



Photographs: Heather Shuker

Opportunity from diversity

A passionate discussion of how big business can better engage with minority-owned suppliers shows the growing urgency of this agenda – but the function has to move much faster than it has done previously, reports **Steve Hall**

WHEN IT comes to ethics and profits, commercial relationships can be a tangle of intentions. Perhaps that's why one of the most common perceptions of supplier diversity – as a topic, as a campaign, as a strategy – is that it's a PR issue for business in the US, but Europe is uninterested. To be more accurate, there's something of a consensus that European business has, depending on which country you refer to, little regulatory incentive and little demonstrable awareness of the value of a supply base with greater room for smaller and, in particular, minority-owned suppliers.

It was particularly eye-opening, then, to attend a discussion between procurement executives, held in London no less, where it was made clear that

KEY TAKEAWAYS

- Diversity can be a source of value and feed into business identity.
- Procurement needs to understand whether its processes help or hinder minority-owned suppliers.
- Business needs to move faster and shout louder about it.

big business, across industry, is not only learning from American counterparts, but also recognising the value that can be unlocked by changing sourcing and governance processes, as well as attitudes.

The executives had convened as part of a conference with MSDUK, a non-profit membership organisation driving inclusive procurement, part of a series of events focusing on promoting

opportunities for diversity in the business community, which brought together representatives from across the commercial spectrum. Still, it was clear that the importance of procurement's role in this shift is vital both at an individual level and in terms of the attitudes of the community. As Mayank Shah, CEO and founder of MSDUK, urged to the listening executives: "We need a structure for progress and that's something that needs to be driven across business. It's a personal decision, but it's also a decision that businesses need to make together based on the value that minority-owned suppliers represent."

Attendees agreed and emphasised a range of motivations that are provoking action. Many underscored the interest of their clients about who their suppliers

were and felt that their decisions had to be a reflection on their company's values.

Where there was more room for debate was in the definition of supplier diversity – it seems like a moot point, but ultimately an agreed template is the starting point for a programme. That means making decisions about what constitutes a minority-owned business and thinking about how to develop criteria to help identification.

Inclusive efforts

For some, part of the solution would eventually come through governments providing comprehensive certification schemes, but that provided little support in the meantime.

A more pressing approach lay in adapting sourcing processes to incorporate what MSDUK, as well as others, have termed 'supplier inclusion'. The premise of a sourcing process is selecting a supplier that can deliver the greatest value to the business – an obvious point, but one that holds the key to supplier inclusion.

Accenture CPO Al Williams said: "We think about this topic [diversity] through the lens of supplier inclusion. Clients require it, we see value in it, so we aim to work out the most effective ways to unlock the potential in a broader portion of the supply base."

Justin Lambert, supplier diversity programme manager for Merck and director of the board for MSDUK was adamant: "It's all about commercial value. There's a misconception sometimes that these conversations are running against what makes commercial sense, but that isn't the argument here. There needs to be a shift away from seeing this as an either/or decision."

Attendees affirmed that they saw this kind of programme as a way of embedding themselves in key communities, as well as improving the cultural and ethical profile of their businesses. Crucially, as Dyson's director of procurement, Brendan Keeley, asked, the question is what is the opportunity cost of not engaging with a diverse supply base? When you take a more long-term view that's a convincing case for the rest of the business, he suggested.

But rather than placing the onus all on changing the views of internal counterparts, the feeling was that

ATTENDEES



Mayank Shah
Chief executive officer
MSDUK



Al Williams
Chief procurement officer
Accenture



Martin Chown
Procurement and supply chain
director
Balfour Beatty



Diane Eshleman
MD and CPO
Barclays



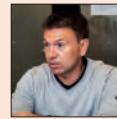
David Lyon
Head of procurement
Cancer Research UK



Sidney Johnson
Senior VP, global supply
management
Delphi



Justin Lambert
Supplier diversity programme
manager
Merck



Brendan Keeley
Director of procurement
NPI
Dyson



Federica Mills
Head of sourcing
Ericsson



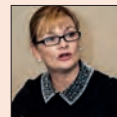
Chrissie Joseph
Director of procurement
Guardian News & Media



Joset Wright-Lacy
President
National Minority Supplier
Development Council



Rachel Lee
Procurement director
Norland Managed Services



Margaret Gibson
Strategic procurement
officer
Standard Life



Steve Hall
Editor
Procurement Leaders

inclusion is also predicated on removing barriers for smaller suppliers that exist either through prejudice, misrepresentation or disconnects in, for example, the tender process.

Level playing field

In that sense, some of procurement's time-honoured strategies can be a limiting factor – supplier consolidation processes, very much a necessary part in reining in spend, will naturally favour larger suppliers and shift the balance of opportunity away from sections of the market where the minority-owned suppliers, often more entrepreneurial in their nature, will feature most.

The discussion showed that there is general belief that these two drivers, in the form of 'good procurement practice' and enabling a more diverse supply base, need not be mutually exclusive, despite the clear challenges of reconciling the two instincts.

Ultimately, the motive towards becoming a revenue differentiator and engaging with a hungry cross-section of the supply base capable of generating innovation, service and bringing a business closer to its clients and the communities they live in, is a powerful one. In that sense, there was a very real sense that engaging with the right suppliers could have a traceable ➔

COMMUNITY & CONNECT

impact on the business's identity and it's ability to meet customer needs – rather than simply being a tick-box exercise.

Standard Life's strategic procurement officer, Margaret Gibson, noted that working with small and medium-sized enterprises and, in particular, minority-owned suppliers was a natural part of how the business operated – it wasn't an agenda that needed excessive pushing because in order to deliver on organisational goals they relied on this part of the supply base. Others were hesitant to suggest that supplier inclusion was an agenda, but many recognised that unless they pushed for greater efforts and smarter processes, these suppliers could get overlooked.

While the American contingent, Sidney Johnson, senior VP, global supply management of Delphi, and Joset Wright-Lacy, president of the National Minority Supplier Development Council, pointed out that American organisations were perhaps more familiar with the concept of tracking diversity spend, they noted that there were lessons that other businesses could learn from in terms of the capabilities and the dialogues that would need to be established in order to begin that journey towards a level playing field for suppliers from all backgrounds.

Where American and British organisations share challenges is in recognising diverse suppliers that they can work with and those that are primed for development. Accenture's Williams outlined a programme his team has established to work with a selection of suppliers to share training and helping them both to improve their performance, but also to prepare them for the procurement process. Williams suggested scoring information from the RFI process, to create a way of recognising diverse suppliers with the potential to become partners. "We can then identify those suppliers that are ready to approach for development. We give them our expertise and help them grow and from there they 'graduate' and that's proving a valuable process for everyone."

That move highlighted the tangle of procurement processes that many larger organisations can present smaller suppliers with, a challenge for those with fewer staff and potentially a bottleneck, which continually frustrates diversity schemes. "We have to make it easy for



them," argued Balfour Beatty's procurement and supply chain director Martin Chown.

"We all need to make sure that purchasing is sensitive to who our suppliers are and their context, otherwise there will always be a wall between them and businesses," said Merck's Lambert. Others agreed.

"Overly process-driven activities can be a real bugbear of mine," reported one. "It's up to us to encourage our teams to talk with suppliers rather than putting

corporations can be challenging but they're increasingly the right ones."

Cancer Research UK's head of procurement, David Lyon, commented that this wasn't an occasion for empty talk: "We have a role to play in dispelling myths and showing we can have an impact on what I think we've all noted is a very important issue."

From that perspective, there was a sense of a shared challenge. Balfour Beatty's Chown highlighted the level of action in minority-owned supplier

"We all need to make sure that purchasing is sensitive to who our suppliers are and their context, otherwise there will always be a wall between them and businesses"

process first at the expense of value," agreed Norland Managed Services director of sourcing, Rachel Lee. Others pointed to prohibitive payment terms as an issue – and an opportunity to send a positive message by bridging gaps with this type of supplier.

Shared interest

What pervaded the conversation and gave MSDUK's Shah reason to reflect on the promise of the ideas being discussed was the commitment of those at the table to this issue. As Accenture's Williams put it: "The UK is making tremendous progress, but there's a long way to go. The conversations happening between minority-owned suppliers and

identification and development that has occurred in his organisation, but urged the table to consider the value of shared approach: "We should ask: where do we have a common agenda, where can we make progress?"

Delphi's Sidney Johnson built on that point, asserting that procurement needed to drive this agenda and warning that teams "don't confuse actions with results".

Ultimately, one of the most impactful notes lay in the closing thoughts of Barclay's MD and CPO Diane Eshleman. "We, as a community of professionals, are not moving fast enough. It's obvious that we have to move faster," she said, to much approval. ■