

Scaling Small: Inside the Enterprise Push to Source Smarter and Stay Competitive

How enterprises are turning to small businesses to navigate disruption, build resilience, and reduce risks in today's trade environment

supplier 

Executive summary

With tariffs, inflation, and geopolitical tensions forcing companies to rethink how they manage risk and keep supply chains stable and profitable, small businesses are increasingly moving from the margins to the center of enterprise sourcing strategies.

Supplier.io's 2025 report, based on a survey of more than 150 enterprise executives, including Chief Executive Officers, Chief Procurement Officers, Chief Financial Officers, and other senior leaders, shows enterprises are rapidly increasing their reliance on small suppliers but struggling to scale effectively.

Highlights from the executives surveyed include:

- **Enterprises are turning to small suppliers in response to disruption.** As a result of recent or anticipated tariffs, 91% of executives say they've adjusted their small business sourcing strategy or plan to do so in the next six months. In fact, 71% of executives surveyed report increasing sourcing from U.S.-based small suppliers, and 26% report increasing sourcing from non-U.S. small businesses.
- **Small suppliers deliver clear returns.** More than half of leaders report improved quality and performance (56%), greater supply chain resilience (53%), and reduced costs (50%) when working with small suppliers.
- **Most executives say they want to work with more small businesses, but only a few can translate intention into action.** Nearly every leader (96%) said they would source more from small businesses if it were easier to find, vet, and onboard them. Yet, according to Supplier.io data, enterprises only spend an average of 7% of total supplier spend on small businesses.
- **When small supplier vetting fails, the impact is significant.** Forty-one percent of enterprises experienced a failed small supplier partnership in the last 12 months because of poor vetting. Of those that experienced failed partnerships, the biggest consequences were financial loss (66%), delays to key projects or product launches (48%), and customer dissatisfaction (48%).

The data is clear: enterprises see small suppliers as a path to greater resilience, agility, and cost savings. But most teams still struggle to scale their work with SMBs effectively. This report breaks down the gap between vision and execution.



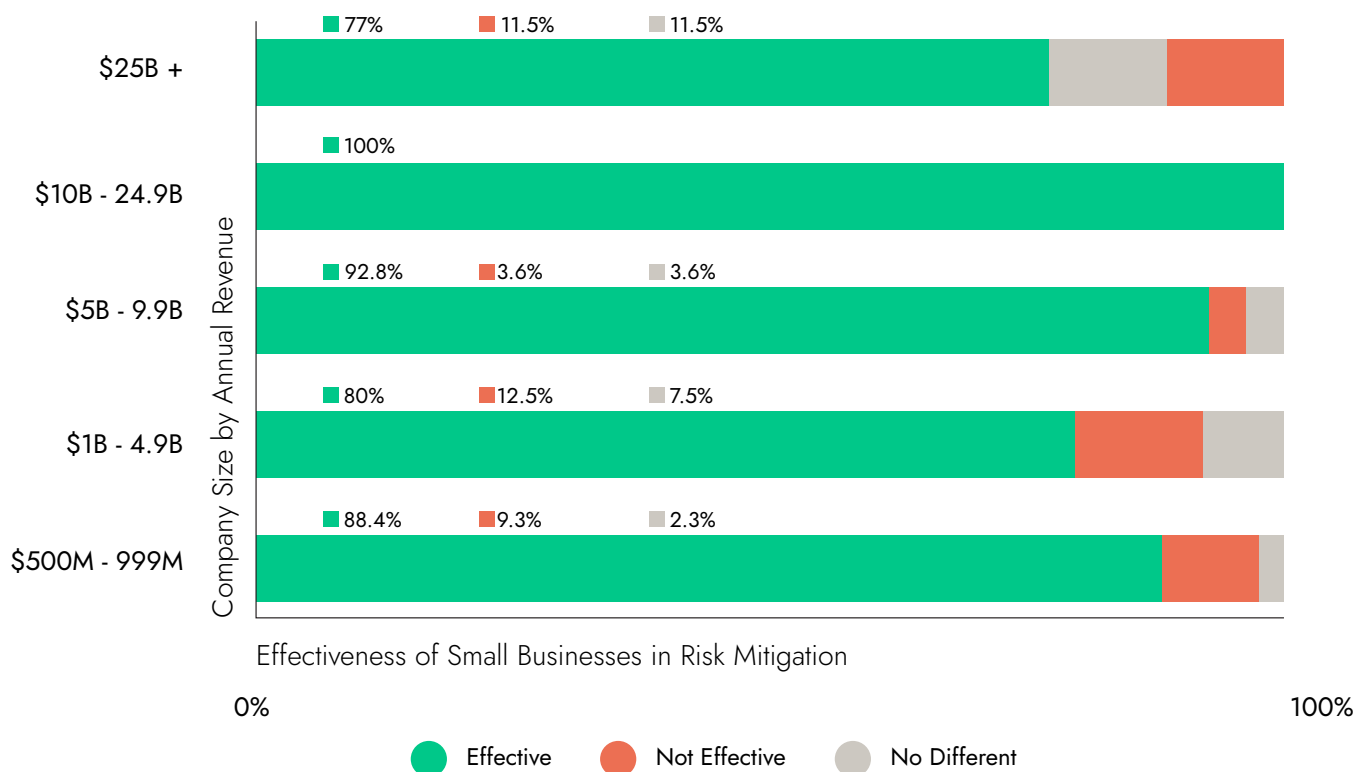
Enterprises turn to small suppliers to navigate disruption

Global trade shifts and tariffs are the single most disruptive force shaping sourcing strategies today. In fact, 91% of leaders say they've adjusted their small business sourcing in response to recent or anticipated tariffs or plan to do so in the next six months.

- **71%** are increasing spend with U.S.-based small suppliers.
- **26%** are sourcing more from non-U.S. small businesses.
- **17%** have reshored or are in the process of reshoring production to unlock new, small local business opportunities in the future.

This shift underscores the strategic role of small suppliers: 86% of leaders believe they reduce supply chain risk and improve responsiveness — and this positive perception holds true across businesses of all sizes. As a result, 85% plan to increase small supplier spend in the next year, with nearly one-third planning significant increases.

Risk Mitigation Perceptions by Company Size

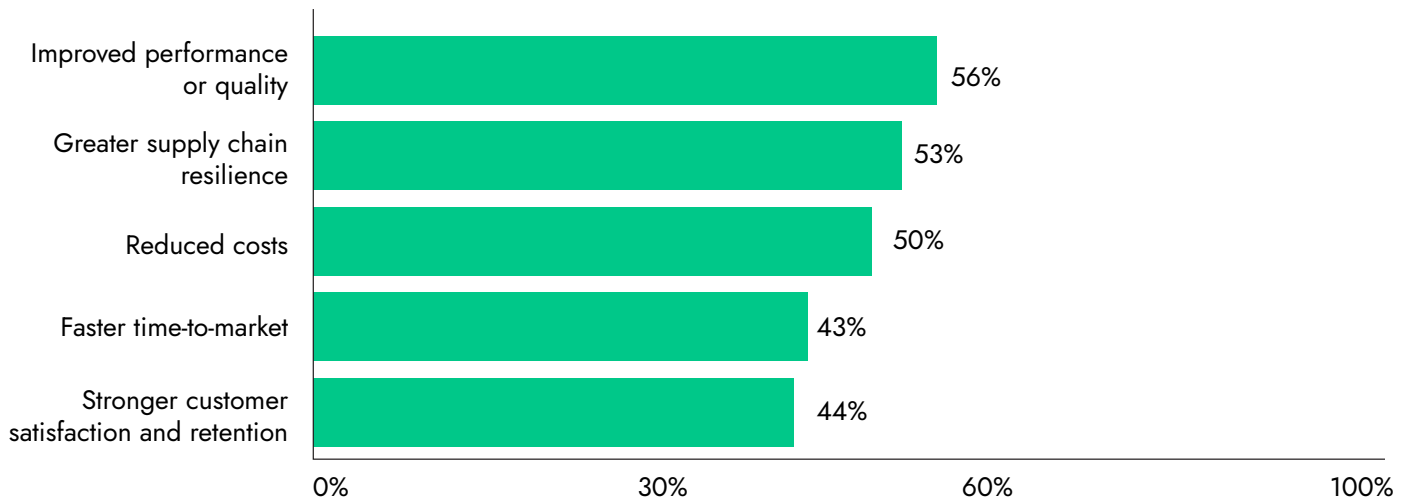


These findings point to a structural reset in how enterprises manage supply chain volatility. Instead of being viewed as a risk, small suppliers are now seen as the solution.

Small suppliers drive enterprise ROI

Supplier.io's research shows that working with small suppliers creates competitive advantages and financial value for enterprises. When asked about the business benefits they experience when working with small suppliers, more than half of survey respondents cited improved performance or quality (56%) and greater supply chain resilience (53%).

Top Business Benefits of Working with Small Suppliers



Thirty-four percent also credited small suppliers with fueling innovation, and 20% tied small suppliers to winning new business.

Digging deeper into the data revealed ROI perceptions differ across the C-suite:

- **CEOs** see fast time-to-market as the top benefit
- **CFOs** disproportionately highlight cost reductions as a key benefit
- **CPOs** emphasize increased supply chain flexibility, improved performance, and quality significantly more than other leadership roles.

In other words: CEOs see speed. CFOs see savings. CPOs see resilience. Each view is valid, but when measured in isolation, the enterprise undervalues the total return. The result is systemic underinvestment in a capability that could deliver multi-dimensional benefits.

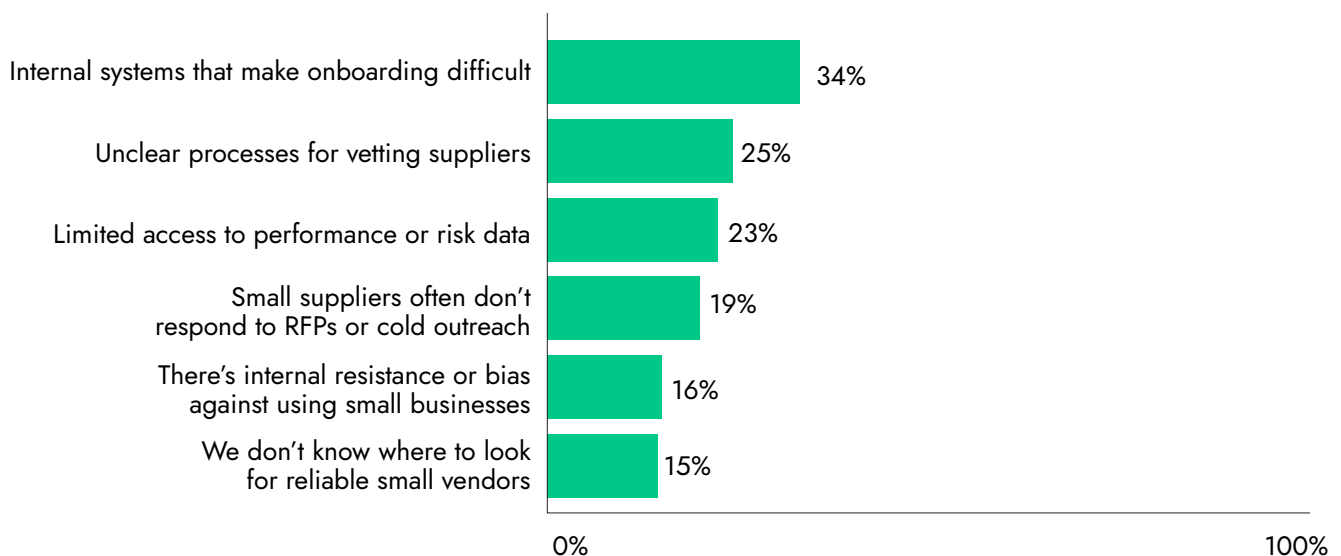
“There is a flight to stability. Corporate leaders are focused on delivering top line growth. This means predictability, visibility into coming quarters and years in a modestly improving economy. Any shock to your performance as a company is viewed as a company-specific issue. I can’t overstate this enough. Management teams are really focused on delivering performance, growth and stability in this period. Lowering risk of supply chain interruptions is paramount.”

- Laura Boyd, Head of M&A and Capital Markets at Norwest Venture Partners

Barriers to scaling small supplier sourcing

Almost every leader (96%) said they would source more from small suppliers if finding, vetting, and onboarding were easier. Yet, regardless of revenue, according to Supplier.io's platform data, companies only allocate an average of 7% of their organization's spend towards small suppliers. The issue isn't a lack of interest; it's a lack of infrastructure.

Key Barriers to Sourcing with Small Suppliers



The key barriers identified differ by role:

- **Procurement or Sourcing Management Leaders** focus most on executional hurdles, with 41% pointing to onboarding complexity and 34% flagging lack of reliable performance or risk data.
- **CFOs** were the most likely to say they face no major barriers (44%), showing a clear lack of alignment between operations and finance.
- **CEOs** reported a lack of clear vetting processes more than any other role.

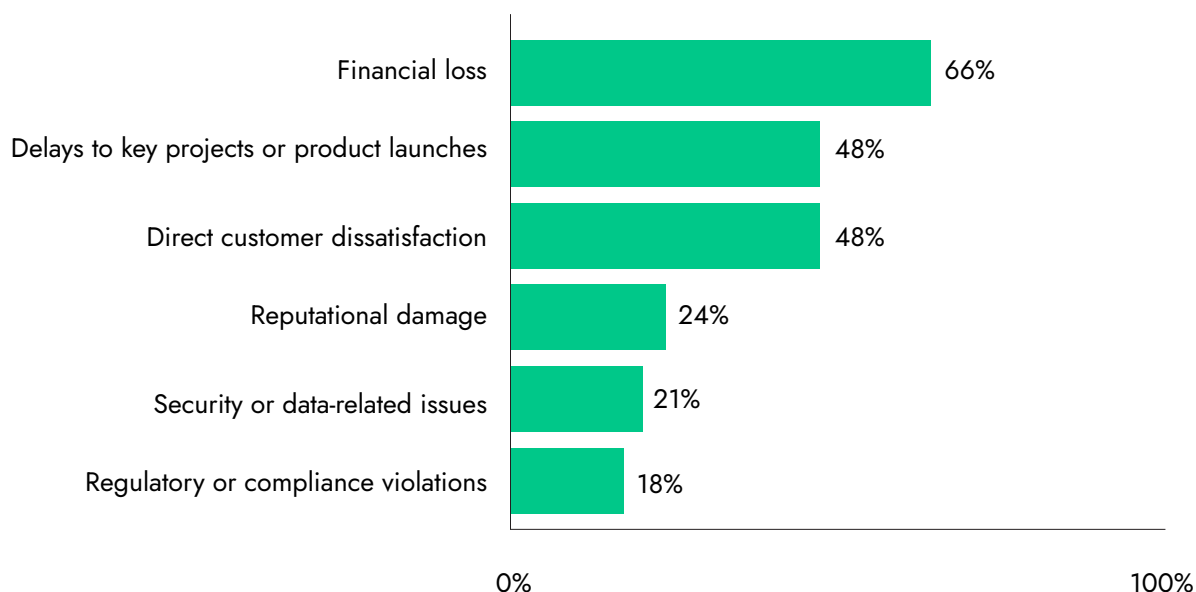


Current systems and processes have created a ceiling on small supplier participation. Even with strong interest, spend levels remain capped because onboarding, vetting, and data gaps slow progress. Static tools can't keep pace with the volatility of modern supply chains. Point-in-time surveys and general business databases miss how supplier performance, risk, and capacity evolve. Until those constraints are fixed, enterprises will continue to hit that ceiling, leaving small suppliers locked at the margins of spend.

Small suppliers, big consequences

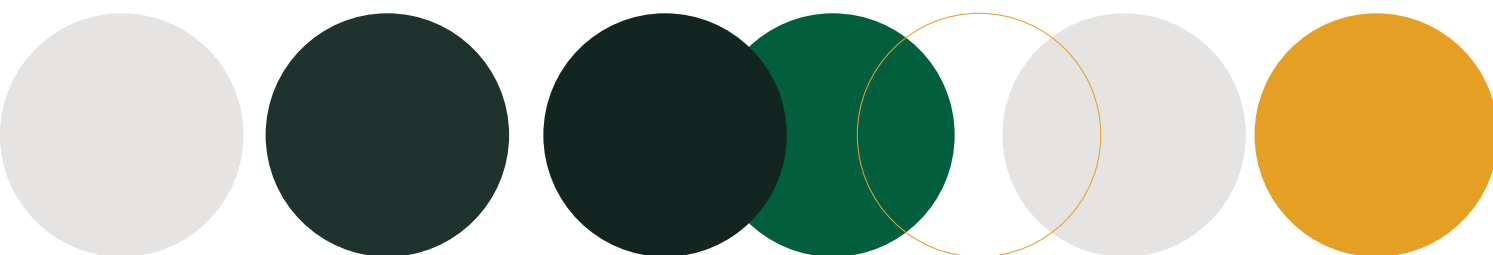
As small suppliers become more critical, picking the wrong supplier can have serious consequences. Forty-one percent of enterprises said they experienced a failed partnership with a small supplier that wasn't properly vetted in the last 12 months. Of those that experienced failed partnerships, the biggest consequences were financial loss (66%), delays to key projects or product launches (48%), and customer dissatisfaction (48%). In fact, nearly half (46%) reported financial losses exceeding \$10M.

Biggest Consequences of Failed Partnerships



Internally, these breakdowns increased workload and created team conflict for over a third of respondents (37%).

Small suppliers can strengthen enterprise supply chains, but without effective vetting and visibility, they also introduce financial, operational, and reputational risks that ripple far beyond procurement.



Three ways Supplier.io helps:

- > Easily find new suppliers from over 11 million in our database*
- > Effectively vet based on over \$10 trillion in historical spend data*
- > Easily engage based on over 450 million supplier insights including location, size, experience, and more.*

The research points to a clear shift: small suppliers are moving from the margins to the center of enterprise sourcing strategies. Non-stop supply chain disruption has made them a first line of defense, with leaders increasing spend and reporting positive business outcomes. But scaling these strategies requires better tools, intelligence, and alignment.

Key takeaways

For Enterprise Leaders

- Elevate small supplier sourcing from contingency to core strategy and give procurement the tools it needs to succeed. This requires investing in small supplier databases and AI-driven discovery tools.
- Balance investment with thorough vetting and risk visibility. While most enterprises have tools that help identify and manage global supply chain risk, few have the intelligence needed to manage supplier risk at home - particularly with small businesses.
- Align the C-suite by building a shared ROI framework that connects financial, operational, and customer benefits. Then, use data-driven supplier intelligence to validate successes, turning isolated wins into measurable, enterprise-wide impact.

For Procurement Teams

- Streamline onboarding to remove friction and accelerate adoption.
- Leverage intelligence tools to monitor performance continuously, not just at onboarding, so issues can proactively be identified and resolved before they create an impact.
- Close the adoption gap by ensuring sourcing strategies match spend commitments. Track and measure small supplier spend and performance in real-time and proactively adjust as needed to keep programs in line with enterprise goals.

Survey snapshot

- **Sample size:** 151 enterprise executives
- **Roles:**
 - » Chief Procurement Officer 32%
 - » VP or Head of Sourcing or Supplier Management 29%
 - » Other Procurement or Sourcing Leadership Role 8%
 - » Chief Executive Officer 18%
 - » Chief Financial Officer 6%
 - » Other C-suite Executive 7%
- **Company sizes:** \$500 million+ in annual revenue, including global enterprises.



Supplier.io is the market-leading provider of supplier diversity and small business intelligence solutions. Trusted by Fortune 1000 companies, Supplier.io helps enterprises discover, vet, and scale small supplier relationships with confidence. By delivering the data and intelligence enterprises need, Supplier.io enables organizations to build more resilient supply chains, drive innovation, and unlock long-term ROI.



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