suppliers and business partners across the value chain to address challenges and/or hesitancies in sourcing from diverse vendors. Some of the challenges include data limitations, lack of maturity, and disconnects between the relevant stakeholders.
>   2. Provide feedback to diverse businesses

- Provide transparent, actionable feedback on RFP submissions so that diverse businesses can continue to grow and become acclimated to procurement processes and components. Drivers of bid losses should also be shared internally to shape the program's strategy toward empowering diverse businesses and helping them win awards.
3. Referrals from industry peers
   - Promote proactive communication with industry peers to identify diverse businesses that have succeeded in delivering goods and services for similar organizations. This allows organizations to be confident in diverse businesses' abilities to fulfill their requirements.
4. Targeted and outcome-driven training to diverse businesses
   - Provide training that is linked to a benefit or outcome. General training with no clear path to meet business' needs around either capital or contracts can diminish good will with bidders and represent an opportunity cost to suppliers that could otherwise focus on operating their business.
5. Consideration of diverse businesses for multiple categories
   - Consider comparing the vendors' ability to meet the needs of opportunities across categories and leverage small businesses' flexibility to cater to organization-specific solutions.
6. Virtual programming
   - Consider enabling more virtual programs to cut down on time and financial costs related to in-person events.

See Section 8.2 for additional details.

Making an Impact on a Local Scale

> Member Firms should define goals specific to their impact on local communities (i.e., Massachusetts or specific regions, cities, etc. within Massachusetts) and outline strategies to achieve goals through:
> 1. Assessment of both current and future internal contract opportunities
>   - Consider proactively setting goals for value chain diversity initiatives. An assessment of contract opportunities will allow Member Firms to develop relationships with diverse businesses for future referrals.
> 2. Collaboration with local councils to identify local providers
>   - Consider collaborating with regional councils to determine which local diverse businesses can fulfill specific contract requirements.
> 3. Promotion of local diverse businesses and their success stories
>   - Consider highlighting grassroots businesses with contracts in Member Firm internal and external communications. These businesses can be registered in Partner-owned repositories.

> MACP should work with Partners and Member Firms to identify gaps (industries and underlying service / product categories that do not have diverse businesses) and either find appropriate entrepreneurs to support in the development of these companies or work with Partners to incentivize the creation of diverse businesses in these niche areas.

See Section 8.3 for additional details.

Recommendations to Enable WMBEs

In this section, we initially aimed to identify recommendations specific to the Financial Services industry. Financial Services firms may likely be well-positioned to implement some of these recommendations, including impact investing, banking relationship referrals, and underwriting. However, recommendations in this section can also be implemented by Member Firms outside of the Financial Services industry, provided that those firms have the capabilities required to execute on the

recommended actions.

> Member Firms should help diverse businesses overcome the multiple challenges facing them by implementing the following initiatives:

1. Matchmaking
   - MACP should consider working with Partners to identify promising WMBEs and working with Member Firms to identify potential contracting and mentorship opportunities for these WMBEs.
2. Mentorship
   - Financial: Provide tailored mentorship to diverse businesses focused on the management of funds to enable organizational growth and evolution. Consider incorporating guidance on gaining access to capital, process requirements, and other relevant themes as covered by the initiative.
   - Risk: Share summarized risk assessment outcomes and provide advisory services to help diverse businesses understand and close gaps in the fulfillment of information security, privacy, sustainability, and Anti-Bribery and Corruption (ABAC) requirements.
   - Proposal Delivery: Provide training to diverse businesses on proposal development and delivery, including planning efforts, effectively highlighting qualifications, and achieving compliance with RFP requirements.
3. Certification assistance programs
   - Member Firms should consider establishing programs to help non-certified diverse businesses pursue appropriate diverse supplier certifications through leveraging existing relationships with certifying agencies and assisting with certification costs.
4. Impact investing
   - Member Firms should consider investing in diverse businesses that generate positive ESG impacts both locally and nationally.
5. Banking relationship referrals
   - Member Firms should consider leveraging banking relationships to introduce diverse businesses to loan officers or other relevant banking representatives to facilitate lending processes.
6. Underwriting
   - Member Firms should consider diversifying banking relationships (e.g., primary underwriters, bookrunners, co-managers) and employing diverse firms to provide underwriting services, including market intelligence on pricing, competitors, and legal/regulatory factors that may influence the business.
7. Joint go-to-market opportunities
   - Member Firms should consider identifying diverse businesses who provide goods or services (or distribution thereof) that are complementary to their own products and potentially work with these suppliers on joint go-to-market opportunities.
8. Entrepreneurial empowerment
   - Member Firms and MACP should consider working with organizations that support women and minority entrepreneurs, as well as allies, to determine equitable access to information, support in early-stage business creation, and connection to opportunities.

See Section 8.4 for additional details.

2. Introduction

2.1. Scope of Study

The study focuses on three areas of the Member Firms' value chain diversity activities:

1. Tier 1 Value Chain Diversity Practices
2. Diversity-Enabling Practices
3. Wider Tier 2 and Broader Value Chain Activities

2.1.1. Tier 1 Value Chain Diversity Practices

This section of the study focuses on the current state of Member Firms' value chain diversity programs, policies, and practices that foster diversity through commitments to diverse business portfolios of WMBEs. Processes focused on promoting the use of WMBEs have traditionally relied on supplier diversity certifications and self-attestations to inform sourcing decisions which, when executed efficiently, can have significant impact in supporting diverse businesses. Challenges organizations face when implementing processes focused on promoting the use of WMBEs include a lack of organizational buy-in, lack of resources, and conflicting priorities. As an example, research shows that many organizations face challenges in identifying qualified suppliers[3]. Therefore, we sought to understand how some Member Firms have overcome this challenge through leveraging external help, including their professional network, diverse business databases, and diverse supplier advocacy organizations.

To gather further insights into leading practices related to promoting the use of WMBEs within an organization, we inquired about policies, goals, trainings, processes, and other program components that have helped organizations achieve maturity in this space.

2.1.2. Wider Tier 2 and Broader Value Chain Activities
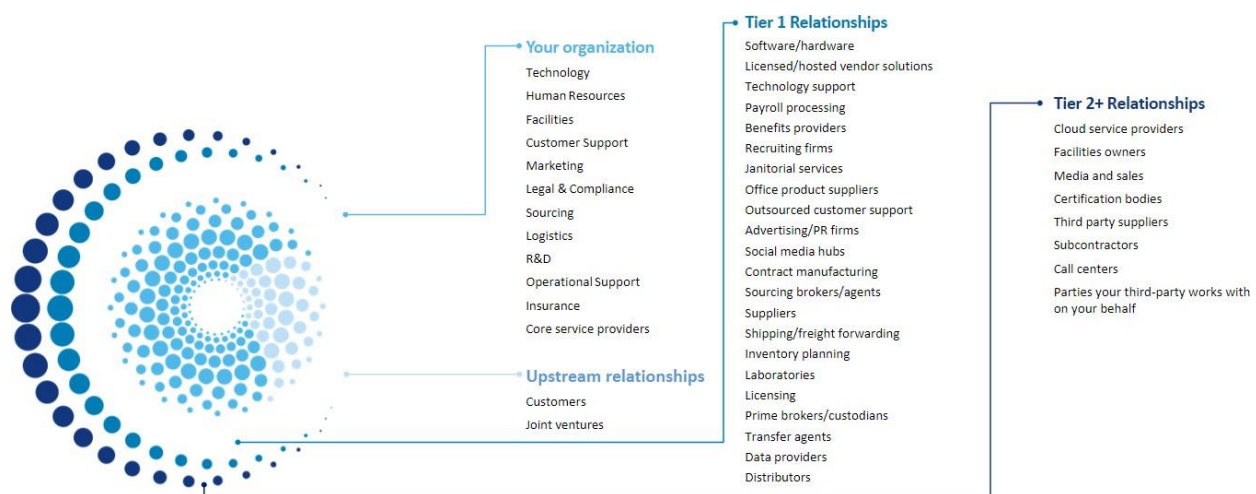
The assessment primarily focused on the value chain diversity of MACP Member Firms' Tier 1 population (i.e., direct suppliers, service providers, and partners). However, considerable impact can be achieved, especially for mature value chain diversity programs, in buyers encouraging their suppliers to source from diverse businesses.[4] Therefore, our research did investigate practices that involved extending efforts to promote diversity across the value chain (e.g., joint ventures, Tier 2+ suppliers). See the below for the illustrative representation of organizations' value chain.

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[3] supplier.io's *2021 State of Supplier Diversity: Supplier Diversity Programs*

2.1.3. Diversity-Enabling Practices

Since there may often not be a WMBE that could service a requirement, to increase the potential socioeconomic impact that value chain diversity initiatives have in underserved communities, our team also considered opportunities for Member Firms to support and source from diversity-enabling businesses – non-WMBE companies that advance equity and inclusion in their internal operations and/or outreach programs into marginalized communities or who, in turn, reserve some of their supplier spend for WMBEs.[5]

To encompass additional measures of diversity, our team considered businesses that implemented practices to actively promote diversity within their workforce through recruitment and retention, particularly at the managerial level, and provide internal, inclusive training that provide accessible professional development opportunities, allowing employees to bridge skills gaps created and/or exacerbated by structural inequities. The assessment also considered businesses that adhere to diversity policies that address areas including equal employment opportunities for underrepresented groups, equality of development and advancement opportunities, transparent reporting of workforce representation, and progress toward DE&I goals.

3. Study Methodology

In this section, we discuss the components of the methodology used to identify challenges and evaluate leading practices implemented by Member Firms. These include:

1. Maturity assessment methodology to direct information gathering

2. Survey based on five evaluation criteria

3. Member Firm data and documentation review

4. Interviews with Member Firm representatives

5. Actionable insights across operating model components

3.1. Maturity Assessment

This study used a five-stage value chain diversity program maturity model to evaluate value chain diversity leading practices and gap areas across Member Firms. This model was developed through Deloitte's experience supporting value chain diversity programs and has been used to provide services to both Government and Commercial organizations.

There are currently several organizations nationally recognized as focusing on value chain diversity. To allow meaningful comparison with prominent organizations working in this space, the table below shows how the model used in this study matches against two widely recognized organizations:

- RGMA 5 Levels' Supplier Diversity maturity model

- supplier.io's Program Maturity Self-Assessment

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[4] supplier.io's *2021 State of Supplier Diversity: Supplier Diversity Programs*
[5] MIT Center for Transportation & Logistics' 2021 *Supplier Diversity: Metrics, Certification, and Program Best Practices*

Stage	Deloitte Maturity Model	RGMA Five Levels™ of Supplier Diversity	supplier.io Maturity Stages
Initial	Organization has no value chain diversity goals and possess very limited value chain diversity data. Initial stage programs do not track diverse businesses and do not conduct outreach for new diverse businesses.	Just getting started based on a customer requirement or an expanded DE&I commitment.	Supplier diversity is not integrated in the sourcing process, but it may be included on an ad hoc basis. Programs in this stage have minimal support from their organization's leadership.
Building	Organization has put some effort into formulating overall value chain diversity goals. However, due to resource limitations, value chain diversity initiatives become collateral duty, the goals formulated may not be meaningful and the functional buyers may not have visibility into the overall program goals. These organizations have limited participation in Trade Fairs, and occasionally set up pre-solicitation conferences to test the interest / capabilities of WMBEs.	The program's sole objective is to satisfy customers' diverse supplier utilization requirements.	Supplier diversity has moderate support from their organization's leadership. There is a general knowledge of Supplier diversity, and Supplier diversity is integrated into procurement processes if required by customers or regulations. The supplier relationship managers are unaware of their suppliers' Tier 2 programs. The organization will occasionally engage with advocacy groups.
Advancing	Programs established dedicated resources to support value chain diversity initiatives. Functional buyers across these organizations are aware of value chain diversity goals but lack confidence in the WMBEs to meet requirements; there is also no visibility into upcoming requirements that WMBEs can meet. The program outreach is limited to sourcing events, trade fairs and pre-solicitation conferences. Since transparency into accomplishments is not prevalent, there is no incentive for success.	The program has visibility, but limited impact due to a lack of senior leadership engagement.	Program have engaged leaders; they are somewhat involved in the external and internal promotion of the program. Considering diverse suppliers is highly encouraged but it is not mandatory. The organization creates annual plans for their supplier diversity program. Companies that make supplier diversity tools widely available to procurement groups. The supplier managers are generally aware of Tier 2 programs. The organization attends most events with advocacy groups.

Achieving	Programs have centralized authority to execute value chain diversity initiatives. The functional buyers across these organizations have a strategic communication plan and are confident that the WMBEs are capable of meeting requirements. The WMBEs are registered in supplier management systems and displayed in an order catalog. Additionally, the program's successes and failures are published online, so they provide insight into upcoming requirements that WMBEs can perform.	Characteristics include: - Active C-suite engagement - Business diversity leader at Director Level and above and has a strategic link to category management, strategic sourcing, marketing & sales, sustainability and community - A savvy team supported by adequate resources - Advisory council/steering team - Robust business training strategy for all associates - Innovative capacity-building strategies - Opportunities expanded from supply chain to the entire value chain enhances opportunities in professional services and outsourcing. - Mission-driven Prime Supplier program	Programs have actively engaged leaders. supplier diversity is fully integrated into the organization and is considered a strategic initiative. Considering diverse suppliers is mandatory for sourcing projects above a certain dollar amount. Companies that make supplier diversity tools widely available to their sourcing team. The supplier managers are engaged in Tier 2 programs when requested. The organization is occasionally engaged with advocacy groups.
Leading	Programs have centralized authority that is empowered to execute meaningful value chain diversity goals through their superior communication strategy. Since their goals are tied to annual performance objectives, these programs update their goals regularly and focus on supplier development and networking. The functional buyers across these organizations are confident in WMBEs' capabilities. The WMBEs are registered in supplier management systems and displayed in an order catalog configured to support value chain diversity efforts. To facilitate their success, the programs provide mentors for the WMBEs to navigate the landscape and proactively plan to set requirements. Additionally, the program's successes and failures are published online and success as well as spur competition are awarded.	Characteristics include: - Business diversity leader is a VP (or above) and active member of all Diversity and Sustainability councils and dynamic leader in local and national advocacy organizations - Business diversity strategy is in alignment with sustainability and DE&I strategies - Business diversity's contribution to community transformation is a C-suite performance metric - Business diversity is integrated throughout the global supply chain - Business units have quantitative and qualitative business diversity goals - Contribution to market-share and shareholder value are important metrics - M & A activity is a standard tool for building capacity within diverse suppliers, service providers, and business partners - Earning national recognitions and awards are embedded in annual plans. - Active C-suite leadership	Programs have actively engaged leaders. Supplier diversity is fully integrated into the organization and is considered a strategic initiative. Considering diverse suppliers is mandatory for all sourcing projects. Companies that make supplier diversity tools widely available to their sourcing team. The supplier managers are extremely engaged in Tier 2 programs. The organization is actively engaged with advocacy groups.

As seen above, the maturity model used in this study is comparable to that of other leading organizations in the value chain diversity space and provides a broad view into value chain diversity program maturity to guide a standardized identification of targeted areas of opportunity. The maturity evaluation leveraged the value chain diversity program maturity model defined above and was used to shape the three components used to gather the information required to conduct the assessment: survey responses, data and documentation request, and stakeholder interviews.

3.2. Survey

A seventy-two-question survey was created and focused on the following five areas of Member Firms' value chain diversity programs:

Criteria	Description
Benchmarking	Identifying, measuring, and evaluating organizational practices that achieve desirable value chain diversity outcomes, including practices observed from other companies, sourcing needs, geographic presence, and industry
Goal Setting	Formulation of realistic, measurable, transparent, and meaningful goals based on previously identified benchmarking metrics
Identification of Diverse Businesses	The process leveraged to include qualified diverse businesses across the value chain based on sourcing needs, industry-based opportunity analyses, and/or tools such as supplier management portals
Efficiencies Creation	Improvement of value chain diversity programs through process improvements and technology enablement that afford enhanced communication with prospective suppliers and cost reductions through integrated and streamlined systems, including but not limited to supplier registration portals
Metrics and Reporting	Tracking of results either internally or with third-party tracking and reporting tool(s) to measure the success of a value chain diversity program and enhance it on an as-needed basis

We used the five evaluation criteria to identify challenges and assess leading practices across the different program operating model components (i.e., People & Culture, Governance & Standards, Process, and Systems & Reporting) described in Section 3.5.

3.3. Data and Documentation

Where they existed, Member Firms supplied value chain diversity documentation to provide additional insight into value chain diversity program governance, requirements, processes, reporting, and stakeholders. Some Member Firms were also able to provide overall revenue information, procurement metrics, and value chain diversity specific metrics. The data helped us explore the MACP ecosystem by providing insights related to the distribution of organization size, procurement efforts, and the

prominence of WMBEs in Member Firms' value chains.

3.4. Interviews

24 interviews were conducted with stakeholders involved in value chain diversity efforts across 18 Member Firms. The interview questions were tailored to each Member Firm based on survey results, assessing each respondent's value chain diversity practices using the five evaluation criteria defined in Section 3.2, as well as documentation and data provided.

In addition to Member Firm interviews, the project team conducted three interviews with three diverse business advocacy organizations and two interviews with representatives from three WMBEs. The purpose of these interviews was to obtain insight into challenges faced by WMBEs when dealing with large organizations, barriers preventing them from scaling their growing operations, and how organizations can elevate their efforts in supporting WMBEs through their journey.

3.5. Providing Actionable Insights Across Each Operating Model Component

To provide meaningful and actionable recommendations and facilitate the implementation of enhancements, our project team focused on tailoring each recommendation to a specific program operating model component. For the purposes of this study, these are the four value chain diversity program operating model components:

Program Component	Description
People & Culture	Tone at the top related to value chain diversity, clarity on established goals, establishment of appropriate training, efforts to raise awareness, and leadership's involvement to promote a diversity-enabling culture within the organization
Governance & Standards	Organizational structures, committees, and roles and responsibilities for promoting value chain diversity practices within an organization, as well as established goals, organizational benchmarks, and standards for the management of value chain diversity and related processes
Process	Actions and procedures executed to meet program goals, including the identification, onboarding, and management of diverse businesses as well as the promotion of inclusion within the value chain
Systems & Reporting	Tools, technology, and data that support value chain diversity processes and provide visibility into the program to stakeholders, including reports measuring the program's progress towards goals

4. Survey Results

Our project team used the survey results to obtain the preliminary context required for understanding the current state of value chain diversity within MACP Member Firms. The graph below depicts how Member Firms self-categorized their program's maturity. The self-categorization results did not determine the maturity observations formulated by the project team.
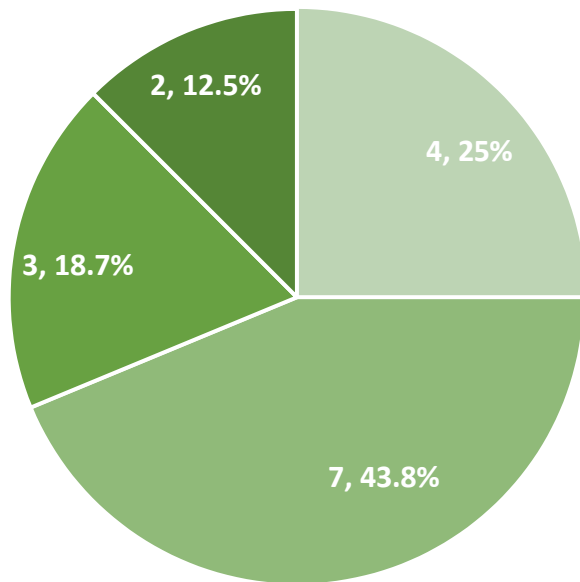
- Our program is in its initial stages and we are working on defining standards
- We have a somewhat mature program, but not everyone is aware of our program's goals
- We have a mature program and its goals are directly tied to our organization's performance
- We have a leading class program, report on our achievements externally, and offer mentorship for our suppliers

Below, a sample of survey questions are highlighted to showcase the breadth of maturity of the MACP Member Firms:

Does your organization evaluate non-diverse suppliers' social responsibility practices as a supplier selection criterion? If answered "No", do you believe your organization would adopt this as a common practice?	Yes, we evaluate social responsibility practices as an evaluation criterion	12, 75%
	No, but I believe my organization would adopt this	3, 19%
	No, and I do not think my organization would adopt this practice	1, 6%

Insights: Another method of engaging with forward-thinking suppliers is to evaluate organizations based on their social responsibility initiatives in their RFPs. 12 out of 16 Member Firms evaluate their non-diverse suppliers' DE&I and social responsibility, and three more were willing to adopt this practice. This expansion in scope promotes positive socioeconomic impact in areas that traditionally may not be covered in a value chain diversity program.

For how long have you had your supplier diversity program?	<1 year	1, 6%
	1-2 years	4, 25%
	3-10 years	6, 38%
	10 + years	5, 31%

Insights: 11 of the 16 respondents had a supplier diversity program that has existed longer than three years. Although length in existence does not equal maturity, time may allow for development towards a more mature program.		

Does your organization offer in-house supplier development / mentorship programs for your diversity suppliers?	Yes	9, 56%
	No	7, 44%
Insights: 9 of 16 organizations held in-house mentorship programs. Mentorship programs focus on diverse supplier development, prepare them for establishing meaningful internal relationships and gives the opportunity for showcasing their capabilities to internal stakeholders. However, some Member Firms noted that these programs can be time and resource intensive. Some Member Firms reported a preference to take advantage of establishing mentorship programs founded by diverse supplier advocacy organizations, which requires less investment, but may not be tailored to the organization's specific needs.		

Does your organization include supply chain diversity requirements in contracts with your direct suppliers? (i.e., establishing diverse supplier spend requirements for some of your direct suppliers)	Always	1, 6%
	Often	4, 25%
	Sometimes	8, 50%
	Never	3, 19%
Insights: 13 of the 16 Member Firms noted they have included supply chain diversity requirements in contracts with at least some direct suppliers. This has the effect of increasing the overall spend on diverse suppliers even for businesses where qualified WMBEs may be scarce. These requirements on Tier 1 suppliers form a critical foundation in spreading diverse spend into an organization's Tier 2 supply chain.		

How regularly are supplier diversity metrics and progress shared with your C-level Executives and/or Board of Directors?	Not shared	1, 6%
	Ad-hoc basis	3, 19%
	Monthly	3, 19%
	Quarterly	7, 44%

	Annually	2, 13%

Insights: Frequent reporting on supplier diversity metrics to the organization's leadership demonstrates that an organization's leadership prioritizes value chain diversity initiative and that the organization is confident on the data being reported on. 10 out of 16 respondents noted they have established a formal cadence to share supplier diversity metrics and overall progress with C-suite level Executives at least quarterly.

4.1. Correlation of Survey Results

Survey responses provided insights into which specific components organizations have implemented to drive their self-assessed level of maturity (pictured in Section 4). The results of the survey questions were assessed via correlation analysis to identify which components of the programs were perceived by interviewees/firms to be core to any value chain diversity program and those which were indicative of an enhanced program with greater maturity.

4.1.1. Core Components

Core components are critical to establish effective practices that promote diversity within the value chain and should be considered foundational:

Leadership buy-in: Member Firms with support from their C-suite leadership were able to receive more financial support and establish full-time / part-time resources to guide the organization's value chain diversity efforts. Many value chain diversity programs among Member Firms underwent significant growth and achieved greater prominence shortly after the arrival of a member of the C-suite who understood the importance of these initiatives (ranging from Chief Procurement Officers to the CEO).

Publicly available commitment to diversity: There was a close correlation between MACP organizations that had a public commitment to diversity and self-perceived maturity. Additionally, based on our interviews, a public commitment to diversity was linked to groups such as the C-suite, Legal, DE&I and Strategic Initiatives being closely involved in defining program goals and promoting value chain diversity efforts both internally and externally. This underlined a consistent theme within the study of the importance of a culture that is supportive of the benefits of diversity within the workplace and sees it as a core requirement for a business as opposed to a 'nice to have.'

Enhanced supplier management system: To enable the inclusion of specific data, organizations enhance their existing supplier management systems. This establishes the foundation required to track departmental goals, carefully report on progress, and promote diverse businesses for current and future sourcing opportunities.

Full-time staff: Dedicated resources for value chain diversity facilitate the promotion of value chain diversity practices within the organization, drive the development of minority-owned business relationships and implementation of program enhancements. Generally, those companies which rated their programs as more mature had more senior staff leading the program and more staff within the program as a whole. Buy-in from critical stakeholders and diverse businesses can be achieved through the presence of evangelists who identify areas of improvement and implement changes to streamline diverse business acquisitions. Technical experience is also vital, particularly in the field of data acquisition and management to gather and process data to track spend, facilitate the diverse business onboarding process, and monitor the program.

Formal and measurable goals: The implementation of formal and measurable goals related to organizations' value chain diversity efforts allows them to hold their functional buyers accountable and identify gaps in the delivery of value chain diversity goals.

KPIs in place: Category / Business Unit specific spend, number of contracts, and the percent increase year over year were widely used by Member Firms to assess their program's performance and enable the development of meaningful strategies.

Leveraging relationships to improve value chain diversity: Organizations can leverage their network to establish mutually beneficial relationships focused on promoting diversity within the value chain. For example, organizations can encourage their vendors to leverage diverse businesses on a subcontracting capacity, identify solutions to their value chain diversity challenges, and receive recommendations for vetted diverse businesses.

Supplier Diversity Enabling Procurement Policies: Policies focused on promoting diversity in the procurement process formalize the organization's value chain diversity efforts, define a reporting structure, establish accountability, and outline the broader organization's role and responsibilities in promoting value chain diversity.

Training: Formalized training cadences raise awareness of value chain diversity efforts and educate individuals across the organization of processes and tools aimed towards promoting diverse businesses and other value chain diversity practices.

4.1.2. Enhanced Components

Enhanced components build on the core components referenced in the prior section to enable greater impact and visibility within the value chain. These components were present in programs that identified as Advancing and Leading but were less typical in ones categorized as Initial, Building, or Achieving.

Including value chain diversity requirements in contracts with Tier 1 suppliers: The inclusion of value chain diversity requirements in contracts holds direct suppliers accountable for their Tier 2 spend of diverse businesses. This increases the overall socioeconomic impact of the program and drives value chain maturity in this space.

Provision of supplier diversity data on Tier 2 suppliers: The ability to obtain data related to Tier 2 suppliers allows organizations to effectively measure the direct impact of their value chain diversity initiatives and identify gaps and areas of opportunities for increasing Tier 2 spend.

Support offered to supplier development/mentoring programs: Value chain diversity teams may leverage support from other functions throughout their organization, including subject matter experts in areas like marketing, accounting, compliance or social media outreach to assist with formalized mentorship of suppliers. Unlike broad trainings, specialized support affords suppliers tailored guidance based on their specific needs as well as the identification of particular business development opportunities and leading practices.

Gathering feedback on how to improve: Gathering feedback on how to improve, both from internal (e.g., functional buyers) and external stakeholders (e.g., diverse businesses, non-diverse suppliers) allows organizations to identify and address gaps in their procurement processes and develop more meaningful / targeted mentorship initiatives. Organizations may choose to gather information in a variety of ways. With any given party in the organization gathering the feedback, appropriate organizational stakeholders, including value chain diversity teams, category managers, functional buyers, and steering committees should have visibility into the feedback to ensure that pain points noted by diverse businesses are assessed and ultimately addressed.

Communicating results internally/externally: Reporting on the result of value chain diversity efforts both internally and externally is crucial in driving awareness of the organization's initiative and overall commitment. Advanced internal reporting should be geared towards quantitative analysis of the program to help the organization recognize accomplishments, drive accountability across different purchasing categories and business units, identify current challenges, and inform future strategies. External reporting should offer qualitative insights into value chain diversity efforts and involve several groups across the organization (e.g., C-suite, DE&I, Legal, Finance).

5. Challenges

This section outlines challenges faced by organizations when trying to promote value chain diversity practices within their organization. Challenges identified during interviews were categorized across the four operating model components defined in Section 3.5.

5.1. People & Culture

Need for Leadership Support

Without the support and prioritization of value chain diversity maintained and communicated by, for example, C-suite Executives, programs often fall short of meeting their full potential. While for most Member Firms, leadership was noted as being very involved and actively endorsing their programs, C-suite Executives' limited visibility into specific value chain diversity initiatives was identified as a common pain point for participating organizations seeking to advance their value chain diversity efforts.

Interviewees noted that representatives from middle-management and others in program execution-focused roles often lack awareness of effective techniques and approaches to enhance leadership's visibility. A Member Firm representative noted that their program's limited visibility with leadership has presented a challenge toward persuading the C-suite "to advocate and support on behalf of the supplier diversity program." In the case of this organization, leadership buy-in and commitment could drive the allocation of additional full-time resources, development of mentorship programs for suppliers, and enhancement of communication outlets for the program — components that rely on adequate staffing and funding.

Unconscious Bias

In the survey, 12 out of 16 Member Firms noted that they face challenges in establishing a business case for diverse businesses. During the interviews, the project team observed that organizations may face challenges in proving to their internal stakeholders that diverse businesses are able to provide quality up to their standards. For example, a Member Firm representative raised the need to debunk beliefs that the quality of products and services from small businesses are not competitive, and another Member Firm representative noted that some purchasers believed that diverse businesses "cost more" than non-diverse businesses. However, several Member Firm representatives described their successes and future aspirations in establishing partnerships with diverse businesses. For example, a Chief Procurement Officer noted that "the MBEs are proving they are on par and even exceed [their] expectations". Recognizing SHI International Corporation, a woman owned-company, as its 2021 North America Partner of the Year, Rapid7's Director of Procurement & Third Party Risk seeks to establish similar partnerships in the future.

According to Member Firms, the "unconscious bias which favors big over the small" and tendencies to favor incumbent suppliers due to "familiarity and convenience" present obstacles to many organizations. This can be compounded by procurement processes that do not consider the time and effort required for small companies to submit a bid for an opportunity without specialized support staff

such as sales, marketing, or IT. For example, a Member Firm representative noted that its information security requirements were putting off smaller vendors from applying for contracts because they were time-consuming and required specialist knowledge. To overcome this, they worked with smaller vendors to 'pre-qualify' them in this area over a longer period to time than was customary but without dropping their security standards.

A supplier diversity and sourcing executive described barriers faced by diverse businesses as "resource challenges rather than ability challenges." They noted that *many* diverse businesses do not understand their challenges "until they are in the middle of an RFP." This can be very damaging for internal perception of diverse firms since the functional buyer within the organization then has to shoulder the administrative burden associated with onboarding this inexperienced vendor, which leads to a drop in buy-in. Other scenarios encountered were procurement details incorrectly filled out, inappropriate language within an RFP reply, and a supplier circumventing the procurement process by directly contacting a procurement officer on their private phone number. According to interviewees, these sorts of issues frequently arise from a "culture clash" between the more "ad-hoc" approach small business owners take to auxiliary functions such as marketing and office work and the "process-driven" approach of larger companies with their own specialized procurement and accounting departments.

Several strategies were employed by Member Firms to address these challenges. First, value chain diversity goals for the year can be set in advance, considering the contracts coming up for renewal. Second, when looking at contracts for common office services such as printing, some firms chose to split their contract between a larger firm with nationwide coverage and several smaller contracts for local firms who may be able to supply more tailored solutions on a local level for offices. In addition, there may be opportunities for the smaller supplier to partner with a larger supplier through the encouragement of the Member Firm, thereby helping the latter achieve their diversity goals.

Need for Internal Awareness

Leadership commitment to value chain diversity must be embedded in policies and procedures within the firm to be effective. A Member Firm representative noted that, despite the buy-in from the company's CEO and CPO, "individuals within the organization are not informed enough to partake in initiatives or promote supplier diversity within their [business unit]", which suggests a need for adequate organization-wide communication cadences and training needed to drive awareness of program efforts. A Member manager underscored that cross-functional relationships between departments not centered around "partnership" may limit the efficiencies that could be otherwise achievable with open collaboration (e.g., referrals to points-of-contact, feedback on initiatives, etc.).

5.2. Governance & Standards

Need for Formal Goals

Commitment from a given organization's employees is critical; however, organizations in the earlier stages of value chain diversity maturity struggle to establish the goals, targets, standards, and lines of communication applicable to ultimately execute their value chain diversity programs effectively. Representatives from several Member Firms with more mature value chain diversity programs underscored that incorporating measurements and goals into company processes is critical to success and that "what gets measured gets done."

A Member Firm representative noted that, before 2021, their current program metrics "did not exist", which inhibited the organization's ability to measure its effectiveness. A quote from a BECMA representative echoed this finding: "With reliance on existing processes and without goals and

measures, the same ineffective outcomes will be achieved." They noted that BECMA seeks to understand the current actionable goals and associated progress of companies who claim that "there are not enough diverse businesses out there." However, the representative noted that "this is often the end of the conversation because these companies do not have goals." Often, lack of goals formulated with diverse businesses in mind results in lost opportunities.

Need for Policies and Standards

Established goals cannot provide value without enforcement. One Member Firm representative cited the need for a full policy applying solely to value chain diversity rather than a section in the general finance policy for procurement. Enforcement-related challenges also extended to organizations' relationships with their Tier 1 suppliers. When asked whether TPRM related systems have been leveraged to establish a questionnaire on DE&I initiatives, a Member Firm representative underscored that this work could be feasibly accomplished using an existing tool. However, establishing accountability across responsible parties to follow up and hold suppliers accountable for their stated DE&I goals would be difficult without documented formal guidance related to penalties for non-compliance or non-responsiveness.

Need for Incentives and Effective Reporting Structure

Without comparative metrics, organizations are also unable to offer certain performance-based incentives tied to value chain diversity commitment. One member noted that the concept of aligning KPIs with objectives among the middle-management population is critical for success but is impossible without concrete goals that can be attributable to responsible individuals or their overarching organizational units. In the context of aligning metrics to categories and budget owners, a head of procurement noted the power of "peer pressure" — a factor that counteracts complacency and lack of accountability.

Additionally, establishing an effective reporting structure and the ability to provide visibility into a program to key stakeholders are critical characteristics of an effective governance framework. During our discussions with the three diverse supplier advocacy organizations, it was noted that the lack of communication and escalation paths to the C-suite, and specially the CFO, may lead to inadequate prioritization of value chain diversity initiatives and overall inability to appropriately fund applicable program enhancements.

5.3. Process

Identification and Verification of Diverse Businesses

Several less mature organizations face challenges in identifying new and capable diverse businesses. One Member Firm representative described challenges in identifying qualified diverse businesses that can fulfill specific opportunities within the organization. The identification of a new diverse business can become a time-consuming process without the appropriate tools, support from certifying agencies, and supplier diversity advocacy organizations.

In addition, even when a new diverse business is identified, organizations may often struggle to verify that the diverse business's qualifications meet requirements and make a business case for the diverse business. According to the survey results, 75% of respondents noted they often or sometimes face challenges in verifying if diverse businesses are qualified to meet internal requirements, and 69% of respondents noted they face challenges making a business case for diverse businesses. Furthering this issue, as described by a representative from WBENC, diverse businesses are sometimes required to sign non-disclosure agreements, which prevent them from leveraging qualifications from work completed to show organizations that they can fulfill similar opportunities.

Consideration of Vendors' Value Chain Diversity and DE&I Efforts

Program and process execution challenges also extend beyond organizations' internal teams into their broader value chains (e.g., Tier 1 population). In some cases, Member Firms' consideration of vendors' value chain diversity and DE&I efforts has been difficult given that some vendors either are resistant to sourcing from diverse businesses and/or do not possess the systems and mechanisms to compute and report on accurate metrics associated with direct spend on diverse businesses. One of the organizations with a leading program raised that many companies make the mistake of not establishing clear escalation paths to functional buyers and documenting penalties for non-adherence to policies when first establishing diverse vendor inclusion related program components.

Barriers from Existing Processes

While considering value chain diversity as an enterprise-level initiative is certainly a leading practice, certain broader organizational components can serve as barriers to small businesses and diverse businesses. TPRM processes serve as a primary example. Standards, including insurance requirements and capital minimums, favor relatively large organizations. Therefore, this has posed many challenges to organizations when trying to increase the number of diverse businesses within their supplier base. Additionally, lack of supplier segmentation data can prevent organizations from establishing focus areas for new initiatives, which can lead to relatively low return on effort for certain value chain diversity efforts. Organizations' high-spend suppliers could be a useful initial population for efforts such as the assessment of non-diverse suppliers' commitment to DE&I as part of evaluation processes. Without the ability to pinpoint business-critical suppliers, the efficiency of organizations' program rollouts may suffer.

In some cases, existing requirements (e.g., insurance, security certifications, company size, etc.) can pose a barrier for diverse businesses. A member's head of procurement noted that their "experience has shown that TPRM requirements at times are misaligned with the real problem we are trying to solve … A one size fits all solution won't limit risk effectively across all categories."

5.4. Systems & Reporting

Need for a Diverse Business Pipeline

The project team observed the need for a pipeline of diverse businesses as a common barrier to achieving a greater level of program maturity. One Member Firm representative noted that, when requests are submitted, they leverage a public database of diverse vendors and perform cold calling to understand whether potential suppliers can effectively fulfill the opportunity with their organization. They underscored that "forming relationships at times of need puts [them] behind the eight-ball."

Many organizations seeking to solve this issue view technology solutions as a means of obtaining access to a readily available repository of diverse businesses. However, obtaining and maintaining the appropriate technology solution may require an initial investment as well as ongoing resource allocation to gather information and maintain internal records. As an example, a Member Firm representative noted adequate funding as necessary for the sourcing of a "third party to support information-gathering … [and] the identification of current diverse suppliers."

Management of Value Chain Diversity Data

A Member's supplier diversity and sourcing executive also noted that, in many early-stage programs, program data is not managed in a central and/or self-service portal or similar location. Instead, it is often "owned" by the value chain diversity team, which can create bottlenecks. This has drawbacks, if only the value chain diversity team is responsible for continuously updating, maintaining, auditing, and cleansing data in an internal system or tool, both the coverage and quality of data is dependent upon

the Category Managers' level of communication with the diversity team for updates. When the "owner" of the data cannot perform these responsibilities for any reason (e.g., need for additional staffing), gaps in value chain diversity data may arise.

Three organizations separately noted that the integration of a legacy procurement system and a separate value chain diversity program can be resource-intensive, since established systems may require reconfiguration to track the latest metrics of interest. Additionally, we noted that tool selection can be a challenge for some organizations. For example, there may be hesitancy about implementing supplier management systems and tools that do not allow for configuration of specific processes, such as self- certification of diversity status.

Internal and External Reporting

For most Member Firms, internal reporting is a very manual and time-consuming process. This appears to be due to lack of enhancements required to include appropriate value chain diversity specific data / fields within Enterprise Resource Planning solutions, and other similar tools, which can ultimately hinder organizations from automating reporting efforts, and may potentially lead to inaccuracies in reported metrics. For example, a representative from a Member Firm noted that the data scrubbing tool offered by their supplier management system presented inaccuracies, as it often flagged and categorized businesses incorrectly. Third parties certainly can be advantageous by aiding with validation of diversity status and providing additional information on diverse businesses. However, data integrity issues arise when vendors, for example, lose their diversity status (e.g., no longer 51% owned by women or minorities) or are bought out by other companies — events that may not always be tracked by or communicated to third parties.

Certain Member Firms also raised transparency in external reporting as a concern since it can expose DE&I program immaturities or be misinterpreted. For example, a representative from a Member Firm raised their organization's hesitancies in sharing metrics externally since their methodology in computing them differs in some cases from other companies. Additionally, according to Member Firms, regulatory considerations can increase apprehension around external reporting, especially in regulated industries.

6. Leading Practices

This section provides leading practices identified throughout the study categorized using the four operating model components defined in Section 3.5.

6.1. People & Culture

Top-Down Support as Enterprise Initiative

An organization's culture is significantly dependent on its leadership, and this holds true with respect to value chain diversity. Leaders are responsible for setting the organization's strategic direction, establishing priorities, and instructing the broader organization on how to achieve its short and long-term goals. Therefore, leadership buy-in and continued support to value chain diversity initiatives is crucial to promote a diversity-enabling culture within an organization. As Manulife/John Hancock's Supplier Diversity Officer emphasized, "without a leader supporting it, nothing happens."

As a head of procurement underscored, companies aspiring to possess leading programs must embrace the "integration of supplier diversity throughout the organization as a consistent focus to drive change." Similarly, Bank of America's Global Supplier Diversity & Responsible Sourcing Executive emphasized that the consideration of diversity as an enterprise initiative has allowed the company to

"drive inclusion through the procurement organization." Through ongoing engagement with DE&I and ESG leaders, for example, the organization has realized tremendous success in "amplifying and elevating efforts." Putnam Investment's Director of Market Data Services & Corporate Procurement noted that the organization achieved buy-in from company leadership by focusing one of its five organizational goals on diversity and ensuring that the Head of Diversity reports directly to the CEO.

Prioritizing value chain diversity at the leadership level must be matched by long-term effort and commitment. According to a supplier diversity manager, for example, "the success of the program has been attributed to leadership's initial involvement and commitment." Drivers of value chain diversity efforts and programs establish the tone at the top by obtaining and/or promoting existing leadership buy-in, providing clarity on program goals and how to achieve them, and promoting a diversity-enabling culture across the organization. Bank of America's Global Supplier Diversity & Responsible Sourcing Executive stated that it is imperative that "everybody in the company understands loud and clear that [supplier diversity] is a strategic imperative." Within at least one Member Firm, investments in education have included the execution of a supplier-focused training with over 100 leaders, including their CEO. By highlighting the history of systemic issues and alignment of value chain diversity with that firm's core values, the training facilitators communicated the importance of value chain diversity from both an organizational and functional perspective and fostered further buy-in across the organization's senior leaders.

Buy-in at the C-suite level has provided consistent opportunities for impact across organizations. Last year, a Liberty Mutual hosted its first Supplier Diversity Summit, which outlined the organization's supplier diversity journey while fostering discussion and communication between procurement representatives and diverse businesses and included from the CPO and CDO as well as panel discussions, success stories, and spotlights. A Member representative was also a huge proponent of the power of leadership buy-in, noting that "when you can quote the CEO and use that to drive change, that is especially powerful."

Adequate Staffing and Education

Leading value chain diversity programs are supported by a full-time staff member who serves as an "evangelist." With confidence in creating new systems and the ability to pinpoint sources of opportunity, this team member is committed to promoting the program and bolstering relationships internally with various stakeholder groups, including functional buyers. They also define strategies to promote inclusion throughout the Supplier Lifecycle, including the formulation of diverse business pipelines. Leading value chain diversity programs also consistently utilized an in-house technologist on a part-time basis to optimize data feeds, develop dashboards, and perform data analysis. A Manager at Liberty Mutual supports supplier diversity efforts by owning data feed and dashboard related responsibilities.

Leading programs also focus on educating internal stakeholders on value chain diversity. As an example, Boston Scientific's Supplier Diversity Lead has spent the last few years promoting supplier diversity across different functions internally. The organization has accomplished this by launching a supplier diversity ambassador program that represents its business units where senior leaders from the functions were required to select representatives from their team to join the task force and raise the topic of supplier diversity during organizational events, including staff meetings and town halls. By mid to late 2022, the organization plans to ensure that ambassadors present supplier diversity spend data to their own functions, including the company's total spend and diverse spend, their function's diverse spend, and summaries of how their function measures up against other functions in the company. A representative

from BECMA also underscored the importance of educating purchasers and middle managers. Moreover, organizations seeking to drive change in the value chain diversity space should formulate and report on goals related to training provided to various levels of management.

6.2. Governance & Standards

Formal Plans and Goals

Leading programs are energized by employees, the leaders to whom they report, and the diversity-enabling organizational goals they adopt. Robust governance and standards ensure that organizational enthusiasm and ambition translates into formal, measurable, and actionable steps to drive value chain diversity.

In leading organizations, comprehensively documented plans to promote diversity within the value chain underpin strategic initiatives. One firm's supplier diversity and sourcing executive notes that the organization's strategic plans are formulated to cover two to five years at a time, which drives accountability and avoids confusion among internal stakeholders. Another organization performs annual planning to determine which KPIs employees will be held accountable for (e.g., through goal setting and year-end evaluation processes).

Formal and measurable goals serve as key components driving change over time. In particular, leading organizations formulate category-specific goals. The supplier diversity team from one Member Firm works closely with its category managers on their inclusion strategy at a category level so that Category Managers can communicate the value chain diversity goals to business stakeholders during initial kick-off meetings. Forecasts are formally developed within categories on a quarterly basis to drive the organization's overall five-year plan, and target spend values are attributed to areas of impact.

Steering Committee

Steering Committees can drive awareness and accountability beyond organizations' formal value chain diversity programs. For example, Liberty Mutual formed a Steering Committee that included the company's HR lead, Chief Diversity Officer, Chief Public Affairs Officer, and other business leaders. Likewise, Manulife/John Hancock formed a Steering Committee comprised of leaders from its DE&I, Sustainability, HR, Marketing, and Sourcing functions, which afforded cross-functional familiarity and awareness of supplier diversity efforts. Through the committee, "leaders serve as champions for one another." The collaboration of leaders has been complemented by extensive organization-wide promotion of prioritized areas. For example, on the organization's procurement platform, information on DE&I, Sustainability, and other topics are configured to surface even when a user, for example, searches for information on supplier diversity.

Rigid Policies and Standards

Multiple interviewees noted the establishment of non-negotiable policies around vendor inclusion as key program components that drove value chain diversity efforts. They emphasized that value chain diversity should be included as a material item within terms and conditions and that a given organization, as the principal in the relationship, should treat diverse spend commitments as business-as-usual. At least one firm even applies a similar mindset in the context of supplier diversity advocacy organization sponsorships. A representative from that firm noted that the organization establishes stipulations with supplier diversity advocacy organization to ensure that dollars associated with sponsorship are dedicated toward opportunities and initiatives that advance value chain diversity and are aligned with the company's core diversity values. Likewise, another firm evaluates all potential partners' missions and core values before establishing partnerships.

6.3. Process

Unique Vendor Solutions

Several Member Firms noted that they frequently had opportunities that may not be fulfillable by a single diverse business. They stressed that an organization can still enable diversity within these opportunities by considering smaller components that can be fulfilled by diverse businesses and whether the selected non-diverse businesses are aligned with the organization's DE&I values. Non-diverse software/products can be complemented with supporting processes from diverse sources (e.g., change management, risk assessments). To address challenges in providing opportunities in IT and professional services, one Member Firm worked with Value Added Resellers (VARs) and IT consultancy suppliers to promote diversity.

Visibility-Focused Outreach

When performing outreach to marginalized communities to heighten engagement with diverse owned businesses, many interviewees identified new approaches to addressing diverse businesses' challenges. A representative from Mass General Brigham provided three innovative examples of how their organization has provided care to their patients while promoting diverse businesses. They worked directly with a transportation services provider to transform shuttles into portable clinics to disseminate COVID-19 testing kits and information. Upon identifying that there was a lack of ethnic hair and skincare products for their patients, they worked with diverse businesses who offered these products to ensure that patients' specific needs were met. Lastly, upon hearing from patients about the hardships of purchasing healthy food once discharged from the hospital, they worked directly with a minority-owned restaurant to provide healthy meals to patients for a period after discharge.

Holistic Approach to Diversity

A diverse business may not always be an option for some contracts due to scaling limitations, regulatory standards, organizations' size, and other opportunity requirements. Some organizations evaluate non-diverse business' DE&I practices in promoting commitment to diversity across the value chain. For example, Liberty Mutual's legal department ensures that the organization hires firms which have diverse partners, programs, and other social responsibility practices. The department also hosts an awards ceremony to recognize the companies that excel in these areas. Alternatively, some Member Firms include questions in RFPs to glean insight on vendors' value chain diversity efforts, workforce demographics, commitment to ESG and sustainability, as well as DE&I efforts. For example, another Member Firm poses qualitative questions that address demographics and progress in DE&I, such as "What does your management team look like?", "Do you have a focus on DE&I in your Board?", "Do you have Tier 2 spending requirements?", and "Do you have a supplier diversity program?" The responses are scored, and overall scores for prospective vendors are leveraged to inform sourcing decisions. This firm also conducts periodic assessments to evaluate suppliers' progress towards becoming a more diversity- enabling organization.

Mentorship – a Two-Way Flow

When structuring their mentorship programs, leading organizations are mindful of the interests and time constraints of diverse businesses. One Member's supplier diversity and sourcing executive noted that the organization transformed its mentorship program from organization-centric (e.g., focused on how vendors can align their efforts to work with the organization) to vendor-centric (e.g., focused on how the organization can encourage vendors to work with the company). A representative from BECMA voiced a similar sentiment. Noting that "offer[ing] [diverse suppliers] training but no clear path to either meet their needs around capital or contracts … can be patronizing."

They underscored that, at BECMA, there is no promotion of training "unless [mentees] are able to secure something to implement the thing that have been trained in." Offering training for the sake of it should not be the end goal for organizations. Instead, training should be focused on specific outcomes that bring tangible value to the participating mentees. The goal of the trainings should be to enhance their business' capabilities, help them navigate viable options for funding, and to ultimately give them access to new opportunities to scale and grow as organizations.

Mentorship is important to non-diverse suppliers in achieving diversity goals. Training to non-diverse suppliers should include guidance on achieving contractual requirements, industry specific terminology, and other aspects that can help diverse businesses win more opportunities. Periodic updates on suppliers' progress toward these established requirements and, ideally, direct supplier spend should be provided. It is also critical that organizations consider the information from these updates in suppliers' overall performance summaries. One Member Firm's Chief Procurement Officer noted that the company has coordinated conversations with non-diverse suppliers who have encountered challenges in meeting diverse spend requirements. The Member Firm noted that these conversations with non-diverse suppliers enabled a mutually-beneficial relationship, as it improved the organization's Tier 2 program and guided the non-diverse supplier towards more mature diversity practices.

Segmentation and Assessment of Suppliers

Leading organizations leverage supplier segmentation data (i.e., tiering the supplier population using a set of quantitative and qualitative criteria based on supplier criticality and value) to drive the rollout of new initiatives (e.g., Tier 2 programs, evaluation of non-diverse suppliers' alignment with their organization's DE&I standards) that prioritize business-critical suppliers. By focusing on this subset of its supplier population, these organizations can efficiently pilot and scale new processes by ensuring a more manageable scope focused on high-return-on-effort suppliers, given their size and buying power. As an example, one Member Firm targets a certain percentage of key suppliers for enrollment in its Tier 2 program. Another firm leverages a defined segmentation model to separate business-critical and transactional suppliers, enabling them to focus on high-impact suppliers when rolling out key value chain diversity initiatives. Likewise, Wellington Management recently reached out to its top-spend vendors to understand their efforts related to the advancement of DE&I and value chain diversity within the organization over the last 18 months.

Leading organizations invest in robust inherent risk assessments to support the assessment of the appropriate applicability of requirements established by the business. Frequent and ongoing dialogue with TPRM and other enterprise risk and compliance teams ensure that issues are addressed and that diverse businesses can serve the organization. Leading organizations use TPRM programs to identify where smaller organizations are lacking in terms of controls and provide corresponding feedback and recommendations. One firm has an internal program in which vendors completed a risk assessment provided by an industry aggregator and received corresponding reports detailing their control environment. The reports allowed the vendors to address gaps in their capabilities to meet the organization's requirements (e.g., information security).

Consistent Dialogue, Feedback, and Cadences

According to WBENC, leading organizations should engage in frequent and ongoing dialogue with diverse businesses to ensure that they are establishing a mutually beneficial relationship. Establishing more favorable payment terms and helping establish banking relationships can be very helpful to diverse businesses. In addition, a Member Firm Category Manager noted that, in some cases, diverse businesses are referred to alternative categories that fit their services offered to integrate them into the organization. For this Category Manager, dialogue also extends to fellow Category Managers at external

organizations; they noted that they often conduct phone calls with other firms in their industry and discuss how they have experienced success with diverse businesses. In turn, they share insights gleaned with other internal stakeholders.

To gather feedback and areas of improvement on its program, one Member Firm leverages surveys and debriefs on its initiatives. Another Member Firm identified a potential feedback mechanism that could be leveraged by early-stage value chain diversity programs. First, programs should fully and thoroughly document the process of value chain diversity in the company. Next, they should map out relevant stakeholders and the corresponding outcomes that they seek to achieve. After meeting with the specified stakeholders at least once a year to receive feedback, the organization should establish clear roles and responsibilities that arise from the discussions and revisit them on an as-needed basis. Successful organizations also provide transparent, constructive feedback on proposal submissions to vendors to inform suppliers' future sourcing process approaches. One firm's supplier diversity official noted that they conduct phone calls with companies that do not win contracts and provide feedback.

Finally, we noted that some organizations established regular cadences for qualified suppliers to showcase their capabilities to different functions. One Member Firm's Director of Supplier Diversity noted that the company holds monthly meetings and invites suppliers from events attended (e.g., conferences) and relevant stakeholders. The suppliers present on capabilities, certifications, and other information to spread awareness across organizational business units that may be able to leverage them.

6.4. Systems & Reporting

Supplier Management

By leveraging a single supplier management solution that can track pertinent data points, organizations can implement enterprise-level change. At least one Chief Procurement Officer considers it optimal to record "all parts of managing a supplier" in a central location. Within the centralized platform, relevant supplier questionnaires, supplier roadmaps, and certification attributes should be tracked. An established and easily accessible directory of diverse businesses affords connections with future opportunities and visibility to the diverse business base of a given company. In another example, an organization's supplier data is incorporated into the overall Third Party Data managed in a self-service portal, which allows information to be continuously updated, audited, and cleansed without bottlenecks. Another Member Firm leverages third-party software to identify businesses that have been certified as diverse and uses that same third party to certify the status of its supplier base at periodic intervals. Similarly, with the help of a third party, Putnam Investments identifies diverse vendors for a range of supplier needs. Putnam Investment's Director of Market Data Services & Corporate Procurement emphasized the importance of leveraging third parties to further augment internal resources focused on supplier diversity. In addition, a member firm is building an automated supplier database that collects information about suppliers from multiple sources and will present them to the community of buyers throughout the organization, and allow them to search for WMBEs to fulfill a procurement opportunity.

Leading organizations advertise, provide associated training, and gather feedback on systems both internally from employees of the corresponding company and externally with suppliers that may, for example, access and use the tools to update their qualifications and certifications. Across supplier management systems, it is critical to configure appropriate fields to allow for efficient tracking of diversity-specific data and metrics that can in turn be leveraged to automate reports and facilitate integration with third-party services that can afford opportunities for data enrichment.

Value Chain Illumination

Emerging technologies can help organizations identify diverse business involvement across an organization's value chain. Technologies that perform value chain illumination can be used to identify diverse businesses across an organization's value chain and validate contractual compliance with requirements pertaining to value chain diversity. Additionally, these solutions, when coupled with diversity status validation services, can enable reporting of the organization's overall impact on diverse businesses across its value chain.

Internal Awareness and Reporting

Once value chain diversity program infrastructure, including data sources and systems, are well established, effective teams focus on building internal awareness and reporting. At John Hancock (and globally across Manulife), this was accomplished through a supplier diversity program awareness campaign. After conducting a gap analysis to inform the focus areas of the campaign, the Supplier Diversity Officer developed a formal campaign awareness deck with the help of representatives from the organization's HR, Sustainability, and DE&I groups. While initially shared with stakeholders from the Procurement function, the deck ultimately was shared with leadership from the business as well as contract and project managers responsible for purchasing decisions. The deck focused on the definition and scope of supplier diversity and diverse businesses, the importance of addressing socio-economic disparities, the program's alignment with the organization's core values, the journey and future vision of supplier diversity within Manulife/John Hancock, existing supplier diversity corporate memberships, and calls-to-action.

Effective programs also embed designated value chain diversity presentations and discussions into broader meetings, including supplier management town halls and procurement policy trainings, to increase organizational awareness of efforts, commitment to the topic, and inclination toward involvement in value chain diversity initiatives. At one Member Firm, individuals discuss value chain diversity goals and impact during major business events such as procurement policy trainings to contract managers and throughout the year by incorporating supplier diversity topics into the agendas of various standing meetings (e.g., weekly huddle meetings, all-hands meetings).

Based on survey responses, 10 out of 16 Members Firms have policies with sets of KPIs to measure progress. One firm shared that a significant transformation pertaining to internal reporting of supplier data occurred recently. First, the team transitioned from quarterly reporting to monthly reporting. Additionally, the organization leveraged supplier.io to perform a data cleanse and increased the number of records beyond the understanding of the procurement organization. By integrating end-to-end systems and providers, the organization gained the ability to reconcile metrics related to, for example, Tier 2 supplier certifications, supplier relationship management, and performance in real-time. A complementary leading practice is to also conduct consistent supplier spotlights to provide visibility to the entire organization on effective diverse businesses which may be able to support additional business units.

External Reporting

Raytheon Technologies shared an external DE&I impact report[1] and ESG report[2] that publicly displays its metrics and showcases the organization's commitment to diversity and inclusion. However, with consideration of outside parties' perception of metrics and progress, multiple Member Firms shared hesitancies in disclosing value chain diversity program details externally. Nevertheless, the project team observed beneficial leading practices in Member Firms' sharing of information beyond their own

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[1] https://www.rtx.com/social-impact/diversity-equity-inclusion/diversity-equity-inclusion-progress
[2] https://www.rtx.com/social-impact/our-vision

operations. Liberty Mutual's Director of Supplier Diversity underscored the importance of "leading with the journey of transformation." To provide powerful qualitative insights, their ESG Report includes stories related to program successes, areas of potential improvement, and aspirations. At another Member Firm, a cross-functional work group comprised of representatives from DE&I, Finance, Legal, Sustainability, and Public Policy collaborate to determine the appropriate content and frequency of external program information disclosures — a leading practice which aligns with the approach of treating value chain diversity as an enterprise-level strategic initiative considering perspectives across a given organization.

7. Road to Maturity

The below roadmap was developed based on the Maturity Model outlined in Section 3.1 and study findings. This section outlines characteristics of value chain diversity programs in each stage of maturity across operating model components – People & Culture, Governance & Standards, Process, and Systems & Reporting. It also provides recommendations and actions to drive programs to the next stage of maturity in each of these four areas. This section's roadmap aims to provide organizations with the opportunity to identify their program's current state as well as clear guidelines on what actions need to be taken to achieve the organization's target level of maturity.

Call to Action

Using the roadmap below, Member Firms are able to conduct a detailed evaluation of their value chain diversity program's current state across each operating model component. This evaluation can be achieved through conducting interviews with stakeholders across the organization (i.e., functional buyers, category managers, value chain diversity managers, contract managers, and other stakeholders as needed). Once Member Firms have finalized their detailed evaluation, they can define, with the help of their leadership, the stage of maturity they strive to achieve within the near future (i.e., 12 months) and long-term (i.e., five years). Member Firms should leverage report recommendations to drive discussions with key stakeholders on how new program characteristics will be implemented, and roadmap the implementation and operationalization of the measures that will drive them to the next stage of maturity.

7.1. People & Culture

Initial Stage Characteristics

✓ Leadership has not openly expressed plans for the organization to engage in value chain diversity efforts.

✓ Although the organization may have some siloed initiatives to improve its diverse business enabling culture, these initiatives have not been able to raise awareness to the topic.

The organization should:

> Raise awareness of value chain diversity initiatives across the organization, including leadership

> Engage senior management to define plans for further promoting value chain diversity practices within the organization

Building Stage Characteristics

✓ There are some individuals within the organization who actively promote ways to improve the organization's value chain diversity practices.

✓ The organization's leadership and functional buyers are aware of some value chain diversity initiatives, but do not have visibility into overall program goals.

✓ There are no/very limited training programs tailored to inform the organization of value chain diversity practices.

The organization should:

> Engage its leadership to raise awareness of value chain diversity and align on goals

> Communicate newly established goals across the organization

> Communicate successful diverse business engagements to functional buyers

> Develop trainings aimed towards educating the organization on:

  o Importance of value chain diversity

  o Responsibilities pertaining to current initiatives

  o Providing insight into how they can help promote diversity within the value chain

Advancing Stage Characteristics

✓ Leadership is aware of the organization's value chain diversity initiatives.

✓ Functional buyers have a basic understanding of the value chain diversity initiatives; however, some still lack confidence in the WMBEs ability to meet requirements.

✓ Although there is some organizational awareness into the program, business units have limited insight into how their roles contributes to the overall purpose of the value chain diversity program.

✓ Broad value chain diversity training materials are available to the organization, but a formal training cadence has not been established.

The organization should:

> Engage its leadership to ensure active participation on defining goals, driving accountability, and promoting the program to the broader organization

> Establish formal training cadences (e.g., yearly) aimed towards educating individuals on:

  o Practices that promote diversity within the value chain

  o Tools available and how to use them

  o Value chain diversity program goals, progress, and impact of initiative

  o Role-specific responsibilities as it pertains to executing on program goals

> Establish formal organization wide communication cadences (e.g., monthly) to provide visibility into goals and progress, and highlight successful diverse business engagements

Achieving Stage Characteristics

✓ Leadership buy-in has been achieved within the organization.

✓ Some executives are involved in promoting the value chain diversity initiatives across the organization.

✓ Several groups across the organization are engaged in promoting value chain diversity practices, including the development of goals, overall program strategy, identification of opportunities, and driving overall execution of initiatives.

✓ Communications have effectively raised awareness across the organization and training has been formalized. Functional buyers are required to participate in annual value chain diversity trainings; during trainings, program progress and action plans are shared to discuss the overall impact of

initiatives.

✓ Functional buyers across the organization understand the value in engaging diverse businesses and are confident that WMBEs are capable of meeting requirements.

The organization should:

> Align the value chain diversity program goals to the organization's core values

> Further engage the organization's C-suite and ensure involvement in the definition of goals, establishment of strategies, and discussions around current challenges

> Evaluate current trainings and communications and engage senior management to identify opportunities for enhancement

> Engage the broader organization to identify new ways to leverage diverse businesses and promote diversity within the value chain, including joint go-to-market initiatives

> Consider expanding mentorship opportunities to include diverse businesses that have not been awarded contracts and non-diverse vendors

Leading Stage Characteristics

✓ The organization's leadership, including members of the C-suite, actively participate in conversations regarding value chain diversity initiatives and promote the overall program.

✓ Key business leaders, including budget owners are deeply involved in value chain diversity strategy and oversight. SMEs are aware of how they can further support the program.

✓ Value chain diversity goals have been aligned with the organization's core values, driving organization-level buy-in and promotion of value chain diversity practices.

✓ The culture in these organizations has enabled for innovative ideas on how to leverage diverse businesses and / or promote diversity within the value chain.

✓ Bi-annual (or more frequent) value chain diversity training is conducted for all functional buyers.

✓ During trainings, value chain diversity progress and action plans are shared to discuss the overall impact of the program.

✓ Senior management is engaged with developing the training program.

✓ Value chain diversity initiative awareness materials are provided to the broader organization periodically.

7.2. Governance & Standards

Initial Stage Characteristics

✓ There is no established governance to oversee value chain diversity initiatives within the organization.

✓ The organization does not have defined goals to improve its value chain diversity practices or improve diverse business spend.

The organization should:

> Define individuals responsible for promoting value chain diversity within the organization

> Assess current state of overall value chain diversity practices, including spend, and:

- o Establish overall diverse business spend goals
- o Communicate goals to broader organization

Building Stage Characteristics

✓ Some individuals have taken responsibility for promoting value chain diversity practices across the organization. However, due to resource limitations, value chain diversity initiatives become collateral duty.

✓ The organization has established overall value chain diversity goals, but the goals may not be meaningful nor easily measurable.

✓ There are no formal leadership committees or established policies for promoting diverse businesses, and functional buyers are not held accountable for using diverse businesses.

The organization should:

> Define roles and responsibilities for its value chain diversity team

> Assess level of effort required to appropriately support value chain diversity initiatives and obtain the applicable resources

> Define formal value chain diversity goals, including KPIs to be used to track progress against established goals

> Develop a value chain diversity policy aimed towards governing the overall program and value chain diversity practices

> Establish a committee to oversee the value chain diversity program

Advancing Stage Characteristics

✓ The organization has been able to obtain staffing to support value chain diversity initiatives and is in the early stages of building a team who will be dedicated to developing the value chain diversity strategy.

✓ An initial value chain diversity policy has been established, and a committee to oversee the program has been formed but not formalized.

✓ Roles and responsibilities for the team have been defined, and the organization has developed some policies focused on promoting diversity within the value chain.

✓ Roles and responsibilities of the broader organization in promoting value chain diversity practices have not been formally defined.

✓ The organization has established diverse business spend goals, which are updated on an annual basis.

✓ Goals established are general and do not trickle down to a category or business unit level.

✓ Functional buyers are encouraged, but not formally accountable, to use diverse businesses. There are no formalized incentives for achieving goals.

The organization should:

> Establish an organization-wide value chain diversity policy to:

- o Formalize the value chain diversity team, as well as their role as it pertains to promoting diversity within the organization's value chain
- o Formalize the Steering Committee
- o Define the broader organization's roles and responsibilities in promoting diversity within the value chain
- o Define meeting cadences, participants, program metrics and reporting cadences
- o Encourage functional buyers to include diverse businesses in sourcing opportunities and outline tools available to assist in the identification of diverse businesses

> Work with functional buyers to assess current spend across categories and work with the Steering Committee to establish category specific goals, and category specific strategies
- o Communicate new goals and expectations to functional buyers
- o Define functional buyer accountability in meeting goals

Achieving Stage Characteristics

✓ The organization has established a value chain diversity team with dedicated resources solely focused on enhancing and supporting the program. The team works directly with a Steering Committee to establish focus areas, which are validated with key executives.

✓ The value chain diversity team has established and documented meeting cadences with functional buyers across the organization to discuss progress, success metrics, and collaboration / continuous improvement opportunities.

✓ The organization has established an organization-wide policy that defines roles and responsibilities of the organization in executing the program. The policy encourages functional buyers to include diverse businesses in sourcing opportunities and requires that feedback is to be provided if the diverse business is not selected.

✓ Diverse businesses spend strategy is associated with most categories (notably those with large spend thresholds), including how end-users / buyers will purchase goods or services from diverse businesses.

✓ Diverse spend targets are established for the business' larger categories of diverse spend. Spend targets at the category level are aggregated and reviewed centrally, to help with determining the feasibility of meeting overall spend target for diverse businesses.

✓ Functional buyers are held accountable for meeting targets, and senior management factors in value chain diversity when conducting annual performance reviews. An associated plan of how to meet the target is in progress.

The organization should:

> Integrate the value chain diversity program with the organizational structure through involving key leaders in the Steering Committee

> Define strategy for meeting category specific goals and increase the number of qualified diverse businesses

> Establish and communicate:
- o Requirements around the inclusion of diverse businesses in sourcing events

        o   Accountability for meeting program goals

> Define responsibilities in providing feedback to diverse businesses

Leading Stage Characteristics

✓ Value chain diversity program is integrated into the organization's structure with a dedicated team of resources whose focus is to ensure value chain diversity is an integral part of overall business success.

✓ The Steering Committee actively works with value chain diversity leaders to establish and adjust strategies as needed.

✓ Formal and well-established diverse business strategy is incorporated into each category, including how end-users / buyers will purchase goods or services from diverse businesses.

✓ Categories include a plan to increase the number of qualified diverse businesses.

✓ Business policy states that inclusion of diverse businesses in sourcing events is encouraged and a pre-requisite for approval to proceed.

✓ Functional buyers are required to provide feedback when a diverse business is not selected, and the value chain diversity team leverages the feedback to help those suppliers develop and grow with the business.

✓ Spend targets at the category level are aggregated and reviewed centrally, determining the feasibility of meeting overall spend targets for diverse businesses.

✓ Functional buyers are held accountable for achieving diverse spend targets which are tied to their annual performance reviews.

✓ Functional buyers are required to report out on progress during quarterly reviews and action plans are developed.

7.3. Process

Initial Stage Characteristics

✓ There are no defined processes to seek out new diverse businesses to fulfill opportunities within the organization.

✓ Processes in place may occur in an ad-hoc manner to meet a specific customer's requirements.

The organization should:

> Establish processes for onboarding diverse businesses and capturing relevant information

> Assess how to engage in trade fairs, and establish pre-solicitation conferences for some sourcing opportunities to provide visibility to diverse businesses

> Establish relationships with value chain diversity advocacy organizations to help with future initiatives to identify new diverse businesses

Building Stage Characteristics

✓ The organization has limited participation in trade fairs and pre-solicitation conferences.

✓ The onboarding of new diverse businesses occurs mostly to meet specific customer requirements; however, there are some efforts to use existing diverse businesses for new opportunities.

- ✓ The onboarding process for diverse businesses is conducted through manual entry of data to capture information on relevant certifications to validate diversity status.
- ✓ There are no defined processes to re-validate certifications after onboarding.

The organization should:

- > Establish open sourcing events, trade fairs, and pre-solicitation conferences to provide diverse businesses with access to opportunities

- > Implement processes aimed towards:
  - o Considering diversity status when evaluating bids
  - o Tracking impact across opportunities
  - o Encouraging large, non-diverse suppliers to use diverse businesses in a subcontracting function

- > Enhance onboarding processes to capture additional information on diverse businesses to enable more granular reporting

Advancing Stage Characteristics

- ✓ The organization conducts open sourcing events, trade fairs, and pre-solicitation conferences, allowing diverse businesses to apply and bid on opportunities. However, the program's outreach is limited to these events.
- ✓ Diversity status is considered when evaluating a bid, but it is not formally weighted.
- ✓ The onboarding process captures the targeted diverse business groups, including relevant certifications/forms (and dates) and suppliers' DE&I and success metrics to track impact at the supplier level (number of employees, diversity statistics, owners, etc.).
- ✓ Diverse businesses are provided a point of contact if support is needed.
- ✓ TPRM processes pose challenges to the onboarding of new diverse businesses.
- ✓ Functional buyers encourage large, preferred suppliers to sub-contract a portion of a given opportunity to a Tier 2 diverse businesses, but they have limited visibility into the amount of direct spend done with diverse businesses.

The organization should:

- > Establish formal weights for diversity metrics (i.e., diversity status, certification type) in bid evaluations

- > Establish mentorship programs for diverse businesses, including feedback on performance

- > Establish processes for capturing non-diverse suppliers' DE&I initiatives, and incorporating information in bid evaluation processes

- > Integrate Tier 2 requirements for suppliers in categories where diverse business spend is low

- > Work with TPRM teams to assess how to enable diverse businesses while still addressing applicable risks

Achieving Stage Characteristics

- ✓ Functional buyers across the organization actively seek to identify new diverse businesses.

- ✓ The organization is investing in diverse business development initiatives to increase its count of diverse preferred suppliers and has conducted some exercises to identify future opportunities where diverse businesses could be engaged.

- ✓ Criteria is vetted through a third party (e.g., D&B) or through certifying bodies (e.g., NMSDC).

- ✓ The award process incorporates scoring for diverse businesses, including partial and full award.

- ✓ Diverse business mentorship programs have been established; however, the programs are standardized and do not differ based on diverse businesses' specific needs.

- ✓ Diverse business performance metrics are captured in comprehensive reports that are distributed to senior management for review, and diverse businesses are provided with feedback.

- ✓ The organization initiated the process of capturing some suppliers' DE&I initiatives, value chain diversity program and impact during the qualification process. However, a formal and quantifiable scoring process has not been defined.

- ✓ Functional buyers are responsible for monitoring the supplier's commitment to DE&I, and informal DE&I mentorship programs are offered to business-critical suppliers.

- ✓ A basic Tier 2 supplier program exists. In categories/sub-categories where qualified diverse suppliers do not exist for a business need, consideration is given into sub-contracting a portion of sourcing event to Tier 2 suppliers.

- ✓ Functional buyers have some visibility into Tier 2 but are unable to track and measure impact at a direct spend level.

- ✓ The organization has worked with TPRM teams to address some of the barriers imposed on smaller suppliers and is able to identify high-risk diverse suppliers; general support is provided to mitigate the risks and allow the supplier to continue through the process.

The organization should:

- > Engage with functional buyers to plan sourcing events ahead of time to provide diverse businesses a 'fair chance'

- > Establish tailored mentorship programs based on suppliers' needs, including specific aspects on engagement performance, and engage SMEs across the organization to assist with mentorship programs

- > Define processes for identifying potential opportunities for diverse businesses based on existing suppliers' performance and other metrics

- > Define weights for evaluating non-diverse suppliers DE&I initiatives in the bid evaluation process, and implement processes for monitoring suppliers' continued commitment to DE&I

- > Establish Tier 2 spend and direct spend reporting requirements for non-diverse suppliers where applicable

- > Ensure continuous communications with TPRM teams, assess gaps in current TPRM processes that serve as barriers to diverse businesses, and leverage process findings to provide feedback to diverse businesses on how to mitigate risks

Leading Stage Characteristics

- ✓ Sourcing events are planned ahead and give diverse businesses a fair chance for responding / qualifying. Evaluation criteria shared with selected suppliers includes language to support diverse businesses as partners.

- ✓ Additional support is provided to diverse businesses who may have resource, technology, or financial constraints that could otherwise prevent them from competing in a sourcing event.

- ✓ Alternate diverse businesses are identified for ongoing opportunities based on qualitative and quantitative performance metrics.

- ✓ The supplier onboarding process is conducted through supplier self-service entry, and a point of contact/liaison is provided to support diverse businesses.

- ✓ SMEs within the organization are actively engaged with diverse businesses to promote collaboration, achievement of qualification, discussion of success metrics, and promote growth through mentorship / coaching. 'Mentors' are assigned to diverse businesses to provide support throughout the supplier lifecycle ('cradle-to-grave').

- ✓ Mentorship programs are tailored based on the diverse businesses' specific needs, which are identified through ongoing conversations with these diverse businesses regarding areas of development.

- ✓ Diverse businesses are encouraged to provide feedback on how the business can better support them.

- ✓ A preferred supplier program is in place for diverse businesses to ensure they are communicated and leveraged throughout the organization.

- ✓ Data integration has allowed for meaningful analysis of performance data, which is used to provide feedback to a given supplier on specific areas of the engagement.

- ✓ The organization captures and evaluates suppliers' DE&I initiatives and impact during the evaluation process. This process is formalized, and weights have been assigned to this process in relation to additional supplier evaluation criteria.

- ✓ Suppliers' commitment to DE&I initiatives is monitored and reported on to senior management; reports are reviewed during quarterly business reviews.

- ✓ Formal mentorship programs on DE&I are provided to suppliers to promote alignment with the organization's values.

- ✓ Productive Tier 2 supplier program exists. When qualified diverse businesses do not exist for a business need, Tier 2 suppliers are always considered and receive a portion of sourcing events where opportunity exists.

- ✓ The organization uses a technology/web portal to track Tier 2 spend and can identify direct spend and rollup spend to diverse spend target.

- ✓ The organization has made considerable investments on the assessment of inherent risk to enable identification of correct risk applicability.

- ✓ Formal risk acceptance processes exist, and the organization takes a proactive approach to monitor suppliers in this process.

- ✓ Suppliers and risk SMEs work together to identify relevant controls the supplier may implement to mitigate risks, and ultimately grow the business.

✓ The organization is willing to provide financial support and assist with technology enhancements to diverse businesses.

7.4. Systems & Reporting

Initial Stage Characteristics

✓ The organization's supplier management and enterprise resource planning systems have not been configured to track suppliers' diversity status.

✓ There is very limited value chain diversity data, mostly tracked via offline datasets (i.e., Excel).

✓ The organization is unable to confidently track accurate value chain diversity spend in the current state.

The organization should:

> Create a diverse business database

> Define processes for consolidating data necessary to produce value chain diversity reports

Building Stage Characteristics

✓ Diverse business data is captured manually through an offline database (i.e., Excel).

✓ Diverse business data is maintained and managed solely by individuals responsible for value chain diversity initiatives, which may lead to bottlenecks depending on the individuals' prioritization of other responsibilities.

✓ Internal reporting of diverse business spend occurs on an ad-hoc manner and is heavily manual and time-consuming.

✓ The development of reports requires the consolidation between offline datasets and existing systems.

The organization should:

> Identify tools needed to make diverse business database available to functional buyers

> Enhance supplier management systems to enable the tracking of diverse businesses within the supplier population

> Engage third parties (i.e., supplier.io, D&B) to validate certifications and enrich diverse business data

> Define KPIs to be tracked to measure progress against program goals and develop reports

Advancing Stage Characteristics

✓ The organization is beginning to develop a database of existing diverse businesses that functional buyers can use to filter for business needs.

✓ Diverse business data is managed through internal supplier management systems, and data is gathered via templates and manually uploaded.

✓ The quality of data is dependent on the level of communication with diverse businesses for updates. The data is validated through a third party (e.g., supplier.io, D&B).

- ✓ Program KPIs do not extend past spend goals established by the organization, but the program is beginning to consider additional program performance metrics for their value chain diversity strategies.

- ✓ KPIs are shared with the organization on an ad-hoc basis, and progress against established goals is not openly advertised.

The organization should:

- > Enhance supplier management systems to allow for specific criteria necessary for the classification of the diverse businesses

- > Develop and advertise a diverse business database containing information on capabilities

- > Define additional metrics to be tracked as part of the program (i.e., diverse business performance, usage, etc.)

- > Develop and roll out organization-wide and executive value chain diversity dashboard

- > Establish cadences for supplier spotlights, success stories, etc.

- > Initiate discussions around external reporting with key stakeholders, align on information to be reported on

Achieving Stage Characteristics

- ✓ Supplier management systems have been configured to provide clear criteria to classify suppliers across the diversity groups tracked (e.g., HUB, Black-owned), and the criteria are adhered to across organization.

- ✓ Supplier data is managed in a single system or supplier portal, and there are dedicated resources responsible for continuously updating, auditing, and cleansing.

- ✓ Third parties (e.g., D&B, supplier.io) are used to validate and enhance supplier records.

- ✓ A database of existing diverse businesses and their capabilities/qualifications is used by functional buyers to filter for business needs. A sourcing tool identifies and promotes diverse businesses.

- ✓ A purchasing system monitors diverse spend via notifications or tags during procurement cycle.

- ✓ The organization has developed dashboards to help with tracking the program's progress, and reports are shared with the entire organization.

- ✓ Cadences for specific reports, such as supplier spotlights, have been established. Value chain diversity KPIs include metrics outside of just spend, and they measure success in alignment with program strategy. Client-specific community targets and DE&I goals are included and tracked.

- ✓ KPIs are reported on during annual or bi-annual business reviews.

- ✓ Qualitative reports are published online to promote the organization's commitment to diversity, and some opportunities are shared with supplier diversity advocacy organizations to provide visibility into upcoming requirements that WMBEs can perform.

The organization should:

- > Implement self-service capabilities in supplier management systems for both suppliers and internal stakeholders

> Establish formal cadences for diverse business data audits, as well as data cleansing and enrichment exercises

> Align metrics / KPIs tracked with the program's strategy and include additional metrics if applicable (i.e., non-diverse business mentorship program metrics and metrics on commitment to DE&I, KPIs for key initiatives to promote diverse business usage)

> Align with internal DE&I team on messaging for internal and external reports

> Engage key stakeholders across the organization to establish formal external reporting cadences and develop templates for external reports

Leading Stage Characteristics

✓ The supplier data record includes self-service, internally driven compliance to supplier diversity certifications, as well as externally enhanced data to supplement analysis and reporting.

✓ Supplier data is managed in a self-service portal that diverse businesses can access and use to update diversity qualifications/certification.

✓ Diverse business data is high-quality and continuously audited and cleansed.

✓ Value chain diversity KPIs include robust metrics across all business processes (e.g., diverse business qualification, selection, sourcing, joint initiatives), and they measure success in alignment with program strategy.

✓ Client-specific community targets and DE&I goals are included and tracked.

✓ KPIs are regularly tracked and are reported on during quarterly business reviews.

✓ Advanced reporting capabilities and dashboards are used to track diverse business usage, spend targets, and the impact on overall spend.

✓ Impact of diverse business usage is tied to annual performance objectives.

✓ Quarterly meetings are scheduled with senior leadership to discuss performance and impact of the value chain diversity program.

8. Targeted Recommendations

We conclude this report by providing targeted recommendations which, in conjunction with "Call to Action" from Section 7 and the leading practices in Section 6, should promote collaboration and enhance value chain diversity practices within Member Firms while driving collective maturity.

8.1. Supporting Partner Value Chain Diversity Efforts

A major challenge noted by less mature organizations was their struggle to find new diverse businesses. From verifying capabilities to determining the business case for the use of a new supplier, an extensive vetting process is followed to mitigate the risk of wasting resources. Collaboration between MACP and Member Firms on the enhancement of Partner-owned WMBE repositories could help Member Firms reduce the time they spend on determining diverse business's viability. This can be accomplished through the sharing of diverse businesses' success stories and diverse business information with Partners, who could then collect and consolidate the information to improve existing repositories. Additionally, there is an opportunity for MACP to hold events where selected suppliers can meet category managers from Member Firms to discuss their capabilities. This can help initiate relationships between diverse businesses and Member Firms and further facilitate the connection between diverse

businesses and specific opportunities.

The above recommendations aim to address the following challenges:

- **Repository Fields:** Several Member Firms noted that the third-party systems they use to search for diverse businesses are not always up to date. Often, they will find certifications are expired, and they do not have a way to verify whether they are doing business with a diverse business. Thus, they stated wanting to see a breakdown of granular information, including suppliers' service offerings, active certifications (specify if national or local), geographic reach, workforce demographics, qualifications, and Member Firms with which they have had contracts.

- **Business Case for WMBE versus Incumbent**: Replacing current non-diverse businesses is a major challenge faced by organizations when trying to increase their diverse spend. This occurs due to lack of confidence on diverse businesses, strong relationships established with suppliers over the years and the convenience of maintaining current relationship. Therefore, to overcome this challenge and build a business case of diverse businesses, organizations must be fully committed to promoting value chain diversity. Additionally, the biggest factor is holding functional buyers across the organization accountable are the established goals and formal escalation paths when these are not met.

MACP should also consider working with Member Firms to identify enhancement opportunities for ongoing value chain diversity efforts established by Partners. For example, MACP should work with Member Firms to identify enhancement opportunities to mentorship initiatives. Likewise, MACP should work with Member Firms to identify minority- or women owned suppliers who are actively seeking certifications and collaborate with certifying agencies to help these suppliers attain certifications. MACP should also encourage Member Firms to actively participate in events aimed at promoting WMBEs, including matchmaking events, tradeshows supplier showcases, and meet and greets.

8.2. Ongoing Dialogue

8.3.1 Internal Dialogue

Third-Party Risk Management

A Chief Procurement Officer emphasized that "TPRM requirements are not just problematic for diverse businesses but for any smaller company – which is often the genesis of innovation." A representative from BECMA advocated for developing a thoughtful view of current risk management processes. If concerns regarding business risk exist, organizations need to carefully examine the risks and understand how they apply, if at all. To reduce barriers posed by TPRM processes, organizations should enhance current risk management processes to ensure accurate assessment of risk and control applicability to facilitate small and diverse businesses. Additionally, it is important to establish clear risk- acceptance paths and to leverage risk assessment results to provide feedback and guidance to diverse businesses on relevant control requirements with the goal of fostering diverse business development.

- ➢ **Spotlight:** To align standards with business needs, at least one firm actively works with suppliers and TPRM to understand the purpose of instituted guidelines or limits and ensure that *targeted* risks are addressed.

Embedding Value Chain Diversity Material into Presentations

Internal education is critical to driving a sustainable value chain diversity program. As emphasized across interviews, including a discussion with a Senior Recruitment Manager from a Member Firm, it is critical that individuals within a given organization be "informed enough to be inclined to partake in initiatives or promote value chain diversity within the organization." Organizations seeking to build internal awareness should embed value chain diversity topics into discussions and calls with large and/or key

attendee populations (e.g., all-hands meetings).

> **Spotlight:** As a component of a recent supplier diversity awareness campaign, Manulife/John Hancock's Supplier Diversity Officer embedded associated material (e.g., slides) into presentations for procurement policy trainings to build awareness and drive prioritization of supplier diversity among contract managers.

8.3.2 External Dialogue

Communication with Tier 1 Suppliers to Promote Diversity

The implementation of a Tier 2 program presents a valuable opportunity to promote diversity across a given organization's value chain. However, the project team noted that certain Tier 1 suppliers are unable to report their diverse spend due to a variety of reasons, including data limitations, lack of maturity, and even disconnects between their teams leading DE&I efforts and business development / revenue-generating teams. Continuous communication with Tier 1 suppliers is critical to addressing their challenges and/or hesitancies in sourcing from diverse vendors.

> **Spotlight:** One Member Firm works with its Tier 1 suppliers to ensure that reasonable metrics are achieved over time with a blend of services. For example, if a Tier 1 supplier is unable to achieve a certain percentage of diverse spend within a particular service category, the firm works with suppliers to understand whether the "delta" can be spent on diverse vendors within an alternative category. If a given Tier 1 supplier does not realize improvements over time, the Supplier Management group also interjects to provide diverse business options.

Feedback as to Diverse Businesses

Liberty Mutual's Assistant Vice President and Director of Supplier Diversity noted that the transition in business approach for small businesses can be challenging for small businesses as operations and visibility increase. As a means of promoting diversity, organizations should provide transparent, actionable feedback on RFP submissions so that diverse businesses can continue to grow and become acclimated to procurement processes and components.
Drivers of bid losses should also be shared internally to shape the program's strategy toward empowering diverse businesses and helping them win awards.

> **Spotlight:** Liberty Mutual's Assistant Vice President and Director of Supplier Diversity conducts phone calls with companies that do not win contracts and provides feedback on proposal submissions.

Referrals from Industry Peers

75% percent of Member Firm survey respondents noted that they either sometimes or often face challenges in identifying whether a diverse business is able to meet their requirements. From multiple interviews with a Category Manager and Supplier Diversity Consultant, the project team gleaned that proactive communication with industry peers serves as a viable means of identifying diverse businesses that have succeeded in delivering goods and services for similar organizations.

> **Spotlight**: A Category Manager noted that they often conduct external phone calls with other like firms and query whether they have experienced success with diverse businesses in their associated category. They share insights with their broader organization to promote internal awareness.

Targeted and Outcome-Driven Training to Diverse Businesses

As gleaned especially from interviews with WMBEs and certifying organizations, diverse businesses' time is generally limited. Moreover, as underscored by a representative of BECMA, general training with no

clear path to meet suppliers' needs around either capital or contracts can dimmish good will with bidders and represent an opportunity cost to suppliers that could otherwise focus on operating their business. The same representative emphasized that "training needs to be linked to a benefit or outcome – something of value to the businesspeople taking part."

> **Spotlight**: **Bank of America** offers a variety of targeted training to diverse businesses, including targeted financial education and capacity building supported by its Client Facing teams. Recognizing that many of the small companies that the organization encountered did not have knowledge or expertise in Information Security, **Bank of America** also initiated a pilot with a third-party educator to instruct vendors on targeted Information Security topics aligned to the requirements for their organization and the Financial Services industry as a whole.

Consideration of Diverse Businesses for Multiple Categories

The project team's literature review revealed that diverse businesses bring several economic advantages, including increased agility and increased supplier base competition. In fact, as noted from a representative from VIVA USA, "a perk of being a small business is the ability to be flexible and cater to organization-specific solutions." From the perspectives of both a Category Manager and the Chief Procurement Officer, "there is an opportunity in every category," and it is critical to "match opportunity with capability." When considering diverse businesses for contracts, organizations should, when applicable, compare the vendors' ability to meet the needs of opportunities across categories.

> **Spotlight:** A Category Manager noted that, in some cases, the organization refers suppliers to additional category managers / functional buyers to potentially "get them in the door."

Virtual Programming

In interviews, the project team asked representatives from diverse businesses and certifiers about COVID-19's impact on vendors' ability to make connections. Overwhelmingly, representatives responded that the emphasis on virtual programming has been beneficial for diverse businesses. A representative from BECMA noted that virtual events "took the logistics of making connections out, to some extent." Given the time and financial costs of traveling to in-person events, virtual programming should be enabled by Member Firms.

> **Spotlight:** According to a representative from Greater New England Minority Supplier Development Council "having virtual programming is preferred by [its] members … a large part of what they do is [facilitate] targeted introductions, so organizations were able to streamline the process virtually."

8.3. Making an Impact on a Local Scale

A primary goal of this project is to drive positive impact on groups that have been historically encumbered by racial gaps in income, employment, education, and other socioeconomic aspects within the broader Massachusetts community. According to the Massachusetts Taxpayers Foundation's 2021 report *Closing the Racial Divide in the U.S. and Massachusetts: A Baseline Analysis*, if Massachusetts could close its racial wealth gap, the state's gross domestic product would be expected to increase by approximately $25 billion over the following five years.

Ultimately, value chain diversity initiatives shape current and future economic opportunities for diverse businesses which compound over time and mitigate household wealth disparities. In interviews over the course of the study, the project team confirmed that multiple Member Firms especially seek to support local and grassroots businesses through value chain diversity program efforts — a strong step toward bolstering local wealth in the long-run and helping the state realize both the economic and equitable benefits of doing so.

For organizations seeking to drive change on a local scale, it is critical to assess both current and future internal contract opportunities that could be served by local providers. In parallel, organizations should collaborate with local councils to identify relevant providers. To bolster awareness, organizations should promote local businesses and their success stories both internally and externally.

To increase the local impact of the initiative and award success stories, MACP can:

> Identify local diverse businesses, facilitate introductions to Member Firms and encourage Member Firms to include suppliers in mentorship programs. It may be important for MACP to establish relationships with local supplier diversity advocacy organizations to aid in the identification of diverse businesses.

> Share success stories of local diverse businesses publicly, for instance, including Supplier Spotlights on MACP's website, outlining the diverse businesses' receipt of awards and successes with one, or more Member Firms. This recommendation can also encourage new local diverse businesses to reach out to MACP to be included in future initiatives.

> Work with Partners and Member Firms to identify gaps (industries/companies that do not have WMBEs) and either find appropriate entrepreneurs to support in the development of these companies or find WMBEs outside of Massachusetts and incentivize them to move to MA.

8.4. Recommendations to Enable WMBEs

With eight of its Member Firms in the financial services industry, MACP requested that recommendations especially applicable to financial services companies be highlighted. These were developed based on leading practices and challenges observed from survey responses and targeted interviews. Although financial services organizations are particularly well-positioned to execute the following recommendations, the provision of these services should be considered by companies with the size and capabilities to provide them.

Matchmaking

MACP should consider collaborating with Partners to identify promising WMBEs, and work with Member Firms to identify potential contracting and mentorship opportunities for the WMBEs.

> **Spotlight:** Multiple Member Firms including State Street, Bank of America, and Suffolk, sponsor a Massachusetts-based non-profit called Small Business Strong. The non-profit organization provides resources such as business advisors and functional specialist to help provide guidance to small businesses.

Mentorship

We interviewed several representatives from WBEs certified by the Center for Women & Enterprise; they emphasized that gaining access to capital is one of their most daunting barriers. Organizations should consider working with internal teams to provide tailored mentorship opportunities to diverse businesses focused on the management and acquisition of funds and coaching organizations through the processes of obtaining funding to enable organizational growth and evolution. In formulating a mentorship program, consider incorporating guidance on gaining access to capital, developing pitches and proposals, fulfilling risk-related standards (e.g., information security, privacy, sustainability, ABAC requirements), and other relevant themes as topics covered by the initiative. It is important to consider providing ongoing assistance to diverse businesses as needed to foster long-term development.

> **Spotlight:** In one example, the firm's Supplier Diversity program partners with its organization's Client Facing teams to provide mentorship in this area. Another Member leverages its financial professionals to serve as mentors and coaches. These professionals

provide mentorship in a variety of areas, including business valuation, worksite solutions, Bank Owned Liability Insurance, Pension Risk Transfer, and life insurance options.

Certification Assistance Programs

Member Firms should consider establishing programs to help non-certified diverse businesses pursue appropriate diverse business certifications. This can be achieved through leveraging existing relationships with certifying agencies and/or assisting with certification costs where necessary.

➢ **Spotlight:** Multiple Member Firms including Fidelity Investments, Raytheon Technologies and Vertex Pharmaceuticals, noted providing guidance to non-certified diverse businesses that are pursuing diverse supplier certifications.

Impact Investing and Diverse Business Loans

At times, funding options can prove challenging to diverse businesses given ownership requirements to maintain their status as diverse businesses. This was noted by representatives from WBEs certified by the Center for Women & Enterprise. Organizations should consider investing in diverse businesses (where certification status is not impacted due to material change in ownership) that generate positive ESG impacts both locally and nationally and establishing programs to award loans to diverse businesses.

➢ **Spotlight**: MassMutual established the GG Catalyst Fund (GGCF), a $50 million fund with two funding sleeves. $25 million is targeted toward Massachusetts-based technology and sustainability-focused companies outside of Boston, while the additional $25 million is targeted toward Black-owned, founded, or managed businesses across Massachusetts.

Banking Relationship Referrals

As a small business, there are many challenges in obtaining funding for your organization. Representatives from several WMBEs voiced the value of long-term financial solutions that empower business owners over the course of years. Given ownership requirements required for the maintenance of certifications, lines of credit and loans serve as viable funding options for small, diverse businesses. Organizations should consider leveraging their banking relationships to introduce diverse businesses to loan officers or other relevant banking representatives to facilitate lending processes.

Underwriting

Underwriting is a line of service that traditionally has been controlled by large financial institutions due to longstanding relationships and regulations related to capital requirements. However, it is important to note that these regulations are only applicable to primary underwriters. Therefore, consider diversifying banking relationships (e.g., primary underwriters, bookrunners, co-managers) and employing diverse firms to provide underwriting services including market intelligence on pricing, competitors, and legal/regulatory factors that may influence the business.

➢ **Spotlight**: One of the examples of this sort of initiative offered by the Chief Investment Officer of State Street Corporation was the issuance of an aggregate of $1.5 billion of senior unsecured debt in 2022 with four Black-owned investment firms serving as either bookrunners or co-managers in the offering. Through the opportunity, State Street engaged with new investors, which afforded a variety of advantages, including pricing benefits, added liquidity, insight into fresh perspectives, and increased visibility in the market.

Joint Go-to-Market Opportunities

Member Firms should consider identifying diverse businesses who provide goods or services that are complementary to their own products and potentially work with these suppliers on joint go-to-market opportunities. Selecting strategic third parties who complement the organization's services can enhance

overall value delivered to customers.

Entrepreneurial Empowerment

Member Firms and MACP should consider working with organizations that support women and minority entrepreneurs, as well as allies, to ensure equitable access to information, support in early-stage business creation, and connection to opportunities.

9. Appendix

9.1. Survey Questions

Listed in this section are the 72 questions asked of the 16 respondents.

#	Section	Question
1	*Benchmarking*	*Please state your company's industry.*
2	*Benchmarking*	*Please select the choice that best describes your company's revenue in the last 12 months.*
3	*Benchmarking*	*In this survey, a WMBE is defined as a business enterprise in which at least fifty-one percent (51%) is owned, operated, and controlled by citizens or permanent resident aliens who are women and/or minorities (e.g., Black, Hispanic, Asian-Pacific, Asian-Indian, Native American or Alaskan Native). Does your company define WMBEs in the same way?*
4	*Benchmarking*	*if answered "No" above, please specify your company's definition of a WMBE.*
5	*Benchmarking*	*If your organization has considered including other criteria in your definition of a diverse supplier, please elaborate on the reasoning for this.*
6	*Benchmarking*	*Does your organization evaluate non-diverse suppliers' social responsibility practices as a supplier selection criteria? (examples of 'social responsibility practices' include, but are not limited to: recruitment and retention of underrepresented groups, particularly at a managerial level, provision of inclusivity trainings and professional development opportunities, and transparent reporting of workforce representation)*
7	*Benchmarking*	*If answered "Yes" to question number 6, please elaborate*
8	*Benchmarking*	*If answered "No" to question number 6, do you believe your organization would adopt this as a common practice?*
9	*Benchmarking*	*If answered "No" to question number 8, please elaborate on reasoning*
10	*Benchmarking*	*For how long have you had your supplier diversity program?*
11	*Benchmarking*	*At what level of maturity do you consider your program to be?*
12	*Benchmarking*	*Does your company have standard practices to consider diversity status in sourcing decisions?*
13	*Benchmarking*	*Does your company have any policies in place designed to increase procurement contracts and overall spend with WMBEs?*
14	*Benchmarking*	*Do your policies have a set of KPIs to measure progress, etc.?*
15	*Benchmarking*	*Does your company have full time or part time staff who are directly responsible for the implementation of this policy?*
16	*Benchmarking*	*Does your company have dedicated full time resources / teams outside of policies (e.g., internal committees) dedicated to increasing supplier diversity and / or supporting supplier diversity initiatives?*

17	*Benchmarking*	*Are your company's supplier diversity policies and programs publicly accessible through materials on its website?*
18	*Benchmarking*	*Has your organization defined thresholds for procurement of diverse suppliers? (i.e., X% of contracts must be awarded to diverse suppliers)*
19	*Benchmarking*	*Does your organization include supply chain diversity requirements in contracts with your direct suppliers? (i.e., establishing diverse supplier spend requirements for some of your direct suppliers)*
20	*Benchmarking*	*Does your organization have agreements in place with your suppliers to provide you access to information related to supplier employee demographics?*
21	*Efficiencies Creation*	*Please summarize any training offered to procurement managers on how to increase supplier diversity?*
22	*Efficiencies Creation*	*What are your company's current strengths in promoting supplier diversity?*
23	*Efficiencies Creation*	*What are your company's current weaknesses in promoting supplier diversity?*
24	*Efficiencies Creation*	*What best practices has your company gleaned from its supplier diversity efforts to date?*
25	*Efficiencies Creation*	*In 2022, will you be able to identify Tier 2 suppliers that meet your supplier diversity criteria?*
26	*Efficiencies Creation*	*What benefits has your company realized from your supplier diversity efforts thus far?*
27	*Efficiencies Creation*	*If other, please elaborate.*
28	*Efficiencies Creation*	*Please elaborate on how you use your relationship with vendors to improve their supplier diversity practices.*
29	*Efficiencies Creation*	*Is training offered to your procurement managers in how to increase supplier diversity?*
30	*Efficiencies Creation*	*Has your organization enhanced its Supplier Management Systems to support / enable Supplier Diversity program goals? (i.e., ordering catalogs configured to support supplier diversity efforts)*
31	*Efficiencies Creation*	*Does your organization offer in-house supplier development / mentorship programs for your diversity suppliers?*
32	*Efficiencies Creation*	*Does your organization offer any assistance to diversity suppliers to acquire certifications?*
33	*Efficiencies Creation*	*What type of assistance does your company offer to your non-diverse suppliers?*

34	*Efficiencies Creation*	*If other, please elaborate.*
35	*Efficiencies Creation*	*What tools do you use for finding diverse suppliers?*
36	*Efficiencies Creation*	*Does your company have a system in place to gather feedback and areas of improvement on the supplier diversity program?*
37	*Efficiencies Creation*	*Do you use your relationship with vendors to improve their supplier diversity practices?*
38	*Goal Setting*	*What steps are taken to overcome biases within the company and other exclusionary barriers?*
39	*Goal Setting*	*Is your company currently undergoing efforts to increase its diversity supplier population?*
40	*Goal Setting*	*How does your company plan to enhance its supplier diversity efforts in 2022?*
41	*Goal Setting*	*If other, please elaborate.*
42	*Goal Setting*	*Are your organization's procurement goals different for local WMBEs and national WMBEs?*
43	*Goal Setting*	*If yes, please elaborate on the differences between the goals, and reasoning behind the differences*
44	*Goal Setting*	*Are procurement materials and guidance shared in multiple languages?*
45	*Goal Setting*	*Does your organization have a Chief Diversity, Equity and Inclusion officer, or equivalent?*
46	*Goal Setting*	*Has your company formulated formal and measurable goals for increasing supplier diversity?*
47	*Goal Setting*	*How involved is your organization's leadership in your diversity supplier efforts?*
48	*Goal Setting*	*Do you feel like your organization has adequate staffing for your supplier diversity program?*
49	*Goal Setting*	*Do you feel like your organization's supplier diversity program has adequate funding?*
50	*Goal Setting*	*Does your organization face challenges establishing a business case for diversity suppliers?*
51	*Goal Setting*	*How often does your organization update your supplier diversity program goals?*
52	*Goal Setting*	*Are those goals communicated with the entire organization?*
53	*Goal Setting*	*Is there an official position at your organization in charge of executing your supplier diversity goals?*
54	*Identification of Diverse Business*	*Has your company ever worked with the following national supplier diversity and advocacy organizations?*

56	*Identification of Diverse Business*	*Please describe the nature of your relationship with the national supplier diversity and advocacy organizations*
57	*Identification of Diverse Business*	*Has your company ever worked with any local supplier diversity and advocacy organizations?*
58	*Identification of Diverse Business*	*if yes, please list which local supplier diversity and advocacy organizations that your organization has worked with.*
59	*Identification of Diverse Business*	*Please describe the nature of your relationship with the local supplier diversity and advocacy organizations*
60	*Identification of Diverse Business*	*Please elaborate on any other collaboration with supplier diversity and advocacy organizations.*
61	*Identification of Diverse Business*	*Briefly describe the intake process related to procurement opportunities.*
62	*Identification of Diverse Business*	*Does your organization face challenges identifying whether a diverse supplier is qualified to fulfill your requirements?*
63	*Identification of Diverse Business*	*Where are procurement opportunities shared?*
64	*Identification of Diverse Business*	*Does your organization participate in trade fairs or pre-solicitation conferences?*
65	*Metrics and Reporting*	*How many individuals does your company employ?*
66	*Metrics and Reporting*	*What percentage of your employees are women and/or minorities?*
67	*Metrics and Reporting*	*How regularly are supplier diversity metrics and progress shared with your C-level Executives and/or Board of Directors?*
68	*Metrics and Reporting*	*Does your organization include attributes necessary to appropriately categorize diverse suppliers in your Supplier Management Systems?*
69	*Metrics and Reporting*	*Does your organization have defined reporting cadences to share accomplishments of the supplier diversity program with the broader organization?*
70	*Metrics and Reporting*	*Does your organization publish supplier diversity program successes and failures online on internal sites to provide transparency to all stakeholders?*
71	*Miscellaneous*	*Please select the types of providers that your organization considers to be critical in providing services / products to end customers:*

72	*Miscellaneous*	*Please select the types of Diversity Suppliers your organization currently leverages in your operations:*

9.2. Survey Results

The project team gathered the data below from the survey results. Where appropriate, insights were shared but other survey questions were used for information gathering purposes. The key insights are shared in Section 4. Free text responses were omitted due to the confidential content included in the responses.

Please select the choice that best describes your company's revenue in the last 12 months. 2 No Responses	Between $500 Million and $1 Billion	2, 14%
	Over $1 Billion	12, 86%
Insights: This question was for used for information gathering purposes.		

In this survey, a WMBE is defined as a business enterprise in which at least fifty-one percent (51%) is owned, operated and controlled by citizens or permanent resident aliens who are women and/or minorities (e.g., Black, Hispanic, Asian-Pacific, Asian-Indian, Native American or Alaskan Native). Does your company define WMBEs in the same way?	Yes	10, 62%
	No	6, 38%
Insights: Diverse spend is calculated based on what an individual organization considers a diverse supplier. As a definition deviates from the industry standard, organizations take a chance of excluding or including organizations that are broadly considered diverse supplier. 10 out of the 16 Member Firms agree that at least fifty-one percent of an organization must be owned, operated and controlled by a women and/or minority.		

Does your organization evaluate non-diverse suppliers' social responsibility practices as a supplier selection criterion? If answered "No", do you believe your organization would adopt this as a common practice?	Yes, we evaluate social responsibility practices as an evaluation criterion	12, 75%
	No, but I believe my organization would adopt this	3, 19%
	No, and I do not think my organization would adopt this practice	1, 6%

Insights: Another method of engaging with forward thinking suppliers is to evaluate organizations based on their social responsibility initiatives in their RFPs. 12 out of 16 Member Firms evaluate their non-diverse suppliers' DE&I and social responsibility and three more were willing to adopt this practice. This expansion in scope promotes positive socioeconomic impact in areas that traditionally would not be covered in a value chain diversity program.

For how long have you had your supplier diversity program? 2 No Response	Our program is in its initial stages and we are working on defining standards	4, 25%
	We have a somewhat mature program, but not everyone is aware of our program's goals	7, 44%
	We have a mature program and its goals are directly tied to our organization's performance	1, 6%
	We have a leading class program, report on our achievements externally, and offer mentorship for our suppliers	2, 13%

Insights: This self-assessment captures where organizations think their program lies in terms of maturity. 3 out of the 16 Member Firms have embedded value chain diversity into their organization's goals which provides the foundation for a sustainable program.

Does your company have standard practices to consider diversity status in sourcing decisions? 1 No Response	Considering diverse suppliers is required for all contracting decisions.	4, 27%
	Considering diverse suppliers is required for contracts above a certain dollar threshold.	1, 6%
	Considering diverse suppliers is encouraged but not mandatory.	8, 53%
	We consider diverse suppliers if we are required by customers or regulations.	1, 6%
	No, we do not consider supplier diversity in our sourcing decisions.	1, 6%

Insights: Organizations that are intentional about incorporating diversity status in their sourcing decisions have a better chance of increasing their diverse spend. 4 out of the 16 Member Firms require the consideration of a diverse supplier in all contracting decisions. Even if the diverse supplier does not win the bid, they are still able to participate in the RFP process which allows them to sharpen their skills.

Does your company have any policies in place designed to increase procurement contracts and overall spend with WMBEs?	Yes	11, 69%
	No	5, 31%

Insights: 11 out of 16 of the Member Firms have policies to increase the number of contracts with WMBEs. This allows them to work with more diverse suppliers which in turn can increase overall diverse spend at the organization.

Do your policies have a set of KPIs to measure progress, etc.?	Yes	10, 63%
	No	6, 38%

Insights: 10 out of 16 of the Member Firms have KPIs to measure their progress. With policies in place to set KPIs, organizations are held accountable to their goals and can ensure they are progressing year over year.

Does your company have full time or part time staff who are directly responsible for the implementation of this policy? 2 No Response	Yes - Full time & Part Time	2, 14%
	Yes - Full time	8, 57%
	Yes - Part time	4, 29%

Insights: Value chain diversity started as a side project for procurement resources. Organizations with resources dedicated focus on different aspects of their program i.e., internal and external efforts. 10 out of the 16 Member Firms have full time resources that focus on value chain diversity.

Does your company have dedicated full time resources / teams outside of policies (e.g., internal committees) dedicated to increasing supplier diversity and / or supporting supplier diversity initiatives?	Yes	15, 94%
	No	1, 6%

Insights: 15 out of 16 of the Member Firms have dedicated full time resources that support supplier diversity initiatives. The stakeholders vary based on where supplier diversity sits in the organization. Thus, these resources may include people in the procurement office, CFO offices or even DE&I office.

Are your company's supplier diversity policies and programs publicly accessible through materials on its website? 1 No Response	Yes	11, 73%
	No	4, 27%

Insights: 11 out of the 16 Member Firms noted that their supplier diversity policies and programs are publicly accessible. External communication is key to attracting diverse suppliers to an organization. When organizations publish their policies and programs, it makes it easier for diverse suppliers to find their organization and see if they meet the basic requirements to do business with them.

Has your organization defined thresholds for procurement of diverse suppliers? (i.e., X% of contracts must be awarded to diverse suppliers) 1 No Response	Yes	6, 38%
	No	9, 56%

Insights: 6 out of the 16 Member Firms have defined thresholds for procurement of diverse suppliers. Some organizations value number of contracts over spend with an organization to determine their economic impact and vice versa. Thus, setting an x% threshold can be useful to scale the overall growth of the program.

Does your organization include supply chain diversity requirements in contracts with your direct suppliers? (i.e., establishing diverse supplier spend requirements for some of your direct suppliers)	Never	3, 19%
	Sometimes	8, 50%
	Often	4, 25%
	Always	1, 6%

Insights: Tier 2 spend allows for organizations to hold their suppliers accountable for their diverse spend. 5 out of the 16 Member Firms noted that they often or always include diverse supplier spend requirements in their contracts. This increases the economic impact of both suppliers and helps promote supplier diversity throughout the value chain.

Does your organization have agreements in place with your suppliers to provide you access to information related to supplier employee demographics? 1 No Response	Never	11, 73%
	Some agreements, but we do not request the information often	2, 13%
	Some agreements, and we have done some analysis on the information provided	1, 6%
	We have numerous agreements and periodically assess Suppliers' employee demographics to ensure our suppliers are	1, 6%

	aligned with our social responsibility requirements	

Insights: 4 out of the 16 Member Firms have agreements to access supplier's employee demographics. One of the main challenges with WMBEs is determining if they should count organizations that have a predominantly diverse workforce. Employee demographics reflect the economic impact on the local community as well.

In 2022, will you be able to identify Tier 2 suppliers that meet your supplier diversity criteria?	Yes	8, 50%
	No	2, 13%
	Not an objective	6, 38%

Insights: This question was for information gathering purposes.

What benefits has your company realized from your supplier diversity efforts thus far? 1 No Response	Positive Reputational Impacts	14, 93%
	Supplier Innovation	8, 53%
	Improved Internal Culture	11, 73%
	Greater Supply Base Competition	8, 53%
	Agility	4, 27%
	Reduced Costs	6, 40%
	Customer Loyalty, Satisfaction, and Success	5, 33%
	Market Expansion	3, 20%
	Better Product Quality	4, 27%
	Talent Acquisition and Retention	1, 6%
	New Customer Growth	5, 33%
	Other	2, 13%

Insights: This question was for information gathering purposes.

Is training offered to your procurement managers in how to increase supplier diversity? 1 No Response	Yes	12, 75%
	No	3, 25%
Insights: This question was for information gathering purposes.		

Has your organization enhanced its Supplier Management Systems to support / enable Supplier Diversity program goals? (i.e., ordering catalogs configured to support supplier diversity efforts)	Yes	10, 63%
	No	6, 38%
Insights: This question was for information gathering purposes.		

Does your organization offer in-house supplier development / mentorship programs for your diversity suppliers?	Yes	7, 44%
	No	9, 56%
Insights: 7 out of the 16 Member Firms provide in-house mentorship for suppliers. Mentorship varies from helping suppliers win a bid to helping them to improve their overall business case. Organizations can promote their suppliers and ensure they are equipped to be successful in the RFP process through mentorship.		

Does your organization offer any assistance to diversity suppliers to acquire certifications? 1 No Response	Yes	4, 31%
	No	11, 69%
Insights: This question was for information gathering purposes.		

What type of assistance does your company offer to your non-diverse suppliers?	Referring to diversity supplier	6, 43%
	Events to connect non-diverse suppliers with diverse suppliers	3, 21%
	Education on impact of supplier diversity programs	4, 29%

	Other	1, 7%
Insights: This question was for information gathering purposes.		

What tools do you use for finding diverse suppliers? 2 No Response	3rd Party	12, 86%
	Supplier Diversity Database(s)	11, 79%
	Certification Agency Database(s)	11, 79%
	Referrals	12, 86%
	External Facing RFPs	5, 36%
	Trade shows	4, 27%
	Pre-Solicitation Conferences	2, 14%
	Other	2, 14%
Insights: This question was for information gathering purposes.		

Does your company have a system in place to gather feedback and areas of improvement on the supplier diversity program?	Yes	9, 56%
	No	7, 44%
Insights: 9 out of the 16 Member Firms have a system to gather feedback and areas of improvement on their program. To set metrics and KPIs, organizations need to also set goals to improve their performance.		

Do you use your relationship with vendors to improve their supplier diversity practices?	Yes	11, 69%
	No	5, 31%
Insights: 11 out of the 16 Member Firms use their relationship with vendors to improve their supplier diversity practices. Thus, organizations are using their influence to impact their Tier 2 spend which is included in their overall economic impact.		

Is your company currently undergoing efforts to increase its diversity supplier population? 1 No Response	Yes	14, 93%
	No	1, 7%

Insights: 14 out of the 15 Member Firms who responded to this question are undergoing efforts to increase their diversity supplier population. This demonstrates that regardless of level of maturity, a large majority of organizations are focused on engaging more diverse suppliers.

How does your company plan to enhance its supplier diversity efforts in 2022?	Leverage existing supplier networks to expand network of diverse suppliers	15, 94%
	Prioritize supplier diversity in sourcing decisions to a greater extent	2, 13%
	Improve storage and maintenance of supplier diversity	13, 81%
	Partner with certifying agencies	13, 81%
	Use technology to identify diverse suppliers	14, 88%
	Request that suppliers report on supplier diversity spend	10, 63%
	Provide suppliers with mentorship, tools, and other accelerators	6, 38%
	Other	6, 38%

Insights: This question was used for information gathering purposes.

Are your organization's procurement goals different for local WMBEs and national WMBEs?	Yes	3, 20%
	No	12, 80%

Insights: This question was used for information gathering purposes.

Are procurement materials and guidance shared in multiple languages?	Yes	5, 31%

	No	11, 69%
Insights: This question was for information gathering purposes.		

	Yes	15, 94%
Does your organization have a Chief Diversity, Equity and Inclusion officer, or equivalent?	No	1, 6%
Insights: 15 of the 16 Member Firms have a Chief Diversity, Equity and Inclusion officer, or equivalent. Organizations that are committed to diversity rely on individuals in the Chief DE&I officer role to hold relevant stakeholders accountable.		

	Yes	12, 80%
Has your company formulated formal and measurable goals for increasing supplier diversity? 1 No Response	No	3, 20%
Insights: Specific goals allow organizations to focus on aspects of supplier diversity to drive program maturity. 12 out of the 16 Member Firms have formal and measurable goals for increasing supplier diversity.		

	Not involved with limited visibility into the program	1, 6%
How involved is your organization's leadership in your diversity supplier efforts? 2 No Response	Somewhat involved with visibility into the program	4, 25%
	Very involved and actively endorsing the program	9, 56%
Insights: Leadership buy-in is a major factor in driving program maturity. 13 out of the 16 Member Firms have leaders with visibility into their efforts.		

	Yes	9, 56%
Do you feel like your organization has adequate staffing for your supplier diversity program?	No	7, 44%
Insights: Organizations with adequate staffing can implement various aspects of supplier diversity to drive program maturity. 9 out of the 16 Member Firms noted that their supplier diversity programs have adequate staffing.		

Do you feel like your organization's supplier diversity program has adequate funding?	Yes	9, 56%
	No	7, 44%
Insights: Adequate funding can determine the number of contracts an organization can award. 9 out of the 16 Member Firms noted that have adequate funding.		

Does your organization face challenges establishing a business case for diversity suppliers? 2 No Response	Never	3, 21%
	Sometimes	11, 79%
Insights: 11 out of the 16 Member Firms noted that they sometimes face challenges establishing a business case for diverse suppliers. Organizations claim that diverse suppliers are more expensive or don't have the capabilities to meet their requirements.		

How often does your organization update your supplier diversity program goals? 2 No Response	We don't have defined goals	1, 6%
	Updated on an ad-hoc basis	1, 6%
	Updated every quarter	0, 0%
	Updated At Least Annually	11, 69%
	Updated bi-annually or less frequently	1, 6%
Insights: In order to remain competitive in the industry, organizations must regularly address their current state and adjust their goals accordingly. 11 out of the 16 Member Firms update their supplier diversity goals at least annually.		

Are those goals communicated with the entire organization? 1 No Response	Yes	6, 40%
	No	9, 60%

Insights: Organizations that intentionally educate their workforce on supplier diversity garner buy-in from leadership. 6 out of the 16 Member Firms communicate their goals to the entire organization.		

Is there an official position at your organization in charge of executing your supplier diversity goals? 1 No Response	Yes	13, 87%
	No	2, 13%
Insights: Dedicated resources help to propel the organizations supplier diversity goals. Individuals that are executing supplier diversity initiatives must engage all stakeholders and ensure the organizations is meeting set goals. 13 out of 16 Member Firms have an official position in charge of executing supplier diversity goals.		

Has your company ever worked with the following national supplier diversity and advocacy organizations?	National Minority Supplier Diversity Council (NMSDC)	12, 86%
	Women's Business Enterprise National Council (WBENC)	10, 71%
	US Pan Asian Chamber of Commerce (USPAACC)	2, 14%
	National Gay & Lesbian Chamber of Commerce (NGLCC)	9, 64%
	National Veteran Owned Business Association (NaVOBA)	6, 43%
	Other	10, 71%
Insights: This question was for information gathering purposes.		

Has your company ever worked with any local supplier diversity and advocacy organizations? 1 No Response	Yes	13. 87%
	No	2, 13%
Insights: Local supplier diversity organizations keep track of suppliers in the region and ensure their certifications are up to date. 13 out of the 16 Member Firms work with local supplier diversity and advocacy organizations.		

	Never	2, 13%

Does your organization face challenges identifying whether a diverse supplier is qualified to fulfill your requirements? 2 No Response	Sometimes	9, 56%
	Often	3, 19%

Insights: Organizations assume that diverse suppliers are small businesses, so they may not be qualified to fulfill requirements. 12 out of the 16 Member Firms face challenges identifying whether a diverse supplier is qualified.

Does your organization participate in trade fairs or pre-solicitation conferences?	Yes	10, 63%
	No	6, 38%

Insights: Trade fairs give suppliers opportunities to interface with organizations. Suppliers can get the contact information of the relevant parties to begin developing relationships. 10 out of the 16 Member Firms participate in trade fairs or pre-solicitation conferences.

How regularly are supplier diversity metrics and progress shared with your C-level Executives and/or Board of Directors?	Not shared	1, 6%
	Ad-hoc basis	3, 19%
	Monthly	3, 19%
	Quarterly	7, 44%
	Annually	2, 13%

Insights: Frequent reporting on supplier diversity metrics to the organization's leadership demonstrates that an organization's leadership prioritizes value chain diversity initiative, and that the organization is confident on the data being reported on. 10 out of 16 respondents noted they have established a formal cadence to share supplier diversity metrics and overall progress with C-level Executives at least quarterly.

Does your organization include attributes necessary to appropriately categorize diverse suppliers in your Supplier Management Systems?	Yes	14, 87%
	No	2, 13%

Insights: 14 of the 16 Member Firms include attributes to categorize diverse suppliers in their Supplier Management Systems. This allows organizations to track not only diverse supplier spend, but also spend per each type of diverse suppliers, which is key for tracking progress of initiatives aimed towards making a positive impact with specific disadvantaged groups.

Does your organization have defined reporting cadences to share accomplishments of the supplier diversity program with the broader organization?	Yes	10, 63%
	No	6, 38%

Insights: Sharing accomplishments with the broader organization helps garner buy-in by showing supplier diversity's value to the overall firm. 10 out of the 16 Member Firms have defined reporting cadences to share accomplishments with the broader organization.

Does your organization publish supplier diversity program successes and failures online on internal sites to provide transparency to all stakeholders? 1 No Response	Yes	7, 47%
	No	8, 53%

Insights: 7 out of the 16 Member Firms publish their successes and failures online on internal sites. Providing transparency to stakeholders holds individuals responsible and shows their confidence in the supplier diversity goals set.

Please select the types of providers that your organization considers to be critical in providing services / products to end customers: 1 No Response	Software/hardware	14, 93%
	Office product suppliers	5, 33%
	Licensed/hosted vendor solutions	13, 87%
	Contract manufacturing	6, 40%
	Laboratories	4, 27%
	Recruiting firms	8, 53%
	Technology support	9, 60%
	Shipping/freight forwarding	5, 33%
	Prime brokers/custodians	7, 47%
	Payroll processing	4, 47%
	Cloud service providers	10, 67%

	Transfer agents	6, 40%
	Advertising/PR firms	6, 40%
	Benefit providers	5, 33%
	Inventory planning	2, 13%
	Certification bodies	1, 6%
	Data providers	7, 47%
	Distributors	6, 40%
	Media and sales	4, 27%
	Subcontractors	4, 27%
	Janitorial services	4, 27%
	Call Centers	2, 13%
	Outsourced customer support	4, 27%
	Facilities owners	4, 27%
	Social media hubs	5, 33%
	Sourcing brokers/agents	3, 20%
	Licensing	2, 13%
	Other	2, 13%
Insights: This question was used for information gathering purposes.		

Please select the types of Diversity Suppliers your organization currently leverages in your operations:	Software/hardware	11, 79%
	Office product suppliers	6, 43%

2 No Response	Licensed/hosted vendor solutions	5, 36%
	Contract manufacturing	3, 21%
	Laboratories	2, 14%
	Recruiting firms	6, 43%
	Technology support	9, 64%
	Shipping/freight forwarding	4, 29%
	Prime brokers/custodians	1, 7%
	Payroll processing	1, 7%
	Cloud service providers	1, 7%
	Transfer agents	1, 7%
	Advertising/PR firms	9, 64%
	Benefit providers	3, 21%
	Inventory planning	1, 7%
	Certification bodies	4, 29%
	Data providers	5, 36%
	Distributors	4, 29%
	Media and sales	6, 43%
	Subcontractors	8, 57%
	Janitorial services	10, 71%
	Call Centers	3, 21%
	Outsourced customer support	1, 7%

	Facilities owners	4, 29%
	Social media hubs	2, 14%
	Sourcing brokers/agents	2, 14%
	Licensing	1, 7%
	Other	4, 29%
Insights: This question was used for information gathering purposes.		

9.3. Interview Questions

The project team drafted a list of general interview questions from our research and previous knowledge of supplier diversity programs. Based on the survey feedback received, we were able to draft targeted interview questions to gather more insight on unique aspects of the respective programs. In the interest of maintaining Member Firm confidentiality, the following list only includes general interview questions:

Interview Question
Can you please describe how supplier diversity has been incorporated into day-to-day procurement activities?
Across the lifecycle of your organization's supplier diversity program, which implemented program components have had the most significant impact in driving the program's maturity?
Please describe the challenges related to verifying a diverse supplier's capability to deliver / scale services. Has your organization taken any steps towards addressing this pain point?
What KPIs do you use to measure progress?
Can you please tell us about your organization's current supplier diversity goals for this current year? How have your organization's goals changed over the last few years?
How have data and analytics capabilities within the organization been fortified?
How do you measure the success of your supplier diversity program? What metrics do you find most important? It was noted that your organization has implemented a system for tracking and reporting spend. Can you elaborate on what metrics are tracked in this system?
How does your organization report on its supplier diversity goals/achievements internally? Is it the same processes when reporting externally?

Can you elaborate on how your organization has gathered feedback and areas of improvement on its supplier diversity program? How often are benchmarking studies completed, and how were they first developed?

What points of feedback, if any, have been consistent for your organization' s supplier diversity program? How have they shaped the program, if at all?

How do you [plan to] collect Tier 2 data from your key/critical suppliers?

How did you achieve buy-in from upper management as it relates to the importance of supplier diversity?

How does your organization currently use its relationship with vendors to improve their supplier diversity practices?

Can you please elaborate on what your focus areas would be if your program had additional [Funding and/or staffing]?

9.4. External Resources Utilized in the Completion of This Report

Resource	Resource Type	Source
supplier.io	supplier.io is a data enrichment platform that allows buyers to find new diverse suppliers. The platform aggregates data from hundreds of sources and certification agencies worldwide, delivering detailed results. Customers are also able to track diverse spend using the streamlined spend reporting when self-register on the platform.	https://www.supplier.io/new-to-supplier-diversity-professional
VIVA INC	VIVA is a WMBE that provides data enrichments tools, supplier registration and Tier 2 reporting for their clients. The supplier registration tool is a client branded module for supplier signup (self-registration) where data points to be captured are completely configured by the customer. The Tier 2 spend reporting tool streamlines prime suppliers' submittal and review of Tier 2 (direct and/or indirect) spend data for each period	https://www.viva-it.com/Supplier-Diversity

	(quarterly/monthly/custom period) for each diversity type.	
Coupa: ConnXus	Coupa acquired ConnXus which focuses on making it easier for enterprises to increase their spend with diverse suppliers. The platform connects buyers with diverse and inclusive suppliers to drive economic impact and to help attain Environmental, Social, and Governance (ESG) goals. They provide resources such as whitepapers, videos, and certifications are available to help diverse suppliers gain the requirements needed to partner with larger companies.	coupa.com/blog/coupa-news/focus-supplier-diversity-announcing-coupa-inclusion-initiative
Dun & Bradstreet (D&B)	D&B provides business intelligence products to clients through its database and analytics software. The platform runs reports to assess diversity status using data from over 400 sources.	https://www.dnb.com/products/third-party-risk/supplier-diversity-data.html

9.5. Definitions

Term	Definition	Source
Women and Minority-Owned Business Enterprise (WMBE)	"Within the United States, these are defined as businesses which have been certified by the National Minority Supplier Development Council (NMSDC), Women's Business Enterprise National Council (WBENC), or other State certification agencies (i.e. WA State Office of Minority and Women Business Enterprises) with comparable standards to be 51% owned, operated and controlled by a minority individual or group or by one or more women; for publicly held businesses, at least 51% of the stock must be owned by one or more minorities or women who are U.S.	"Building Out a Supplier Diversity Process" (Northwest Mountain Minority Supplier Development Council)

	citizens or legal aliens with permanent residence status."	
Supplier Diversity	"Generally refers to a situation where an organization has strategic initiatives in place to increase its percentage of diverse suppliers"	"Building Out a Supplier Diversity Process" (Northwest Mountain Minority Supplier Development Council)
Tier 1 Supplier Base	"The third parties [that a given company] contract[s] to provide goods and services that support [its] business operations"	"What You Should Know: Tier 1 vs. Tier 2 Supplier Diversity Spend" (supplier.io)
Tier 2+ Supplier Base	The suppliers to a given company's suppliers that are "only tied to [the company] indirectly through relationships with Tier 1 suppliers	"What You Should Know: Tier 1 vs. Tier 2 Supplier Diversity Spend" (supplier.io)