

THE SPARK

Sourcing and Procurement Flash Report



A Top Priority for 2023: Initiate your Supplier Diversity Program



As companies seek to play a more active role within the communities they serve, it's imperative to hire diverse talent. Doing so can not only enhance your brand and create an inclusive organization, it enables you to tap into the wealth of experiences and different perspectives that exist beyond your usual sphere of view.

As an extension of this diverse and inclusive organization, the diversification of your supplier relationships needs to be the priority. Engaging your supply base in a context of social responsibility is critical to ensuring an equitable playing field when customer demands, economic obligations, and community needs are constantly changing.

While supplier diversity and inclusion has long been a noble goal of procurement, pressure from an increasingly savvy and socially conscious consumer base has pushed the focus on this initiative to the forefront for many businesses.

Today, sourcing and procurement efforts must not only focus on cost savings, but on doing the right thing for your community at the same time — which is ultimately the right thing to keep your business competitive. While starting a supplier diversity program may be a significant effort, there is no shortage of suppliers looking to do business with and participate in these programs. As a result, developing a strategic approach to identify, manage, and grow a diversity program critical to its lasting success.

Our research shows that 1-3% of corporate spend can be classified as diverse, representing between 5-10% of the total supply base. If you want to make a real impact, supplier diversity must be a balance of strategic supplier development with new and existing suppliers, and specifically seeking to include diverse suppliers in the conversation to add flexibility and innovation to your supply chain.

Navigating the landscape of supplier diversity and how it reflects on your organization is becoming more important to customers, investors, and clients—which means it is more relevant to your company than ever. The truth is that most companies do not know what their baseline for spend with diverse suppliers even looks like, and that is the obvious starting point for the creation of any supplier diversity program, so that reasonable goals can be set and progress can be measured against this baseline.

If your business plans to compete well into the future, growing a diverse supplier network shouldn't be a matter of why, but when do you get started and, which is why we recommend making this a top priority for 2023.



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We want to hear about your business challenges.

Contact thespark@logicsource.com to start the conversation.

