



WASHINGTON
EMPLOYERS

FOR
 RACIAL
EQUITY

SUPPLIER DIVERSITY BEST PRACTICES PLAYBOOK

2023

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Barriers exist for Black-owned businesses in Washington state and across the nation. Black entrepreneurs are underrepresented in business ownership and, according to the 2017 American Business Survey, Black-owned businesses make up 2.2% of businesses nationally and 1% of businesses in Washington state.¹ Increasing those numbers is fundamental to achieving racial equity in the workplace and growing our economy.

In December 2020, CEOs and senior leaders from companies and institutions across Washington state joined **Washington Employers for Racial Equity (WERE)** with a clear commitment to advance racial equity in the area where they have the most influence – the workplace. That commitment includes a goal to increase diversity and racial equity among contractors, vendors, and suppliers and increase investment in Black-owned businesses by 2030.

Each coalition member is at a different stage in the operation, implementation, and maturation of their supplier diversity efforts. To support individual and collective progress, WERE brings together subject matter experts in supply chain, procurement, and organizational leadership to share learnings and develop tools that support and advance racial equity in their business practices and workplace culture. This guide draws from international resources and the experiences of WERE members to outline principles and tactics for establishing and managing a best-in-class supplier diversity program that meets business goals while growing investment in Black- and other minority-owned enterprises.

Successful supplier diversity programs provide a means for corporations and institutions to foster economic growth within the minority business community and bring more Black entrepreneurs and other people of color into the mainstream of the American free enterprise system. Inclusive procurement supports increased competition within the supply chain and better business outcomes. It also delivers broader societal benefits by generating economic opportunities in historically disadvantaged communities.

WERE focuses first on advancing equity for Black Washingtonians and Black-owned businesses because of the long history of injustice and degree of inequity experienced by the Black community. That said, racism impacts everyone and contributes to inequities for Black, Indigenous, Hispanic, Latino, Asian, Pacific Islander, and many other communities. The WERE coalition is committed to action that will support equity and opportunity for all people and all communities in Washington state.

KEY ORGANIZATIONAL BENEFITS:

- Improve customer and vendor engagement.
- Increase and strengthen supply chain resilience.
- Expand the markets you serve.
- Increase competition within your supplier pipeline and save costs.
- Build and strengthen meaningful relationships with customers and community.

¹ The Commitment to Progress: An Equitable Future for Washington, 2020.

ROADMAP TO SUPPLIER DIVERSITY



1

Make an executive-level and organizational commitment to supplier diversity.

Desired Outcome: Supplier diversity policy and buy-in starts at the top of the organization. Without top-level support, conveying a call to action throughout the company will be difficult.²

BEST PRACTICE

IMPLEMENTATION STEPS

Implement a succinct top-level policy articulating a supplier diversity program's aims, objectives, and benefits for the company, shareholders, and the community.

- Communicate commitments from organization leaders.
- Adopt a comprehensive policy that states what needs to improve.
- Convey goals, timelines, and KPIs throughout the organization.
- Invest in stakeholder training that allows people at key decision points to understand why the policy is needed and how it should be implemented.

Ensure organization buy-in and maintain long-term support by building consensus on supplier diversity program goals and target outcomes.

- Affirm that executive leadership and organization boards are aligned and committed to driving supplier diversity policy throughout the organization.
- Create and communicate shared goals across departments.
- Make your commitment visible to internal and external stakeholders (i.e., posting online and featuring in public materials).

Document commitment to supplier diversity and provide staff training to support implementation.

- Spell out your commitment-specific goals in your policy.
- Train leaders to integrate supplier diversity goals into procurement processes.
- Conduct racial equity training for procurement, supplier diversity, compliance, and other teams connected to the program.

“At McKinstry, we’re passionate about supporting businesses owned and managed by historically marginalized individuals. Addressing the equity crisis is one of our primary guiding aspirations in our Action for Impact strategic plan. In service of that commitment, we’re focused on advancing diversity, equity and inclusion—internally within McKinstry, in our communities and in our industry—and our vendor diversity program is a critical piece of our work and our commitment.” – Dean Allen, CEO, McKinstry

² Minority Supplier Development United Kingdom ‘Best Practice Paper’

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Executives and senior leaders make the business case for supplier diversity inside the organization.

Desired Outcome: The business case for a supplier diversity program should build support internally and externally. It should invest the resources and deliver the capacity needed to integrate supplier diversity goals and outcomes throughout the organization as an economic and social impact imperative.

BEST PRACTICE

IMPLEMENTATION STEPS

Establish an economic imperative to create social impact in your community.

- Communicate to stakeholders the impact data on Black business ownership as a share of your investment totals. Provide enough detail on the current state of diverse businesses.
- Familiarize your team with the demographic and economic data about the underserved and underrepresented groups in your geography.

Consider how a supplier diversity program will help your organization reach its impact goals, improve employee relations and retention, increase supply chain resiliency, and support the communities it serves.

- Be specific about driving deeper investment in Black-owned businesses to keep people focused on a targeted social impact goal.
- Embrace the concept of targeted universalism to create equitable systems and processes that can apply to broader groups to achieve overall equity goals.

Align the business case outcomes to the organizational strategy and financial plan.

- The business case should define the value proposition, identify the current state of your company (using industry benchmarking), and align the organizational strategy.



“Supplier diversity matters for our organization because it aligns with our vision and enables us to deliver on our strategic initiatives. Collaborating with senior leadership to create a “Why Statement” that fully articulates that alignment is the essential first step we take with each of our DEI initiatives. Once we understand why, only then are we able to get buy-in across the organization to assemble a team of collaborators who will gather data, set goals, plan, and communicate. DEI requires change, and change management starts with why.”

– Karen Aliabadi,
Chief Human Resources Strategist, Delta Dental of Washington

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Measure and report on progress against supplier diversity goals.

Desired Outcome: Best-in-class supplier diversity programs use data to measure progress against equity goals. They create visibility to the business areas where barriers exist and help the organization meet social and economic impact goals.

BEST PRACTICE**IMPLEMENTATION STEPS**

Assess how much you invest with all suppliers.

- Leverage existing systems to get internal data on supplier spend.
- Define additional management reporting that you need to track data for executive, board, and internal management meeting purposes.

Determine a means to collect data to understand how much your organization spends with diverse suppliers and specifically Black-owned businesses.

- Evaluate vendor intake forms for an opportunity to collect supplier diversity data.

Develop metrics aligned with policy goals to assess the collective impact of your investments in Black-owned and other diverse suppliers.

- Require metrics and regular reporting on investments with Black- and minority-owned suppliers. Metrics can differ depending on desired outcomes (high level vs. details). Make sure your metrics track progress toward goals.

Understand how much you invest in Black-owned suppliers compared to overall supplier spend.

- Use dashboards to dive into how you are tracking what is important to your supplier diversity program.
- Understand where investments are made with Black-owned and diverse suppliers in terms of real dollars and as a percentage of spend.

Help internal teams and external stakeholders understand progress being made.

- Leverage data and supplier case studies to build and share your progress with internal and external stakeholders.

Assess your internal systems and processes to root out inequity.

- Engage in a continuous process of improvement across all value streams and use progress measures to effectuate change.
- Establish a process to prevent contracts from automatically being offered to current suppliers, and thus create more opportunity for Black- and minority-owned businesses to compete for contracts.

Review performance metrics with diverse suppliers to help them improve how they do business with you.

- Use performance metrics and supplier performance monitoring to identify areas for improvement that can be used to support/mentor suppliers.
- Train procurement and supplier diversity leaders to provide feedback to improve supplier performance.
- Obtain feedback from customers/suppliers that can help uncover barriers that Black- and minority-owned suppliers encounter in the procurement process.

CASE STUDY:



MEASURING PROGRESS & IMPACT OF SUPPLIER DIVERSITY EFFORTS

Headquartered in Seattle, **McKinstry** is a national leader in designing, constructing, operating, and maintaining high-performance buildings. The company leverages a comprehensive internal dashboard built in PowerBI to track progress on vendor diversity goals and further its mission to drive inclusive procurement practices. In addition to capturing total spend, the dashboard displays information for total partners, diverse certification types, timeframe, and line of business, among other metrics.

McKinstry's vendor diversity dashboard tracks diverse business spend by year, line of business, department, state, project, and more, allowing the ability to sort, filter and monitor progress toward company and project goals.



McKinstry regularly hosts networking events for diverse business enterprises to meet project teams and decision-makers, coordinate presentations and workshops, and engage McKinstry staff in opportunities to build sustainable business relationships.

McKinstry has built strong partnerships with advocacy organizations focused on uplifting diverse business enterprises including: the **Northwest Mountain Minority Supplier Development Council** (NWM-MSDC), **Women's Business Enterprise Council—Pacific, Association of Women and Minority Businesses** (AWMB), **UW Ascend Seattle, Black Business Warehouse**, and the **Native Business Center**. In addition to partnering with these organizations to connect with local diverse businesses, McKinstry is actively involved and serves on the board of the NWM-MSDC and AWMB as well as chairs the new UW Ascend Seattle Market Access Council. McKinstry is also working with the Native Business Center to build out an Advisor Committee for the organization. These forums not only build industry relationships for local diverse businesses but also allow McKinstry staff to proactively identify opportunities to further engage qualified diverse businesses in projects.

McKinstry's year-long, cohort-based diverse business accelerator program, **ScaleUp**, takes communication and relationship-building to the next level. ScaleUp offers select business partners opportunities to be paired with a McKinstry advisor, participate in monthly educational sessions, and complete a capstone project that addresses a real-life business need. In addition to investing in and supporting diverse businesses, ScaleUp provides McKinstry with an opportunity to learn more about the needs and experiences of small and diverse businesses.

"By building deep and long-term relationships with businesses through ScaleUp, McKinstry is able to continuously improve our vendor diversity program to meet the needs and remove barriers for our partners."

– Ashley Ruiz,
Director of Corporate Social Impact,
McKinstry

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Engage in a continuous communications loop with diverse suppliers.

Desired Outcome: Best-in-class supplier diversity programs stay in contact with suppliers and actively invest in ways of incorporating and learning from diverse supplier perspectives to improve contract solicitation, bidding, award, and communications processes.

BEST PRACTICE**IMPLEMENTATION STEPS**

Engage in trade fairs and networking opportunities that connect corporate buyers, contractors, and decisionmakers with diverse suppliers.

- Procurement and supplier diversity leaders should attend supplier diversity summits like those organized by the **NW Mountain Supplier Development Council**.
- Determine a means by which to measure impact of participation in these events (i.e., relationships formed, resulting impact in investment with Black-owned businesses, etc.).
- Use impact data to improve targeting and inform future outreach.

Use tools available from minority supplier support organizations to locate diverse suppliers.

- Use tools, like those available from the **Office of Minority & Women's Business Enterprises** (OMWBE), to help identify, locate, and connect with Black- and minority-owned suppliers.

Look for opportunities to partner with and support Black- and minority-owned businesses in emerging growth areas.

- Engage with and invest in Black- and minority-owned business associations to find ways to meet more of your business needs through the Black- and minority-owned supplier network.
- Invest in building a resilient business ecosystem where Black- and minority-owned businesses can access opportunities to do business with you.

Invite diverse groups of suppliers beyond the people you presently engage with to communicate with you about your supplier diversity processes and goals.

- Regularly survey and elicit feedback from suppliers to identify ways to improve diversity of your supplier network.



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Pay suppliers promptly and invest in access to capital programs.

Desired Outcome: Best-in-class supplier diversity programs provide Black- and minority-owned suppliers with increased access to capital and other resources that support their capacity and growth.

BEST PRACTICE**IMPLEMENTATION STEPS**

Divide larger contracts into smaller ones to open opportunities for diverse suppliers to bid.

- Unbundle larger and expansive projects to create compelling opportunities for diverse suppliers to bid.
- Avoid mission and scope creep to ensure that a Black-owned business can fulfill the contract as presented in the bid process.

Provide adequate lead times, streamline paperwork requirements, and ensure pricing is transparent.

- Include diverse suppliers in demand forecasting. Sharing your demand forecasts with suppliers will help them plan and prepare for your orders. This can reduce the risk of stockouts, delays, and quality issues.

Consider expedited payment terms or advance payments on large purchases to reduce the cash flow risk that diverse suppliers may face.

- Review payment processes for ways to expedite payments to Black- and minority-owned businesses.
- Make strategic equity investments by expanding your role in supporting Black and minority business owners, such as by forming joint ventures or providing private equity for growth capital.
- Invest in minority depository institutions (MDIs) and Community Development Financial Institutions (CDFIs).

Expedite award or renewal options on long-term contracts to help ensure steady workflows.

- Let diverse suppliers know as early in the procurement cycle as possible when a contract is awarded or renewed.

“Paying diverse suppliers on time and breaking projects into smaller contracts isn’t just smart business; it’s a path to empowerment and inclusion, ensuring opportunities for all to thrive in the entrepreneurial landscape.”

– Craig Dawson, President and CEO, Retail Lockbox and founder of Black Business Warehouse

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Push through resistance.

Desired Outcome: Best-in-class supplier diversity programs understand that systems and operational processes are inherently resistant to change regardless of how rational the business opportunity is. Organizations should anticipate this, be prepared to evaluate what is working, and course correct as needed.

BEST PRACTICE**IMPLEMENTATION STEPS**

Regularly communicate your supplier diversity program's business case and value proposition to stakeholders throughout the company.

- Explain how supplier diversity can help the organization achieve its strategic goals, such as increasing revenue, reducing costs, enhancing innovation, and improving social responsibility.

Engage and empower employees at all levels to participate in and support supplier diversity initiatives.

- Provide training and resources to help employees understand supplier diversity benefits and best practices.
- Create a culture of inclusion and collaboration that values diverse perspectives and experiences.
- Recognize and reward employees who contribute to supplier diversity efforts and encourage them to share their feedback and suggestions for improvement.

Network with and learn from other organizations.

- Use coalition-based resources to support your supplier diversity efforts.

This playbook is a result of coalition collaboration and partnership consistent with the **WERE Commitment to Progress**.

The opinions and quotes herein are those of the authors, and do not necessarily represent official positions or policies of individual WERE member organizations.

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RESOURCES & REFERENCE SOURCES:

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- [WERE Racial Equity Baseline Report, March 2023](#)
- [WERE Spotlight Report: Access to Capital, December 2022](#)
- [WERE Spotlight Report: Equitable Contracting Practices, October 2022](#)
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