



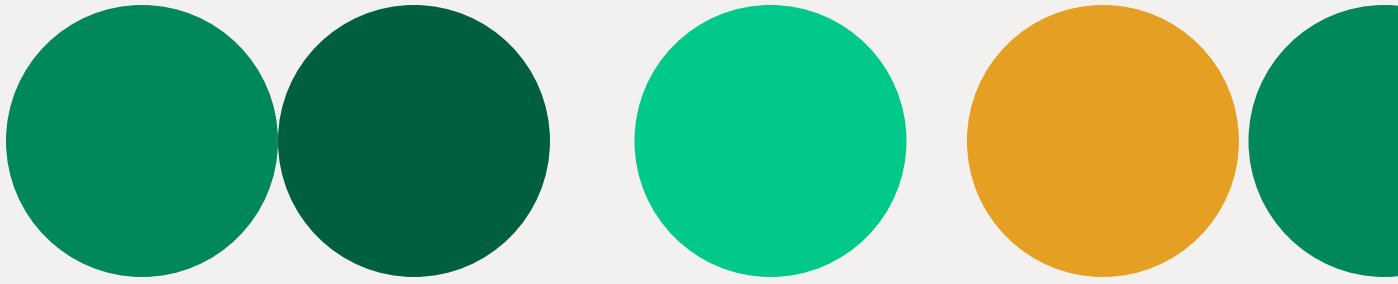
# Finding Diverse Suppliers: Beyond Best Practices

4 ways industry leaders are finding diverse suppliers

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## Today's Diverse Supplier Landscape

### Learn to navigate some tricky terrain

Among organizations today, 75% say their biggest supplier diversity challenge is to find new diverse suppliers who meet their specific requirements. Considering diversity spend is the top metric supplier diversity leaders use to measure their program's performance, the pressure to find new suppliers is always on.

Most organizations have searched for new diverse suppliers by joining industry groups, attending conferences hosted by certification agencies, and meeting at "matchmaking" events. These are all good starts, but leaders of top-performing programs have found more efficient and effective ways.

Expanding how you source diverse suppliers may seem daunting, but it doesn't have to be. In this paper, we'll take a closer look at how industry leaders in supplier diversity are finding the right suppliers for their business. In addition to industry best practices, we'll also identify a few key lessons learned from leading supplier diversity programs (i.e. the top 20% based on industry benchmarking). You'll see how these leaders go beyond best practices to serve as respected industry leaders.



of organizations say finding new diverse suppliers is their biggest supplier diversity challenge.

**2022 State of Supplier Diversity Report**

## BEST PRACTICE 1

# Start with What You Know

## Mine your existing data to discover diverse suppliers you already have

To achieve immediate impact and enduring success, start by understanding your current spend with your existing vendors. Sure, digging through your own data to unearth “new” diverse suppliers may seem like “the easy way” (or even something like “cheating”) at first. But there is more opportunity in your own data beyond just spending more with a current quality supplier.

Of course, what you don’t know can’t help you here. So make sure your current data accurately identifies diverse suppliers by both category and diversity status as well as ensuring their certification is up to date. Start with spend classification and cleaning ERP data. From here, you can glean a detailed and invaluable list of the past 12 to 18 months of spending data—across all your vendors.



### DID YOU KNOW?

Today’s biggest supplier diversity program investment is in increased granularity in diversity spend reporting. Just under 60% of organizations plan on investing in granular-level diversity spend reporting.

*The Hackett Group 2021 Supplier Diversity Study*

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## Enrich Your Data. And Stay on the Hunt.

Keep in mind that it pays to enrich your data first. Tracking diverse suppliers can be tricky, and there’s data to back this claim up, too. In fact, Hackett Group’s 2022 Supplier Diversity Study revealed that 69% of organizations call collecting and managing certifications a “significant” or “moderate” challenge—making it the second-highest supplier diversity program challenge, only ranking behind finding new suppliers. The reason for this is fairly simple. Certifications are constantly in motion, with diversity certification status (including both new and lapsed certifications) in 2022 changing for nearly 450,000 suppliers in the U.S. and Canada alone.

“You need a partner to work with for supplier diversity data cleansing and management,” states the Spend Matters analyst team in its Supplier Diversity Meets Supply Management study. “This is an activity that you go through only infrequently, while the solution provider partner does it on an ongoing basis. This should be a partner you can refer to for clarification and follow-up in case of an audit or other challenge.”



#### EXPERT INSIGHT

To understand both your current spend and vendors, “you absolutely need to invest time and resources in spend reporting.”

*Spend Matters 2022 Supplier Diversity Meets Supply Management Report*

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## After Spend Analysis: What’s Next?

Once you have concluded your organization’s spend analysis, most organizations look at the list of current credible suppliers and see how they can spend more with them. But leaders go beyond the surface data. They identify past suppliers that are no longer doing business and find out why. Some simply don’t meet your company’s standards or are not viable. But most organizations are able to identify several prior suppliers that could be viable if they had additional coaching and training on your price, quality and time requirements. Now, with your business leader’s buy-in, you can reach out to those specific suppliers and set them up for future success.

You’ll want to partner with your business unit leaders to get as specific as possible about your needs in the coming months—and even further down the line, if possible. Review these potential suppliers to see if any could meet your future needs and focus on them in your supplier development program.



#### PRO TIP

Look for past suppliers who did “ok” work in the past but were not renewed for new projects. Some may be viable and productive suppliers who just need additional support and coaching. Talk to your business unit leads to identify a small group of possible suppliers and target them for extra development.

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## BEST PRACTICE 2

# Build Your Network

## Find diverse supplier partners within community and industry groups

You can also expand your diverse supplier network by connecting to diverse suppliers through community and industry groups. These groups provide a perfect opportunity to participate in networking and matchmaking events. Ensuring that both suppliers and internal stakeholders are aware of your existing supplier diversity program is absolutely key to growing your diverse suppliers, and a basic first step.

53%

of supplier diversity leaders attend matchmaking events

## Make the Match

More than 53% of supplier diversity leaders report regularly attending matchmaking events. But leaders at top-performing programs go with very specific intentions. Long before they attend these industry events they meet with their business unit (BU) counterparts to identify upcoming needs and opportunities. All too often, the trap for supplier diversity professionals is to lead a silo-based activity with few touchpoints with general procurement. Instead, use data and bring BU leaders with you.

- Encourage BU leaders to join you at industry events to meet first-hand with predefined diverse suppliers and establish a personal relationship.
- Reach out to your BU peers to find who they're working with—and set up meetings with diverse suppliers who may already be vetted.
- Identify specific needs from your BU counterparts—and then identify a short list of potential diverse suppliers to meet with.

With BU feedback, leaders then reach out to peers and search databases to identify potential diverse suppliers before they attend. When they go to the events, they use the matchmaking opportunity to get business unit leaders with diverse suppliers to help build relationships and address any concerns long before the opportunity turns into an RFP or even an RFI.



### PRO TIP

Leaders prepare for matchmaking events long in advance to build a BU-driven target list, and use on-site meetings to connect business leaders with diverse suppliers to identify new opportunities.

**BEST PRACTICE 3**

## Look Outside for New Data

### Find diverse suppliers in a quality third-party database

The universe of available certified diverse suppliers is constantly shifting, with new organizations getting certified every day while others may let their certification lapse or see their business change. The Supplier.io database of diverse suppliers sees up to 450,000 changes in diverse supplier certifications each year.

Keeping track of all available and credible diverse suppliers is too time-intensive for most organizations. That's why, according to industry analysts at The Hackett Group, the number two priority for organizations today is to use market intelligence providers like Supplier.io to find and secure diverse suppliers.



88% of top-performing programs report a great use of technology improves the management and execution of their supplier diversity program.

*The Hackett Group 2022 Supplier Diversity Study*

### One Goal. Several Avenues.

The good news is there are several available options for third-party market intelligence—and each one possesses its own unique focus. Many add supplier diversity as part of their overall sourcing offering. While this can seem easy to implement as part of a broader procurement initiative, the data is notoriously inaccurate. It can also lead to highly inaccurate reporting—impacting all the diverse supplier procurement strategies we've already discussed.



#### DID YOU KNOW?

In 2022, diversity certification status changed (including new and lapsed certifications) for nearly 450,000 suppliers in the U.S. and Canada alone.

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## Finding Exactly What You Need

A robust third-party solution needs to meet a number of key criteria:

- Large enough so you can actually find the specific type of supplier you need, whether that's more indirect spend like a marketing agency or specific product requirements like sustainably sourced aluminum.
- Accurate and reliable enough that you can trust the information. You need to be able to audit the suppliers' certification so your organization can trust the results.
- Up to date so that you can keep track of certifications that may lapse and impact your results.
- Filter results so you can quickly sift through the details to find someone that meets your specific needs such as location, services, diversity status and more.
- Provide you with enough information about the suppliers' experience, size, and more so you can find one you trust.

The analyst team at Spend Matters agrees, stating in their *Supplier Diversity Meets Supply Management Report 2022*: "As part of the need for recognizing the need for better data, you should seek out third-party friends (e.g., [Supplier.io](https://www.supplier.io))."



#### PRO TIP

Work with experts in supplier diversity who have more accurate data that can easily be accessed online, or integrated into existing procurement systems.

- Get access to a comprehensive list of diverse suppliers that's large enough to find exactly what you need.
  - Make sure the supplier data is accurate and contains regularly updated information, including certifications (especially if you need to pass an audit due to conducting business with government entities or large companies that require reporting).
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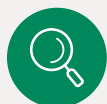
**BEST PRACTICE 4**

## If You Build It, They Will Come.

### Encourage diverse suppliers to come to you

Leading programs have also reduced administration and increased momentum by adding a supplier registration portal. Doing so allows you to go well beyond industry-level supplier information—and secure invaluable supplier information for your future needs.

Building, maintaining, and growing a powerful portal allows you to not only make it easier for suppliers to register with you, but empowers them to “stand up and raise their hand” when they want to work with you. It also makes it easier for you to track and qualify potential new suppliers. Moving forward, you can customize the registration form to capture all the specific information you need—both today and well into the future.

**ANALYST INSIGHT**

Spend Matters highly recommends implementing a supplier registration portal, citing its powerful ability to deliver massive and impactful data up front—which leads to savings in both time and effort down the line.

*Spend Matters Supplier Diversity Meets Supply Management Report 2022*

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### Open Registration: A Critical Component

Open registration also stands in stark contrast to the prevalent “closed registrations” offered by typical ERP and vendor management installations. Put simply, the open registration process offers a web-based, easy-to-travel, go-anywhere path for valuable diverse suppliers to provide initial registration data, “raise their hand”, and start to engage with you—without any need for any kind of “invitation to connect”.

The open solution then guides suppliers through a path of extended data gathering fields—and a necessary bit of back-and-forth with corporate procurement, if and when a “fit” is identified. It’s essentially an iterative RFI experience that allows for as much data gathering up front as possible, saving time and work for all involved parties.

The best systems manage the gathering of data points dynamically, providing a more targeted path for suppliers as they identify their category areas of expertise and capabilities—without drowning them in irrelevant questions.



**DID YOU KNOW?**

Ford Motor Company implemented a registration portal to reduce workload, improve follow-up, and increase diverse suppliers via bids. [Read the case study.](#)

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**CONCLUSION**

## Success Today. Growth Tomorrow.

### Make valuable diverse suppliers find you

Locating diverse suppliers that meet all your unique needs is the number one supplier diversity program challenge—and complaint—of organizations like yours. There's just one catch here:

It doesn't need to be like this.

By leveraging your own existing data, partnering with industry organizations, and gaining access to trusted third-party data, you can easily find—and start working with—credible diverse suppliers to meet each and every one of those needs.

And to plan for a successful and secure future, you can even invite valuable diverse suppliers to come find you—and share personalized information via a supplier registration portal.

But remember that access to insightful and invaluable data is only part of a winning equation. Make sure you work closely with your procurement and BU counterparts at each and every step. This way, you're not just using data to "bolt on" a diverse supplier to an existing opportunity.

Instead, you're building relationships. Relationships that could throw your organization an immediate lifeline. And last for a lifetime.



## ABOUT SUPPLIER.IO

Supplier.io is the leading data and SaaS provider to manage, optimize, and scale your successful supplier diversity program. Powered by our unparalleled data intelligence, we connect companies with more diverse suppliers so they can spend smarter and do business better. Supplier.io gives you access to the most comprehensive database of diverse suppliers with a team of experts behind you to bring your program to new heights.

Visit us at <https://supplier.io>

