



A Quick Guide to Creating a Supplier Diversity Program/Policy

An essential element for your supplier diversity program is a policy outlining what the program is, who it includes, what the program goals are, and how you will achieve those goals. This policy provides internal guidance for your supplier diversity team, encourages buy-in from stakeholders, builds public awareness of your program and establishes expectations for suppliers.

Your supplier diversity policy should be thorough, but brief. It should be updated regularly to reflect your changing goals and maturing supplier diversity program. Your policy should also be posted on your website and/or your supplier registration portal so it is easy to access internally and externally.

State Your Purpose

Why are you investing in supplier diversity? What does your company want to achieve through a supplier diversity program? The answer is probably some or all of these common reasons:

- To find the best suppliers (competitive advantage + customer satisfaction)
- To increase sustainability (stronger supply chain)
- To promote diversity (innovation + social responsibility)
- To support the local community (economic impact + reflection of customer demographics)

Select the rationale that best fits your purpose, then include that information in your supplier diversity policy. When your purpose is clearly stated, it's much easier to set goals and create initiatives in alignment.

State Diversity Parameters

Suppliers and stakeholders alike need to know which diversity categories you recognize and count toward your spend goals. Decide which categories you intend to count and track, and clearly list them in your supplier diversity policy.

The main categories are:

- Minority-owned
- Woman-owned
- LGBT-owned
- Veteran-owned (including disabled veteran-owned)
- Disability-owned

It should be noted that the Billion Dollar Roundtable—the gold standard for supplier diversity recognition—now includes LGBT-, veteran-, and disability-owned spend in their metrics. This doesn't mean you must include all five categories, but it may be worth doing so to get a head start on bigger goals.



Another parameter you need to make clear in your supplier diversity policy is whether or not you require third-party certification. More and more organizations require it to verify spend. If, for example, you are a supplier to a Fortune 100 company with a supplier diversity program and they include your diversity spend in their Tier 2 metrics, it is very likely they will require that your diverse suppliers have third-party certifications. Be upfront about what types of certification you will accept.

State Goals

It's difficult—and inefficient—to work toward goals if you haven't clearly stated what those goals are. Make sure everyone in your organization knows what the desired outcome is for your supplier diversity program in both tangible and intangible results.

For example, your tangible goals might include increasing diversity spend, either to a specific dollar amount or a percentage of overall spend. Perhaps you want to track your economic impact and pledge to help drive a certain percentage increase in jobs within a diverse supplier's community.

Your intangible goals might be in the area of supplier development, such as increasing supplier capacity or increasing your company's innovation, sustainability, and competitiveness within the marketplace.

Whatever goals you choose, make sure they are specific, attainable, measurable and are clearly communicated in your supplier diversity policy.

State Initiatives/Programs

Once you've stated your goals, how will you achieve them? Determine the initiatives or programs necessary to reach your goals and include them in your supplier diversity policy. This provides guidance for your supplier diversity team and alerts suppliers to available opportunities.

Some examples include a supplier registration portal for ease of supplier identification, communication, and management; educational opportunities about your company, your procurement process, and your supplier diversity program; supplier summits/matchmakers for building relationships and identifying potential new suppliers; and partnerships with diverse supplier councils (NMSDC, WBENC, NGLCC, etc.) to maximize your supplier diversity program.

Create a Reporting Framework

Once you've identified clear goals, it's time to start thinking about what metrics you'll use to report on your progress. If your goal is to increase your diverse spend by 5 percent by the end of the quarter, for example, you'll want to track the number of diverse and non-diverse contracts your company earns. If you're unsure where to start, be sure to research popular metrics used by successful supplier diversity programs.

In addition to identifying what metrics to track, lay out how frequently you'll report on your progress and how you'll go about sourcing the data you need. For instance, if you're planning to report on tier 2



diverse spend, how will you get this information from your suppliers on a routine basis? As you establish a reporting framework and guidelines, make sure to keep these best practices in mind.

These examples are a jumping off point for your supplier diversity policy. It should provide guidelines and mileposts for both internal stakeholders and external entities, telling them what your program's goals are and how you plan to achieve them. And remember, this policy is dynamic, so make it as clear and relevant as possible for your current program, knowing that you will update it as your supplier diversity program matures and your business changes.