



2021 Supplier Diversity Survey

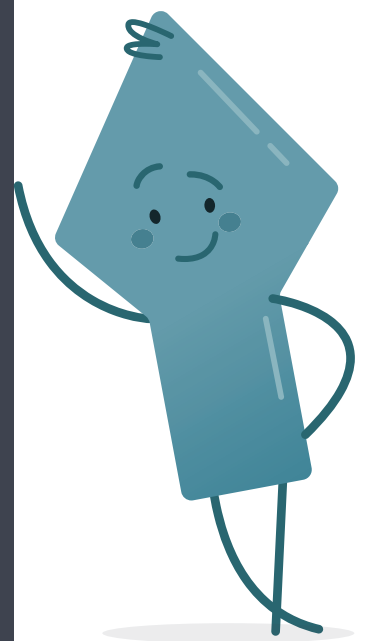
Moving diversity and inclusiveness up the agenda in procurement



Introduction

JAGGAER and TealBook are delighted to present the 2021 Supplier Diversity Survey. Our hope is that it will provide insights and value to procurement and supply management leaders and other stakeholders who have an interest in, or participate in the development of, diverse supplier initiatives within their organizations.

Supplier diversity is moving up the agenda for many procurement teams, in response to pressure for greater inclusion in the supply chain of businesses that are at least 51% owned and managed by disadvantaged members of society and marginalized groups. The past two years in particular have brought the issues of diversity and inclusivity to the fore, partly in response to the Black Lives Matter movement and demands for greater gender equality. It is reasonable to assume that these issues would have been even more prominent were it not for the Covid-19 crisis. While some Minority and Women-Owned Business Enterprises (MWBs) in the USA received a boost through CARES Act grants administered by the Minority Business Development Agency, there is a long way to go.

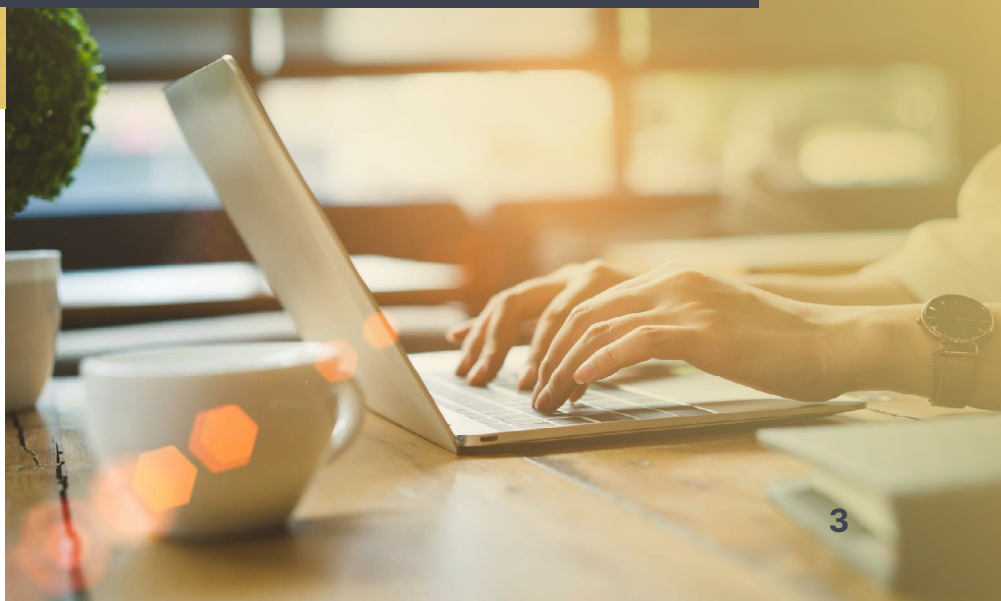


The challenges to increase supplier diversity stem from many sources, including social and cultural stigmas, economic disadvantages, and most of all, poor access to credit. Although minority-owned businesses now represent a large section of the economic landscape, minority entrepreneurs must often rely on short-term debt to finance their business – for example, revolving credit lines or business and personal credit cards. In the current economic environment, not only is it more difficult to receive loans and services from financial institutions, but the price of borrowing is too high.

In April 2021 JAGGAER, in collaboration with TealBook, surveyed attendees from JAGGAER webinars on supplier management to discover to what extent supplier diversity is an issue, how much progress has been made, and what are the obstacles to further progress. We sent 200 invitations to participate and received a 45% response rate (90 in total). All respondents fully answered all questions, so we thank them for their participation.

The survey is brief in scope but explores the key challenges in supplier diversity, access to data, and several other factors that must be taken into account when running a successful supplier diversity program.

It is our hope that by publishing the results, members of the wider procurement and supply management community will find opportunities to learn and expand their own diversity programs. Please get in touch via the contact points at the end of this document if you have questions about how to implement a supplier diversity program or would like additional information about the issues raised in this survey.



Survey Demographics

Survey respondents were drawn from 13 different vertical sectors, with Manufacturing (23%), Pharmaceuticals and Chemicals (14%), Financial Services (13%), IT and Services (10%) and Energy (9%) the top five.

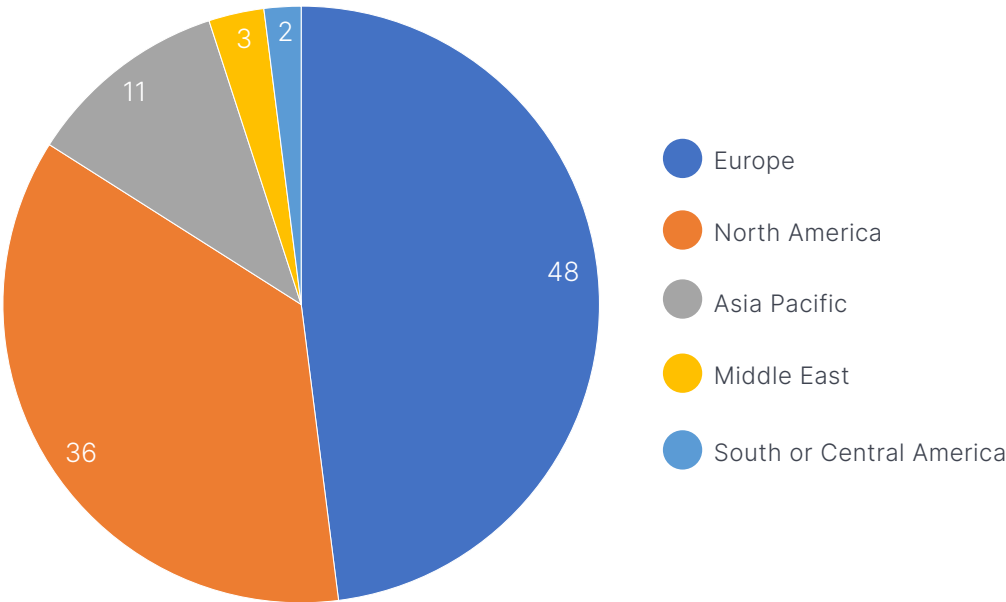
Production-oriented companies were more strongly represented in Europe: Manufacturing (33%), Pharmaceuticals and Chemicals (16%), Energy (9%) and Food and Beverage (9%). In North America by contrast Financial Services (25%), Higher Education (19%) and Pharmaceuticals and Chemicals (19%) were the three top-ranked sectors, followed by Manufacturing (13%) and IT and Services (13%). In APAC, the top three sectors were Financial Services (30%), Manufacturing (20%) and Energy (20%).

Which best describes your organization's industry? (%)



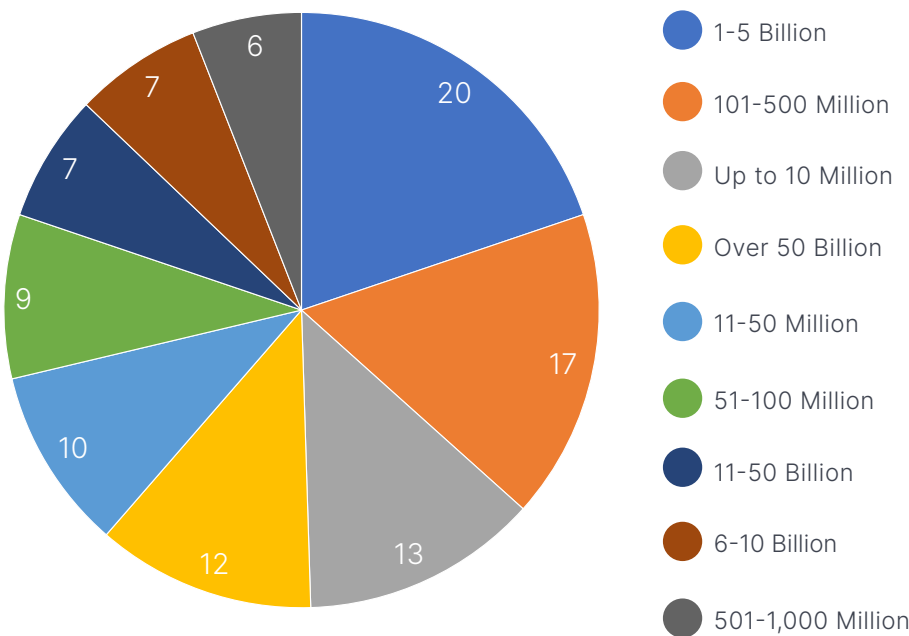
Nearly half of respondents (48%) stated that their organizations are based in Europe, with 36% in North American and 11% in Asia Pacific. A small number of participants stated that they are based in the Middle East or Latin America.

In which region is your company based? (%)



Slightly under half (46%) reported 2020 revenues in excess of US\$ 1 billion, with 12% upwards of US\$ 50 billion, while more than half (54%) reported annual revenues of up to US\$ 1 billion.

Which best describes your company's annual revenue in 2020 (USD)? (%)

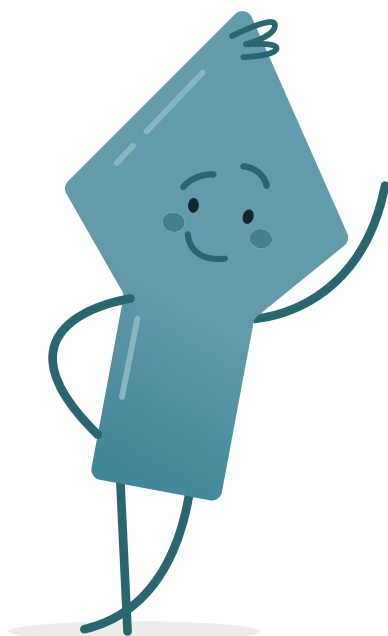


Question 1: How far along are you in your supplier diversity journey?

Less than a quarter (23%) of respondents stated that they already have a highly diverse supplier portfolio and that they are implementing progressive and impactful supplier diversity initiatives. A further 13% stated that they are actively pursuing supplier diversity and plan to have a diverse supplier base by the end of the year.

29% replied that they have not started or invested in supplier diversity initiatives yet, while 34% stated that they are just getting started and that it is a priority for this year and next.

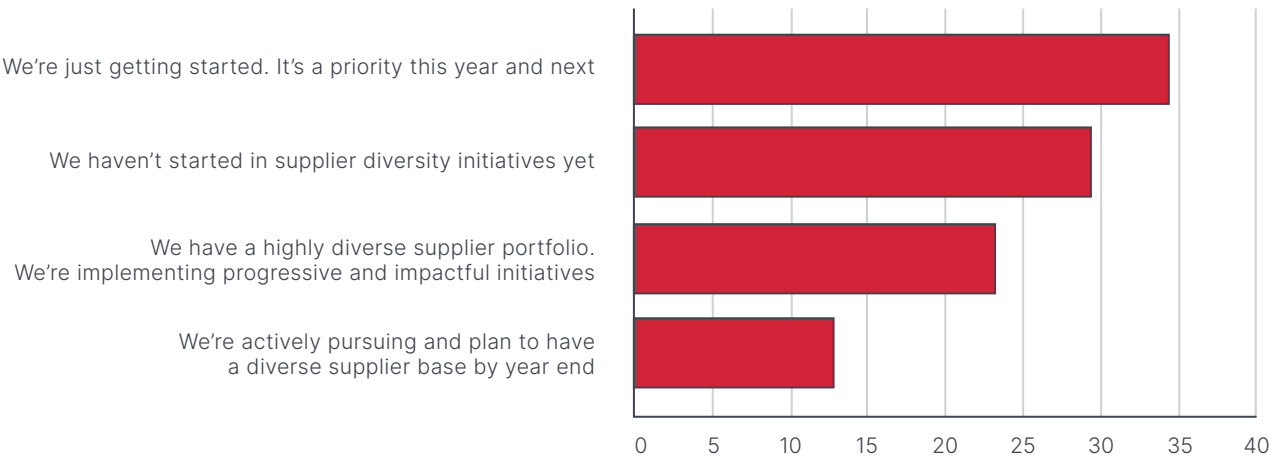
There was a sharp variation between North America and Europe. 49% of European respondents stated that they have not started or invested in supplier diversity initiatives; none of the North American respondents gave this answer. Of the North Americans, 40% said they were only just getting started; 38% stated that they are well advanced; 22% are actively pursuing.



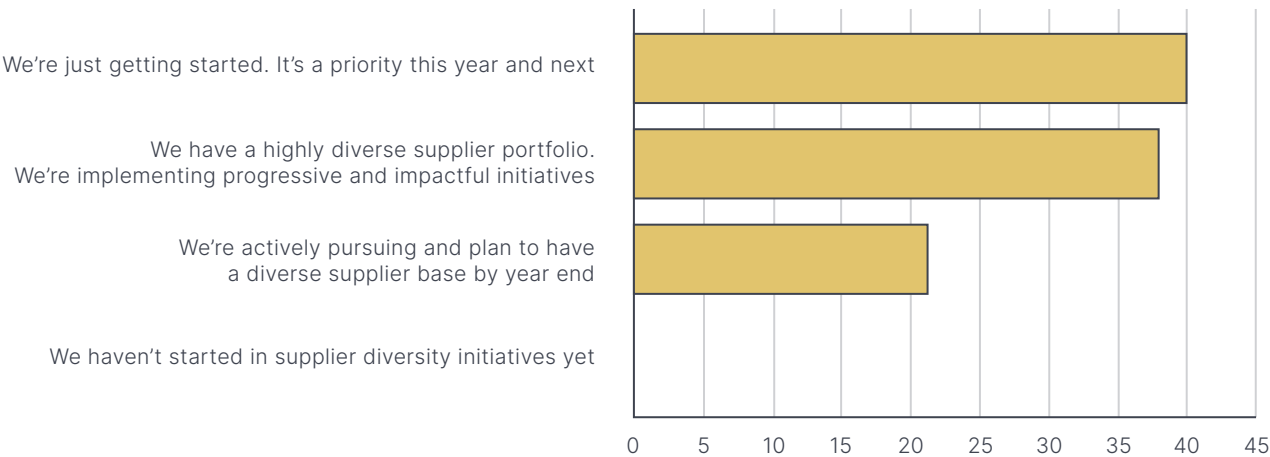
Comment: There are good intentions, but little movement in Europe. Things have moved considerably in North America. In a 2011 report conducted by the Institute for Supply Management and supported by JAGGAER, which was North America only, just 35% of respondents stated that they have a supplier diversity program already in place, compared with just under 60% in this survey.

Q1: How far along are you in your supplier diversity journey?

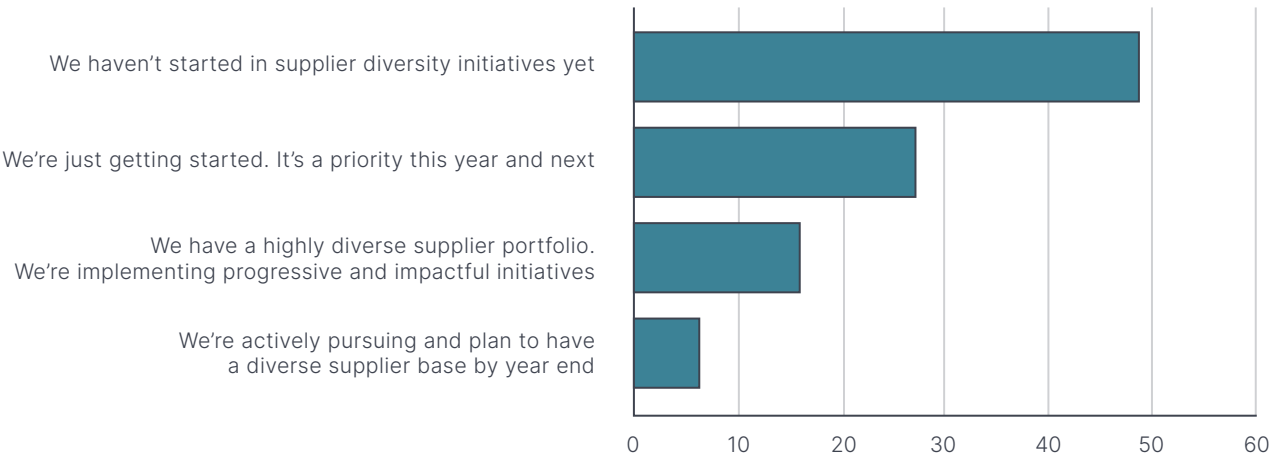
Global (%)



America (%)



Europe (%)



Question 2: In which specific areas have you invested as it pertains to supplier diversity (check all that apply)

Overall, two-thirds of respondents stated that their firms do not yet have a documented supplier diversity policy in place. Exactly one third of respondents stated that they have such a policy, while less than a third (30%) have established and published their organizations' CSR (corporate social responsibility) or ESG (environmental, social and corporate governance) principles, with approximately 28% stating that they have established environmentally friendly, diverse, ethical and sustainable sourcing practices. Just over a quarter stated that they actively source from historically underutilized vendors, and just under a quarter actively investigate suppliers' claims that they are classified as diverse.

Only small minority (under 16%) of respondents stated that their firms had received a supplier diversity certification from a relevant organization (such as a National Minority Supplier Development Council or Supplier Diversity Europe).

A substantially higher percentage of respondents stated that they have senior executive backing for their supplier diversity and CSR initiatives, but still fewer than a half (46%).

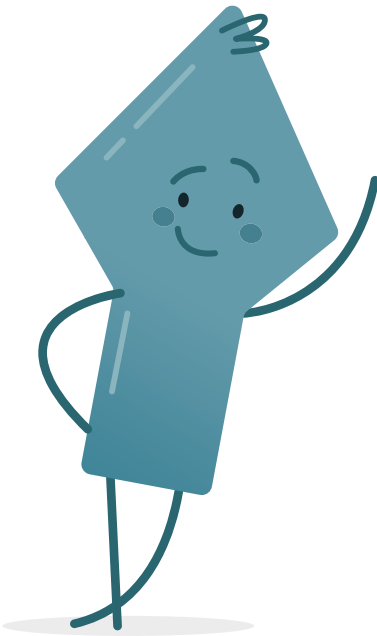
Again, however, there was a very sharp difference between North America and Europe. Only slightly above 9% of respondents in North America reported that they had taken none of the actions listed, compared with 42% in Europe. 75% of North American companies have top-level executive support for supplier diversity and CSR initiatives but this falls to 26% among Europeans.

Generally speaking, European companies have been less active in all of these areas. There has been more progress in Asia Pacific, where the focus has been on establishing and publishing CSR/ESG principles (half of respondents), documenting a supplier diversity policy (40%) and getting top-level executive support (also 40%).





Comment: Although diversity and inclusivity issues have been high on the agenda in public discussion, and supplier diversity in particular a topic under the microscope in procurement circles over the past two or three years, there is still a lot of progress that needs to be made. It is possible that despite the importance of the issue, actual implementation projects have taken a back seat for the past 12 months as organizations focused on firefighting through the pandemic. Nonetheless, we were surprised to learn that it is a board room issue in less than a half of organizations. Again, there is a pronounced difference between Europe and America.

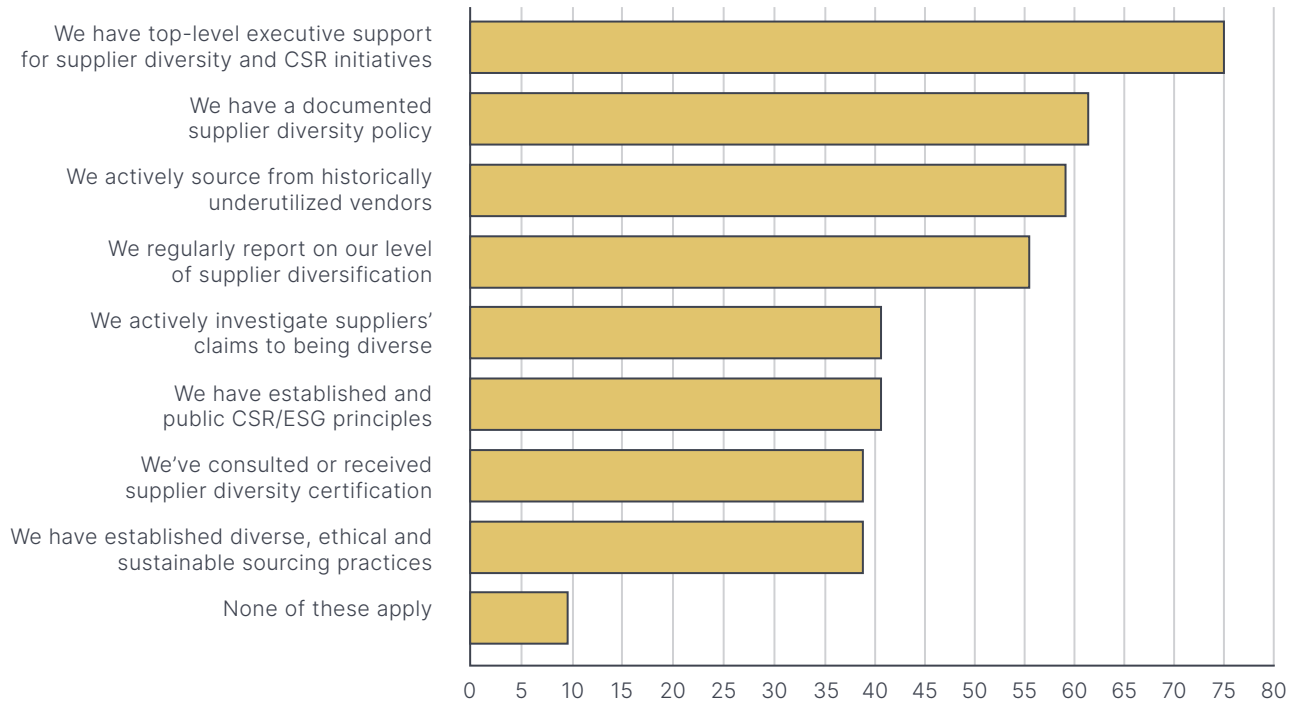


Q2: In which specific areas have you invested as it pertains to supplier diversity (check all that apply)?

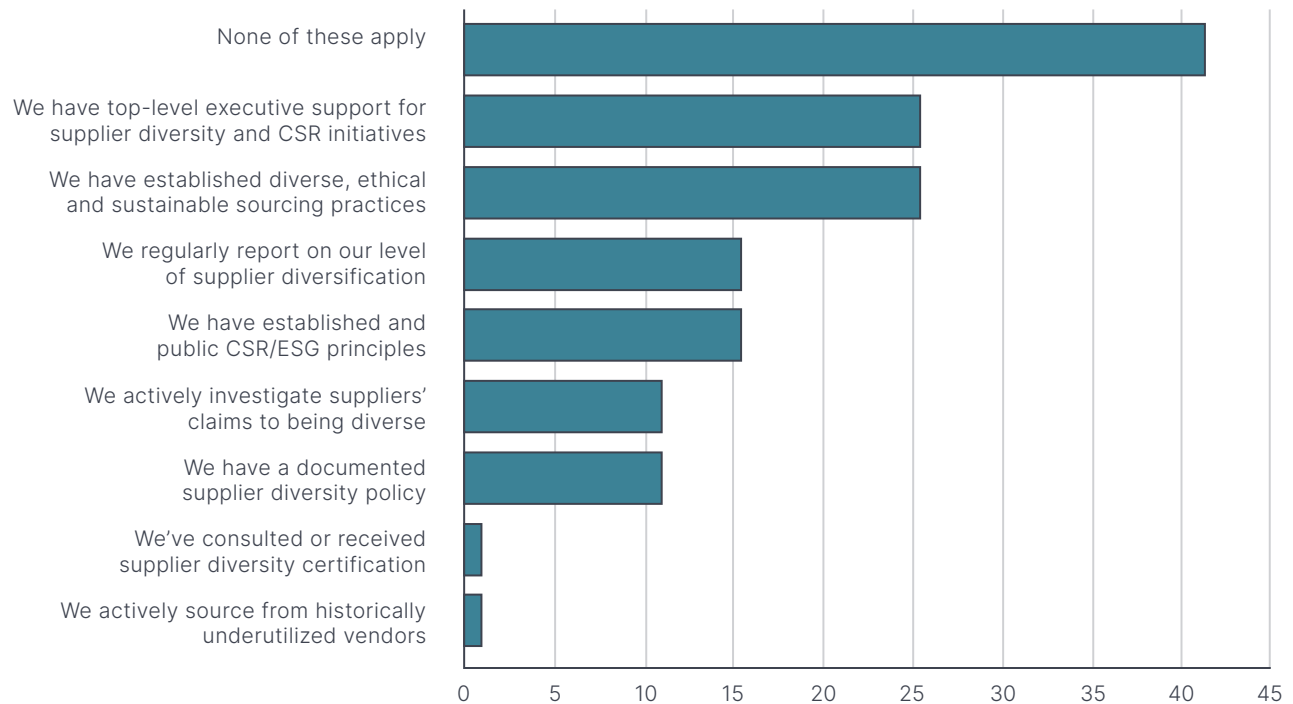
Global (%)



America (%)



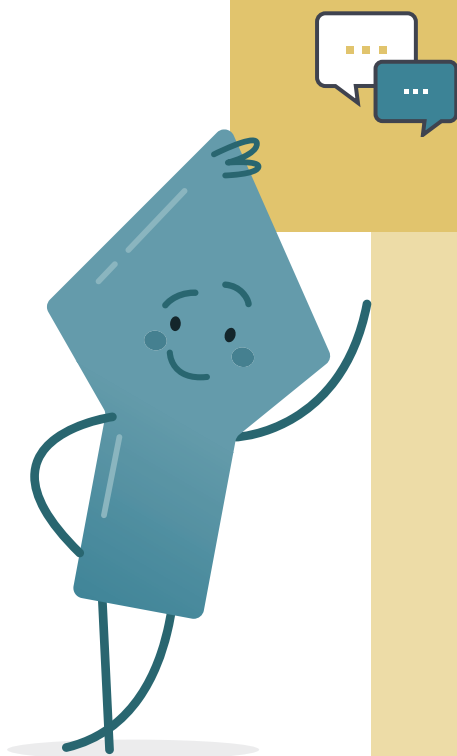
Europe (%)



Question 3: How much of a priority is supplier diversity within your organization?

While progress has been slow, supplier diversity has moved up the corporate agenda. Precisely 70% of respondents stated that it is a high or medium priority (34% high priority, 36% medium priority). Nevertheless, nearly 16% said it was not a priority at all.

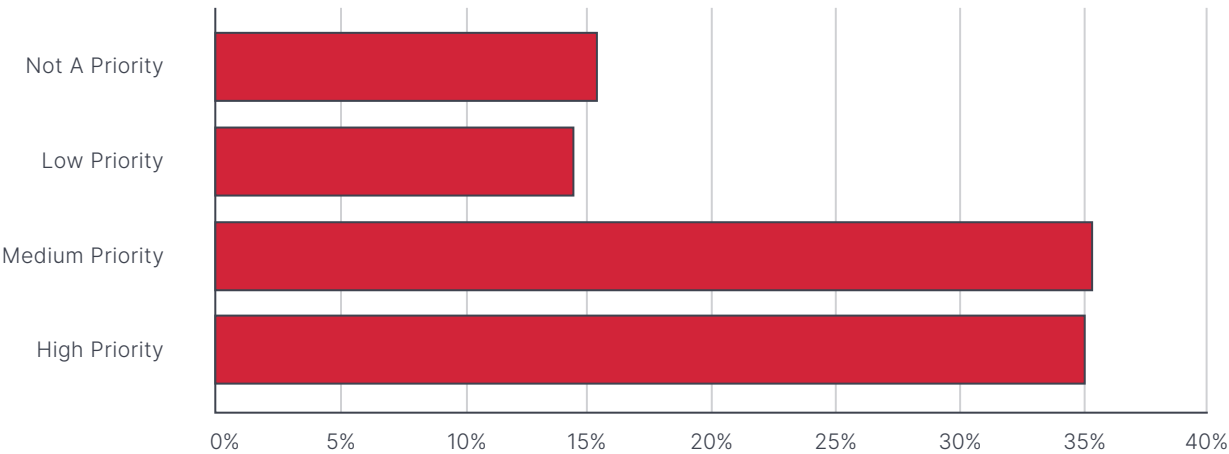
The geographical split is stark. Whereas in North America 53% and in APAC 50% of respondents stated that this is a high priority, only 16% of Europeans did so. In Europe, the majority regard it as a medium (33%) or low (26%) priority, but 26% see it as no priority at all.



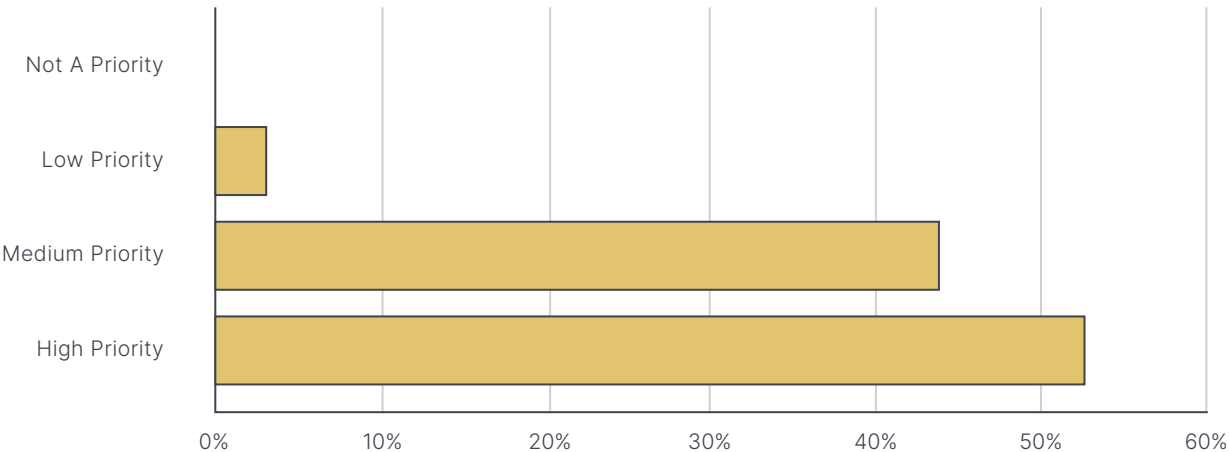
Comment: The issue has high visibility, and it has become one on which larger corporations as well as public sector organizations are increasingly judged. For smaller organizations with a narrower supply base, it will take longer to have an impact. It is beyond the scope of this document to speculate on the precise reasons for the striking difference between North America (and to a lesser extent, APAC) and Europe; however, it is certain that a variety of historical, cultural, political and sociological factors are at play.

Q3: How much of a priority is supplier diversity within your organization?

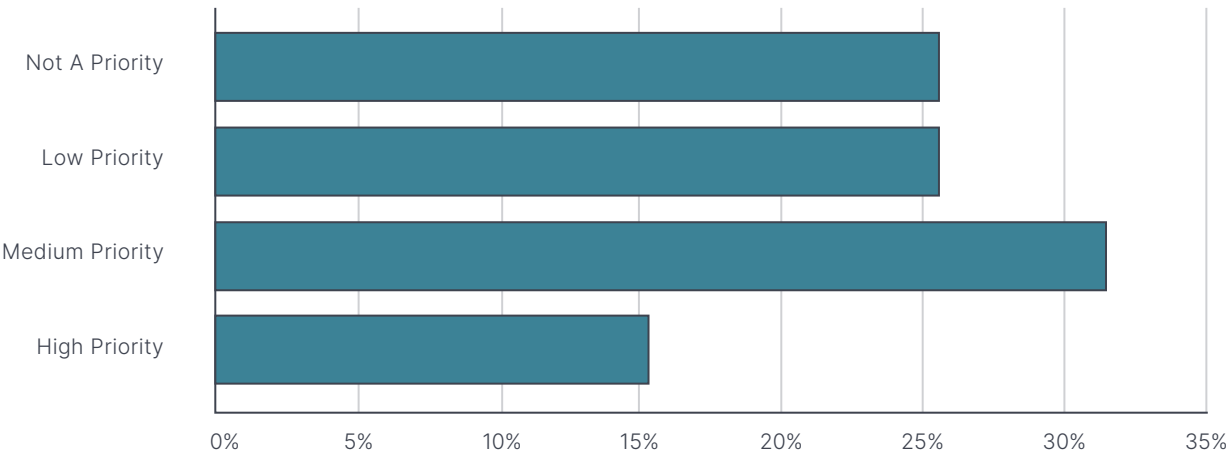
Global (%)



America (%)



Europe (%)





Question 4: What percentage of your current spend is allocated to diverse suppliers?

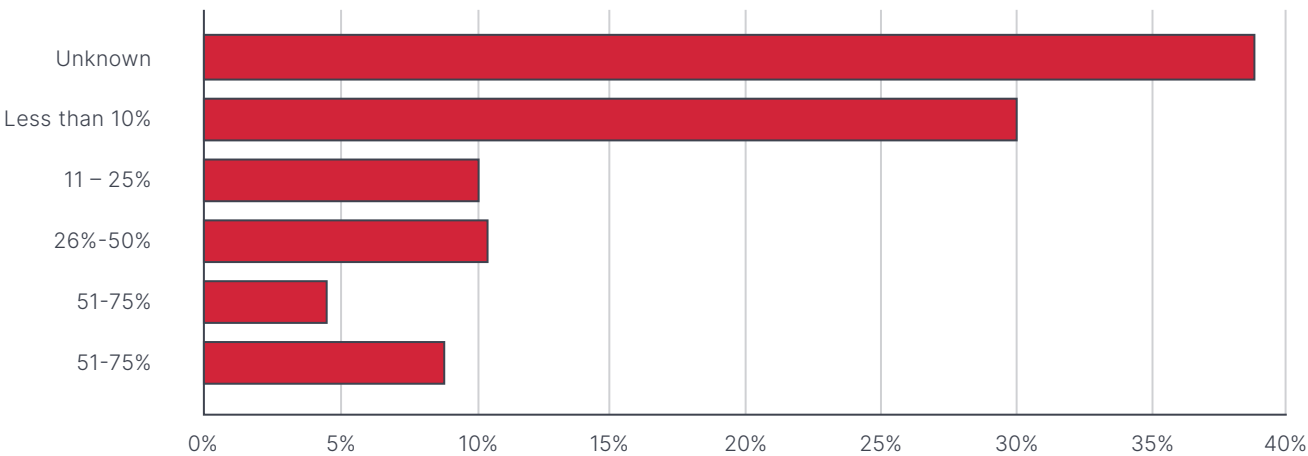
Almost 38% of respondents stated that they have no visibility into supplier diversity – an incredibly large number given the circumstances. This number rises to nearly 47% in Europe. Even in North America, almost a third say their organization cannot put a figure on the current spend allocated to diverse suppliers. Of those that do have some insight, however approximate, more than 48% (30% of the total) have less than 10% of current spend allocated to diverse suppliers. Only 18% of those who have insight (10% of the total) allocate more than half of their spend to suppliers they regard as diverse. The situation is perhaps a little less bleak in APAC, although two-thirds of organizations with visibility over spend allocate less than 10% of spend to suppliers that qualify as diverse.



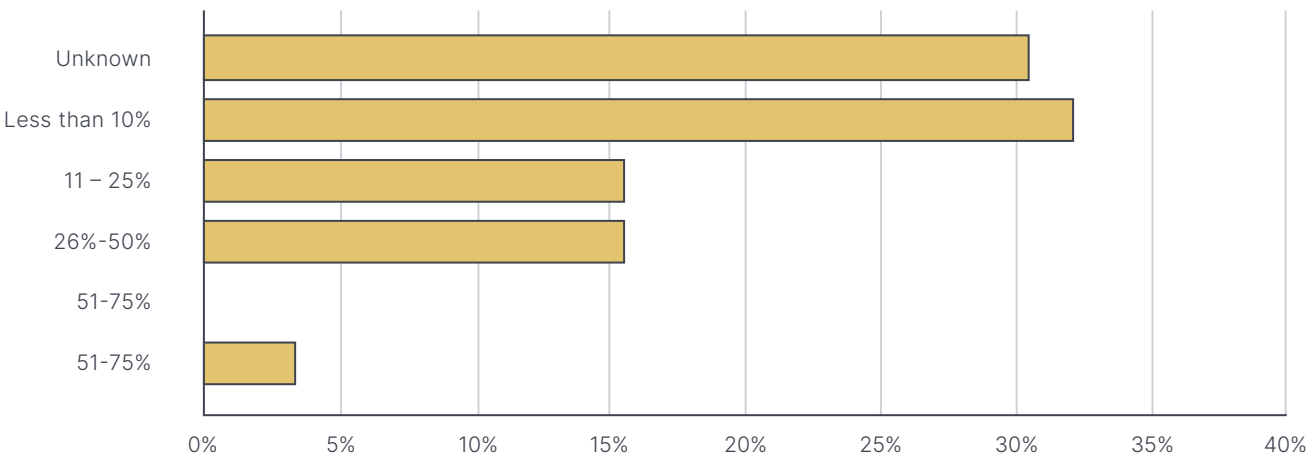
Comment: In our experience, many organizations still have no visibility into supplier diversity, even though as we have seen, 70% regard it as a medium or high priority.

Q4: What percent of your current spend is allocated to diverse suppliers?

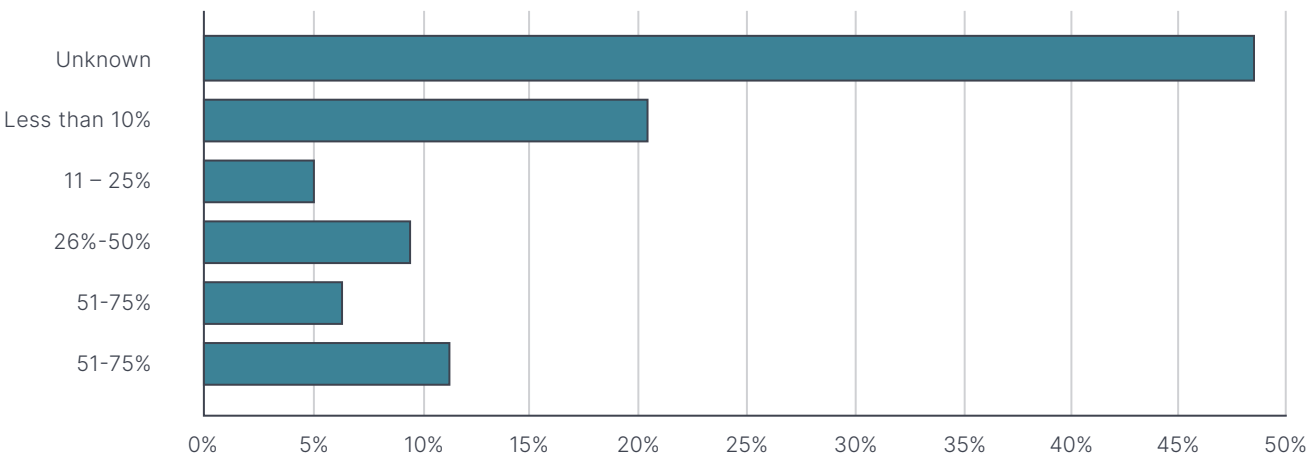
Global (%)



America (%)



Europe (%)





Question 5: To what degree do you agree with the following statement: “Black Lives Matter and/or growing calls for diversity have heightened internal pressure to boost our supplier diversity initiatives.”

The Black Lives Matter movement and wider calls for diversity have clearly had an impact, with 68% either agreeing or strongly agreeing with this statement. Only 12% strongly disagreed, with 30% disagreeing. The impact is not restricted to North America: in spite of the earlier findings, 56% of Europeans agreed or strongly agreed with the statement (though of these, only 7% strongly agreed). Almost a third disagreed and a sizeable number disagreed (12%). Respondents were far more likely to strongly disagree (40%) or disagree (20%) in APAC. and lack of supplier diversity data and insights (21%) were the main challenges.

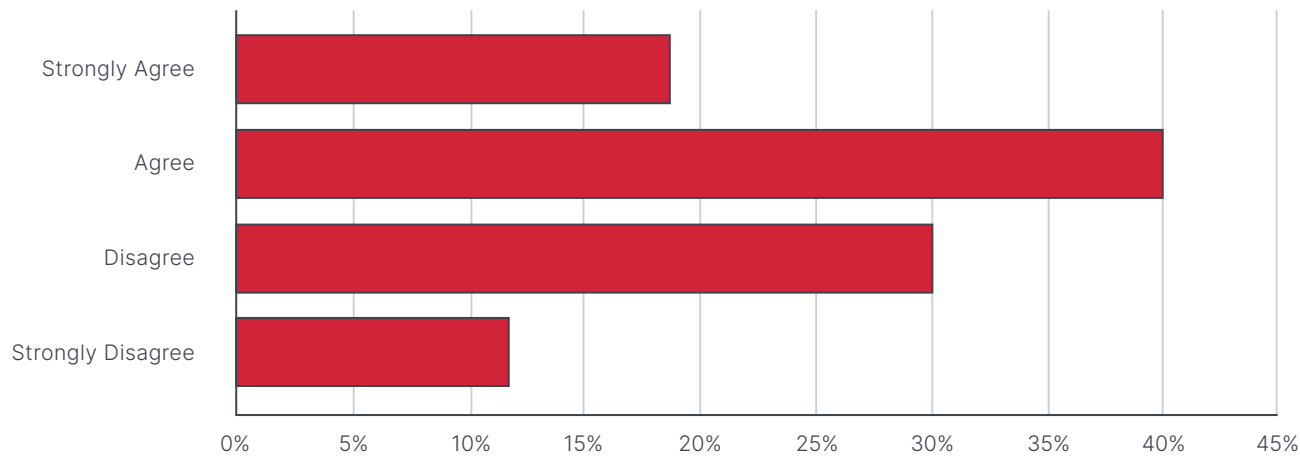


Comment: Although organizations have faced challenging times since the emergence of the BLM movement, it has clearly made its mark on the procurement community. It remains to be seen if this will have a lasting impact, of course, but it appears that the majority of people are paying attention, in Europe as well as America.

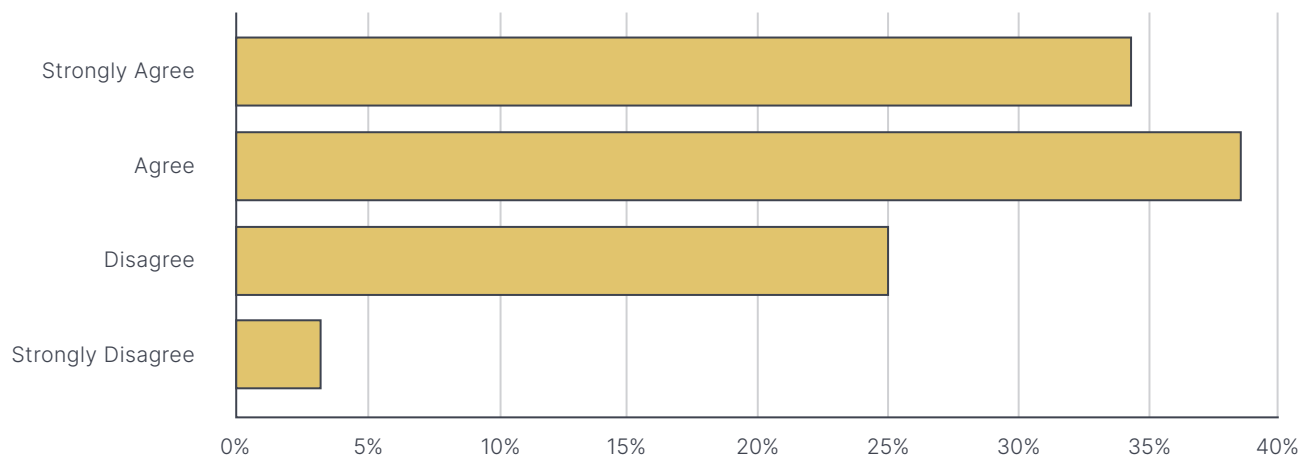


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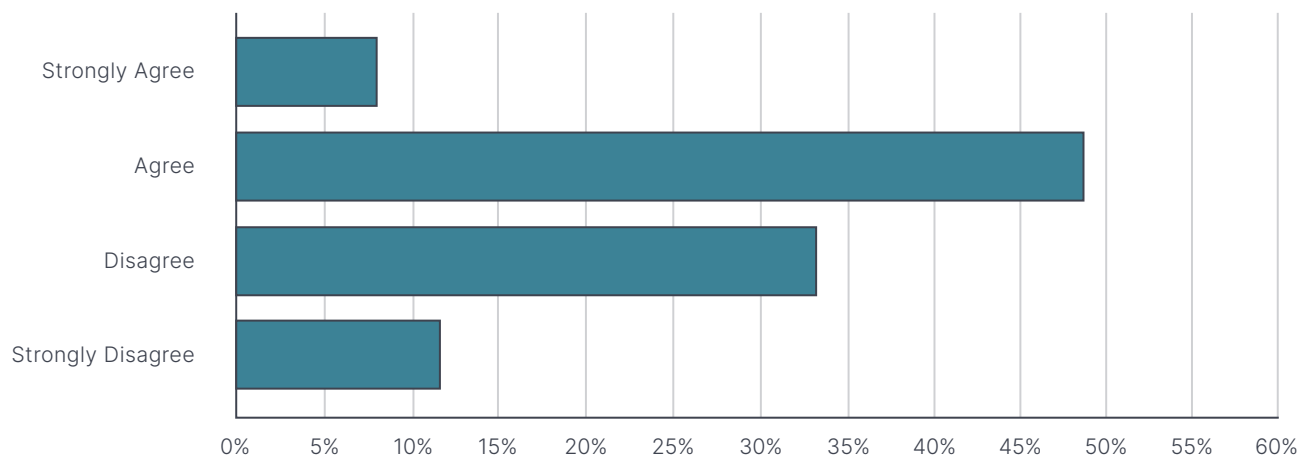
Global (%)



America (%)



Europe (%)



Question 6: What are your organization's biggest challenges in increasing spend with diverse suppliers (respondents could pick two)?

For nearly a quarter of respondents, this issue is not applicable or on the agenda. But a third of respondents stated that one of the two biggest challenges is “difficulty identifying diverse suppliers that also meet procurement criteria” while a further 27% stated a similar challenge, namely, “lack of supplier diversity data and insights”. A further 17% replied that they felt unable to verify supplier diversity claims. Internal ownership is not seen as a major obstacle by nearly 95%. More than 11% stated that they “don’t know where to start”.

European organizations that have supplier diversity as an issue on their agenda also stated that difficulty in identifying diverse suppliers that also meet procurement criteria (26%) and lack of supplier diversity data and insights (21%) were the main challenges.



Comment: Clearly, the biggest challenges that procurement professionals face relate to lack of data on supplier diversity in their current systems, even if they otherwise have good reporting capabilities and someone in the organization is taking ownership of the issue. This is true in all of the regions in the study.

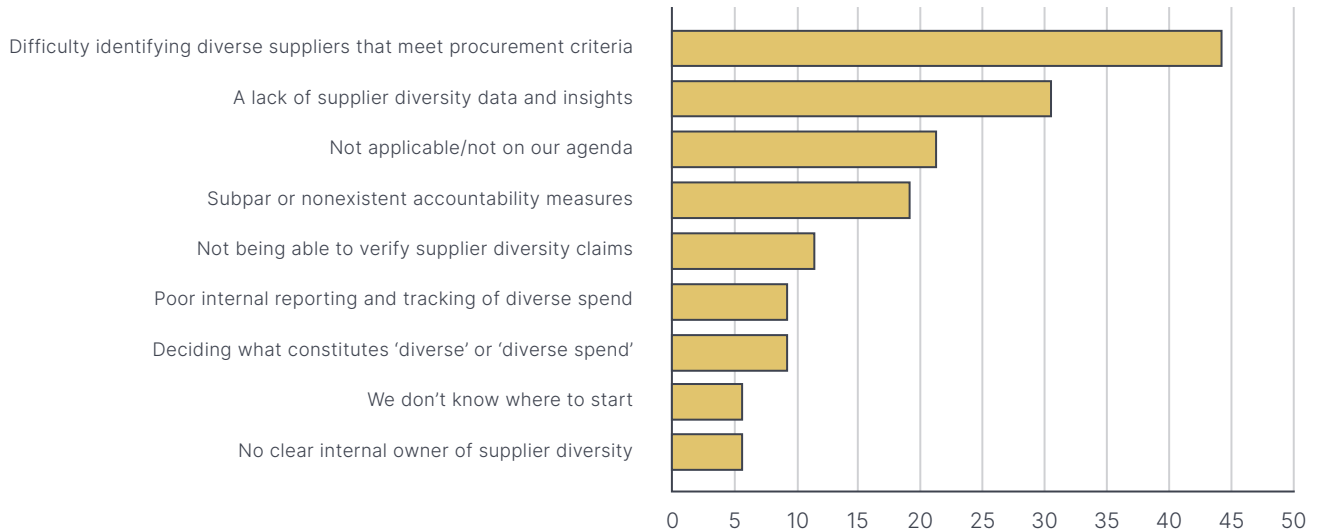


Q6: What are your organization's biggest challenges in increasing spend with diverse suppliers (respondents could pick two)?

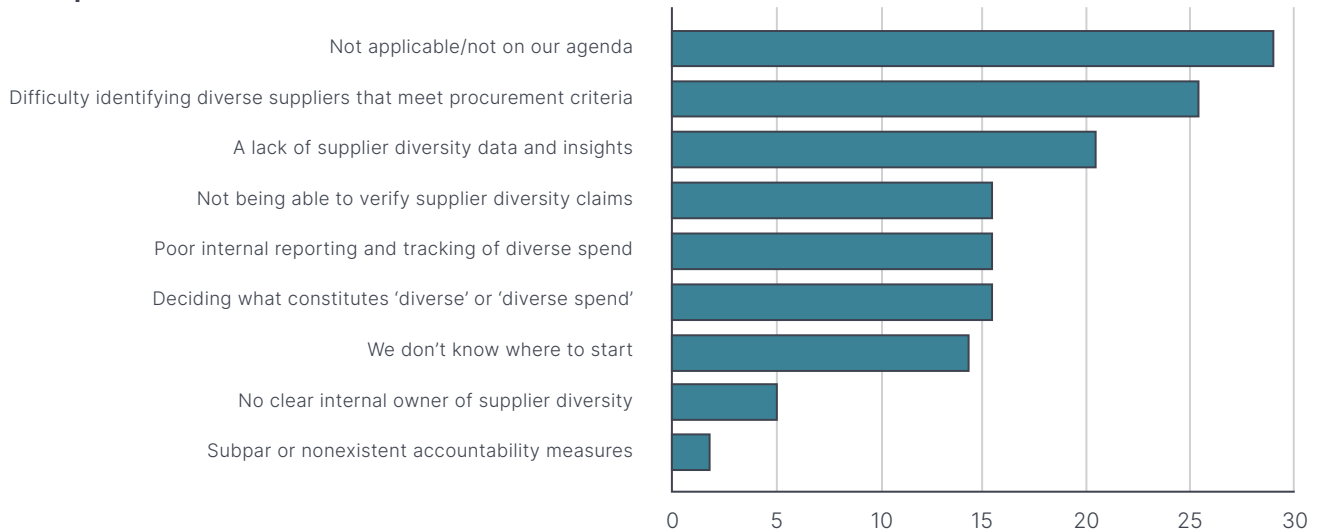
Global (%)



America (%)



Europe (%)



Question 7: How do you plan to invest further in supplier diversity in 2021 (select all that apply)?

A significantly large number of respondents, 38%, stated that their organizations plan to take action in 2021 to ensure that they have reliable supplier diversity data, while 37% stated that they will increase the weight given to supplier diversity in this year's sourcing decisions. 42% say they will tap existing supplier relationships to expand their diverse supplier network. Other answers rating high on the action list included: conducting regular audits of supplier diversity spend (31%), leveraging technology to find diverse suppliers (31%), asking suppliers to report on their own supplier diversity spend (30%) and partnering with certifying organizations (28%).

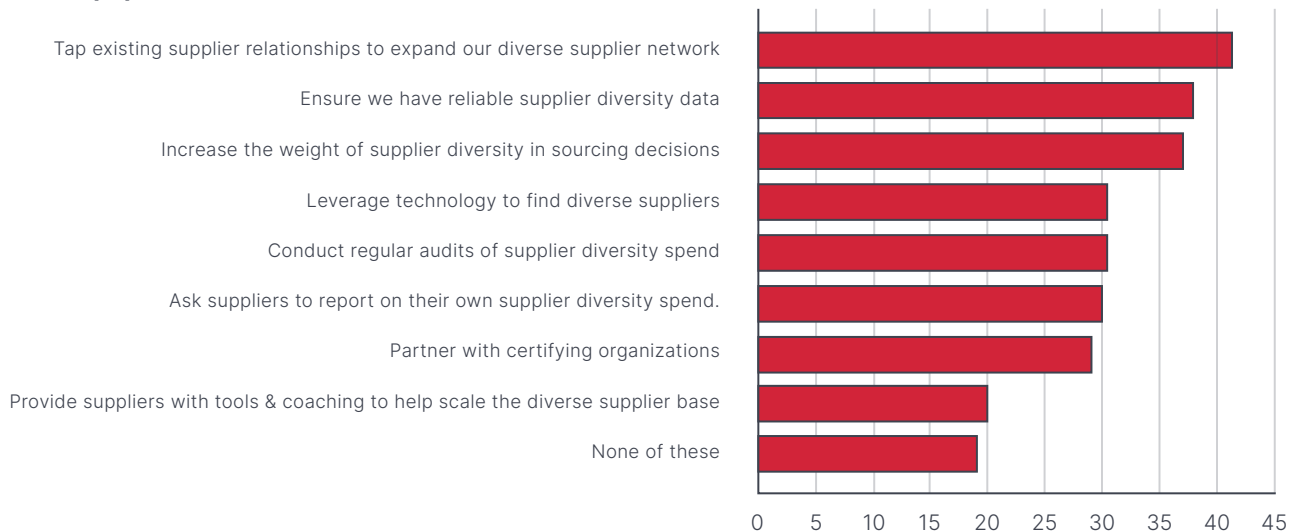
Here again the contrast was strong between North America and Europe. 33% of European respondents stated that their organizations had no plans to invest in any of the listed options, compared to just 3% in North America. 69% of North American respondents said they would tap into existing supplier relationships. With supplier diversity less developed in Europe, only 23% of European respondents gave this answer.



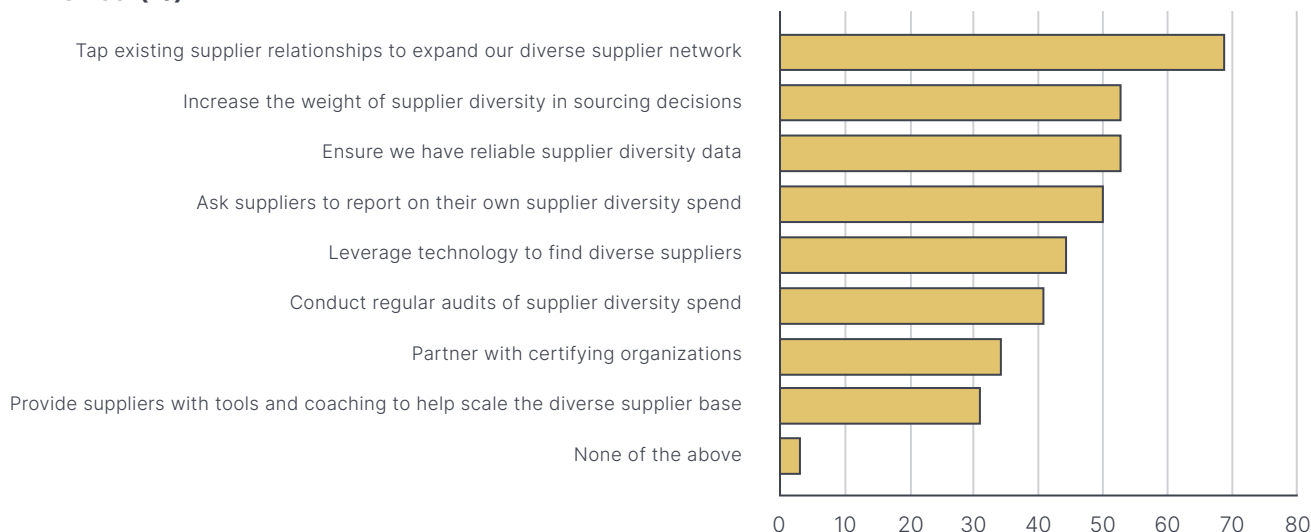
Comment: Organizations are taking a wide range of approaches to tackle the challenges of supplier diversity, which suggests a lack of consensus within the procurement community about strategies to move forward. It was a little disheartening that only one fifth (20%) have considered reaching out to suppliers with tools and coaching to help them scale the diverse supplier base (which fell to 7% among European respondents). Interestingly, several respondents in APAC chose this option (40%). Our experience indicates that building the confidence of traditionally underutilized and under-represented firms can bring benefits to both buyers and suppliers.

Q7: How do you plan to invest further in supplier diversity in 2021 (select all that apply)?

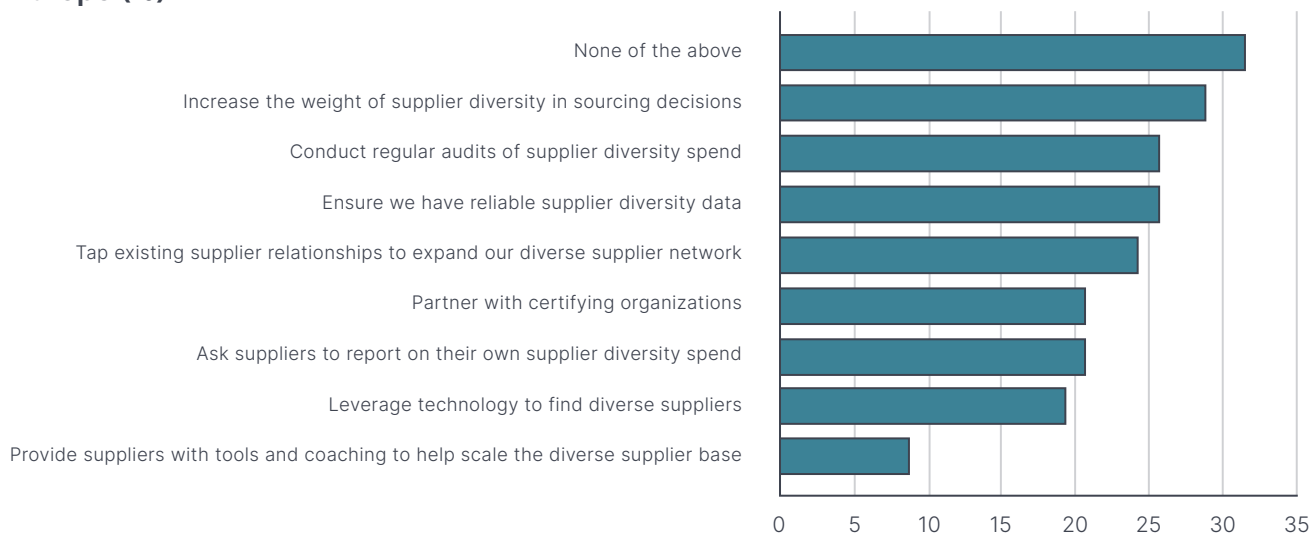
Global (%)



America (%)



Europe (%)





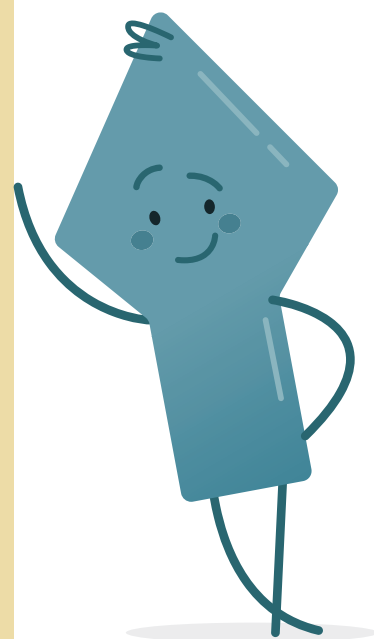
Question 8: What are the biggest benefits you're seeing as a result of your supplier diversity efforts (select all that apply)?

The most popular answer here was “positive reputational impacts” with more than half (52%) of respondents, rising to 66% in North America. A closely related answer that also scored high was “improved internal culture” at 44%. But a lot of organizations see tangible and economic benefits such as supplier innovation (46%), greater supply base competition (44%) and organizational agility (38%). Nearly 26% believe that widening the supply base will also exert a downward pressure on costs.

Among Europeans, supplier innovation was far and away the most important benefit (56%). Agility ranks high on the list of benefits in APAC, tied with reputational impacts at 60%.

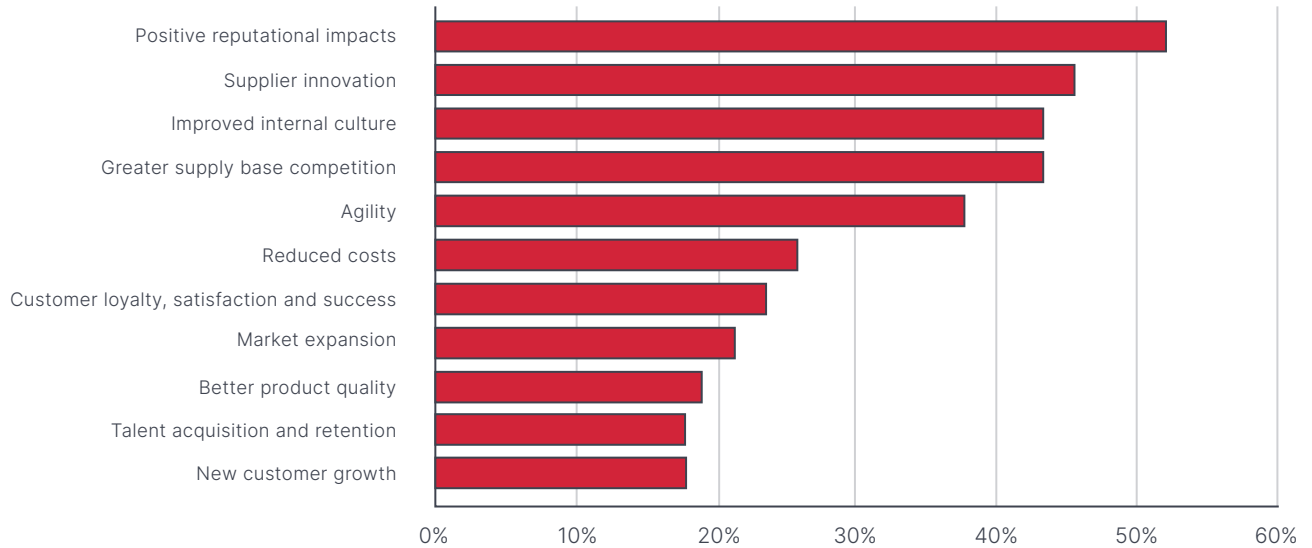


Comment: Market research indicates that a reputation for diversity and inclusiveness is becoming increasingly important among consumers, especially in the younger demographic segments. But more so in North America and APAC than in Europe. We were more interested, and somewhat gratified, to see that many organizations see a wider range of benefits in terms of innovation and competitiveness, that can perhaps be characterized as a kind of enlightened self-interest.

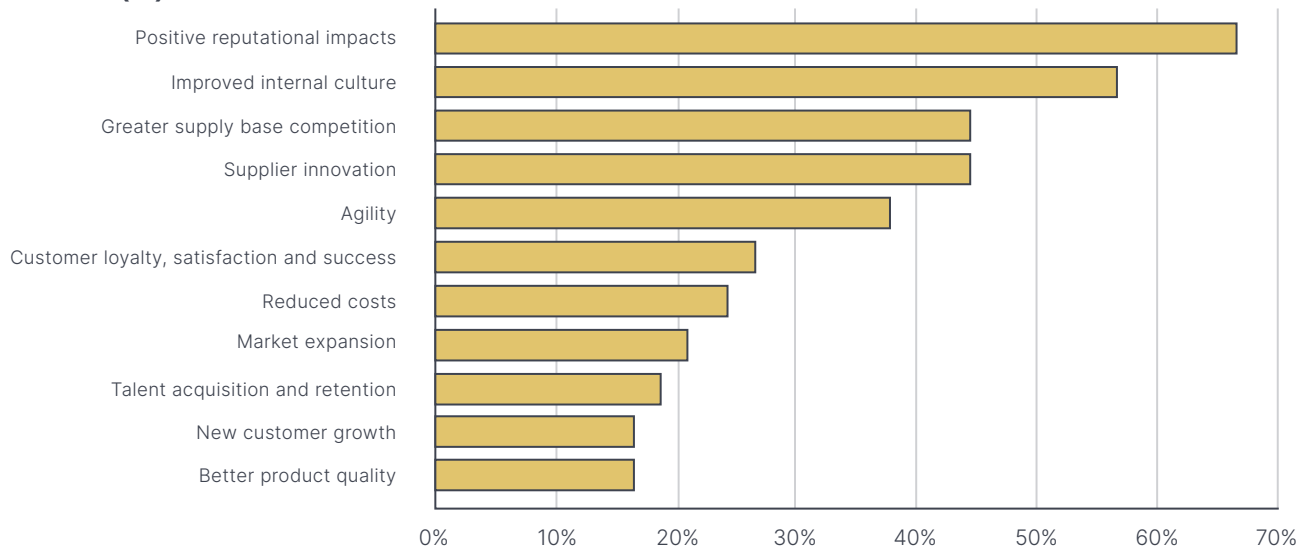


Q8: What are the biggest benefits you're seeing as a result of your supplier diversity efforts (select all that apply)?

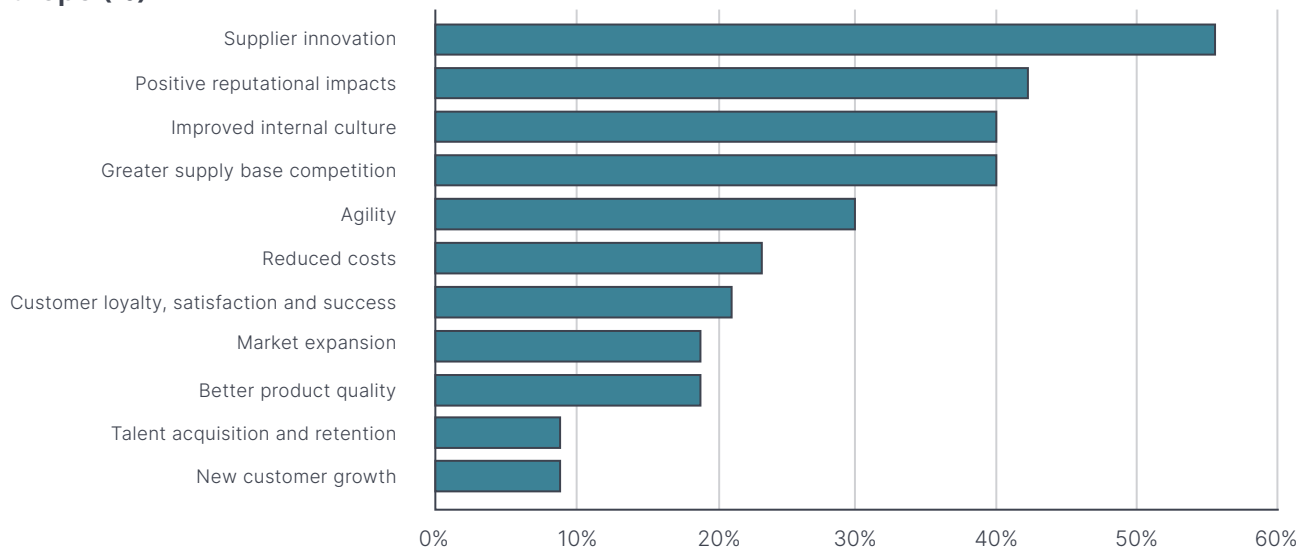
Global (%)



America (%)



Europe (%)



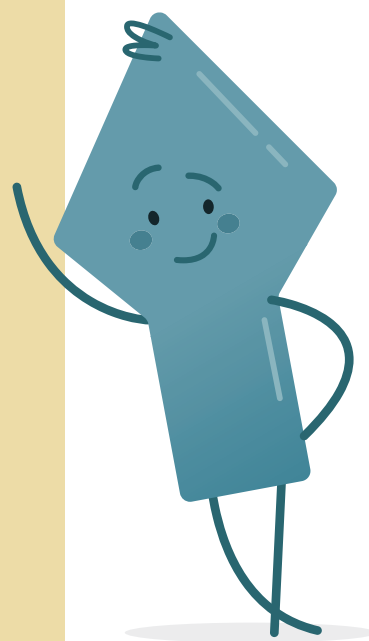
Question 9: In 2021, will you be able to report on the number of Tier 1 and Tier 2 suppliers that fall into each diversity category?

The ability to report on the number of Tier 1 and Tier 2 suppliers that fall into each diversity category is an objective for most companies (61%) but of these, nearly half (45%) lack the ability.

In North America, a clear majority of organizations stated that they have the ability to segment suppliers by each diversity, compared with just 14% in Europe. In APAC there is an even split between those that have the capability those that don't, while 20% stated that it is not an objective.

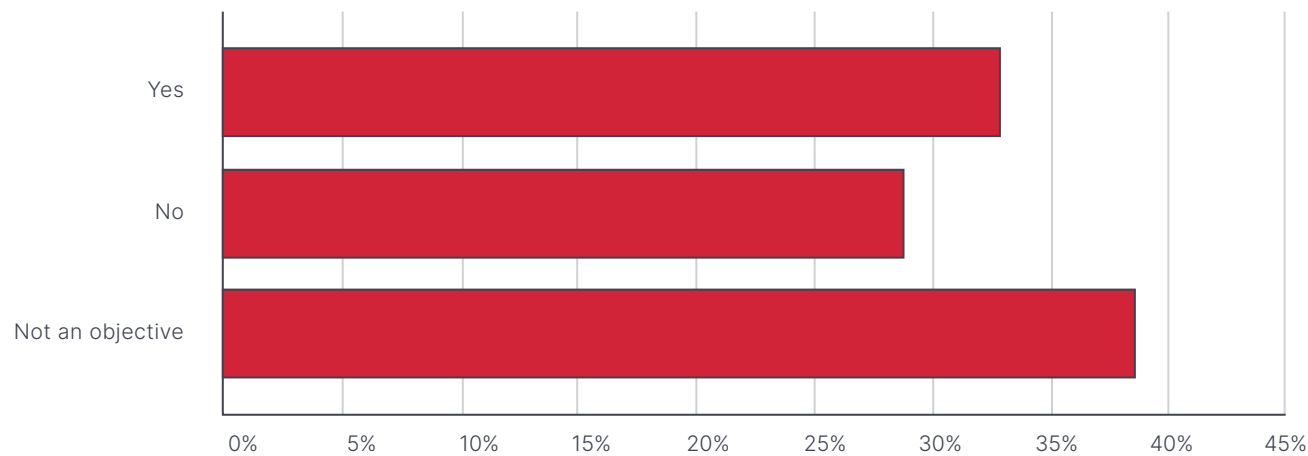


Comment: The ability to report on Tier 2 diversity spend is vital to the pursuance of supplier diversity objectives but can only be achieved with specialist software and technology and the right competences. Companies that have this as an objective should explore Tier 2 reporting options on the market. Additionally, establishing Tier 2 reporting processes can be a good foundation for companies with no established diversity program, as Tier 2 can give insight into the diverse segments your spend is already going towards, making it easier to identify goals for your Tier 1 spend.

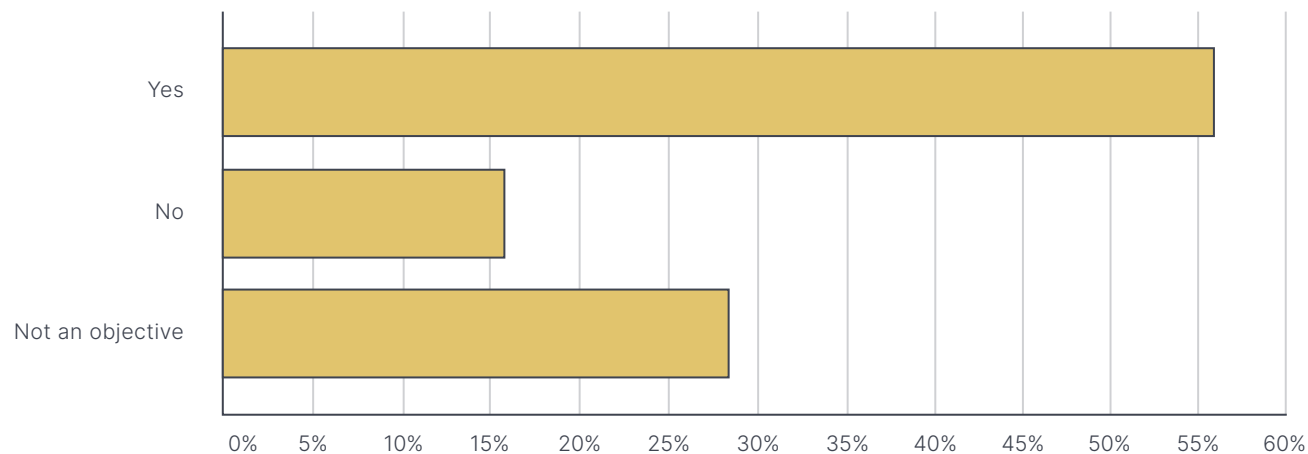


Question 9: In 2021, will you be able to report on the number of Tier 1 and Tier 2 suppliers that fall into each diversity category?

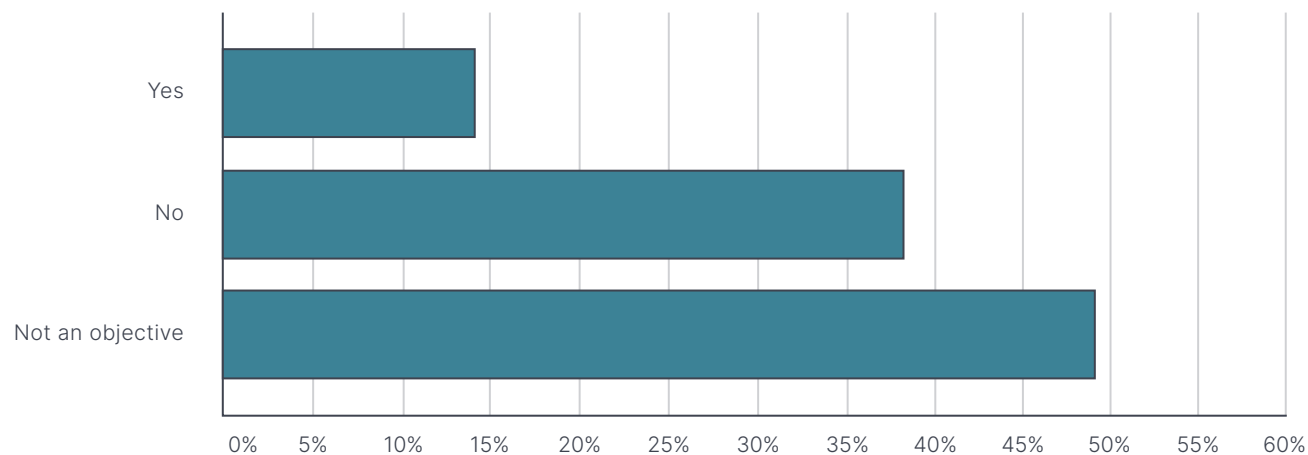
Global (%)



America (%)



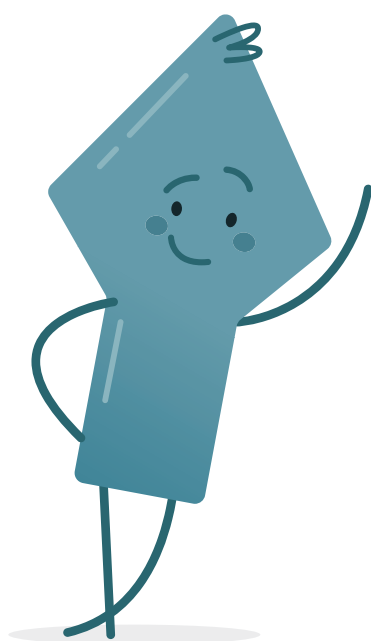
Europe (%)





Question 10: In 2021, will you be able to find Tier 2 suppliers that meet your supplier diversity criteria?

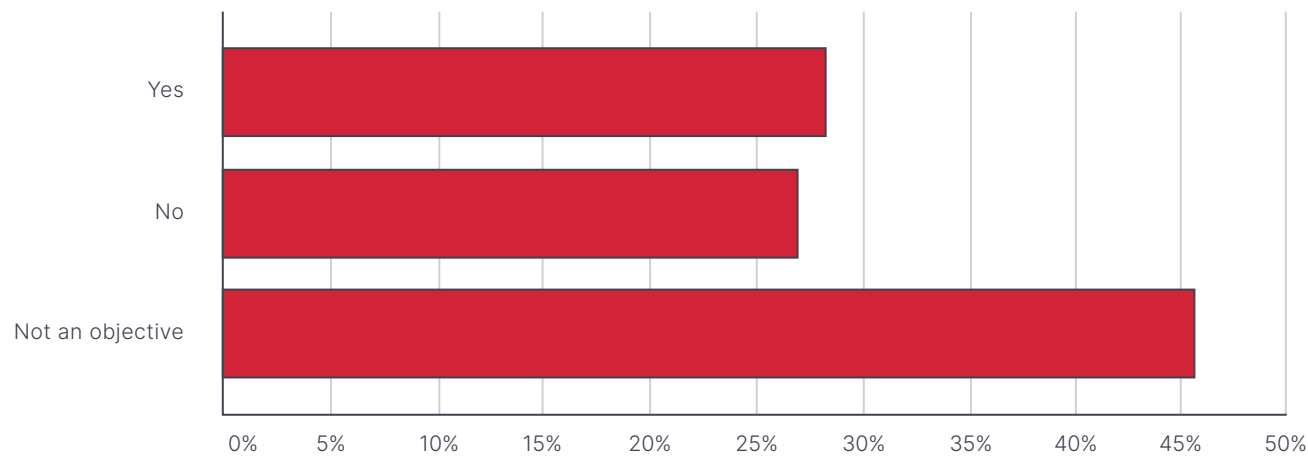
Overall responses to this question were similar to the previous one, though a larger number of respondents do not view this as an objective (56% in Europe). Of those that do, a larger proportion of the total panel (49%) stated that they lack the ability.



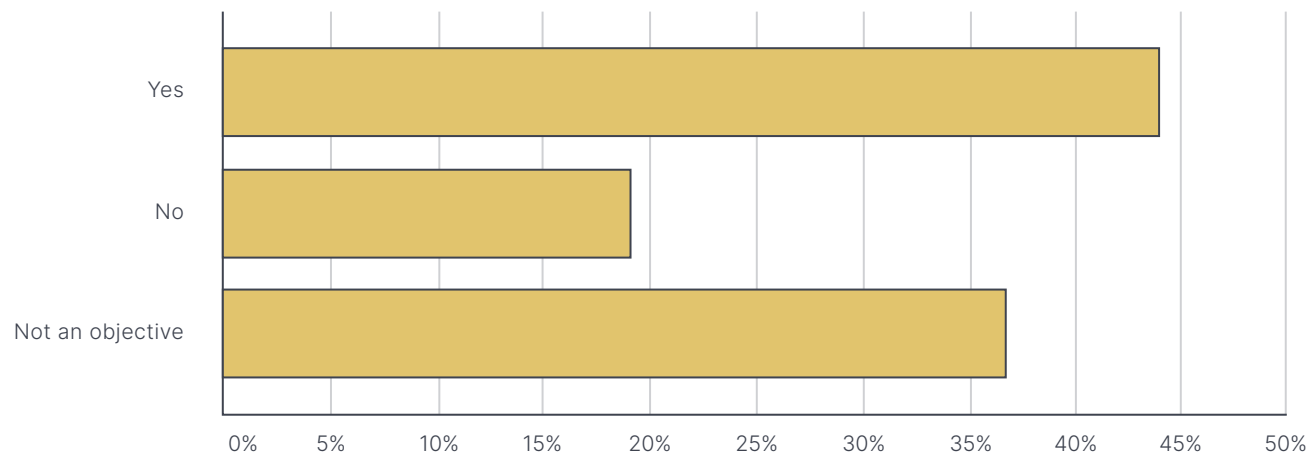
Comment: Visibility beyond Tier 1 is insufficient in itself if you do not have the ability to act on it and identify suppliers that meet diversity criteria. Companies that have this as an objective should seek advice on technology solutions and recruit people with the right competences to work within or alongside procurement professionals.

Question 10: In 2021, will you be able to find Tier 2 suppliers that meet your supplier diversity criteria?

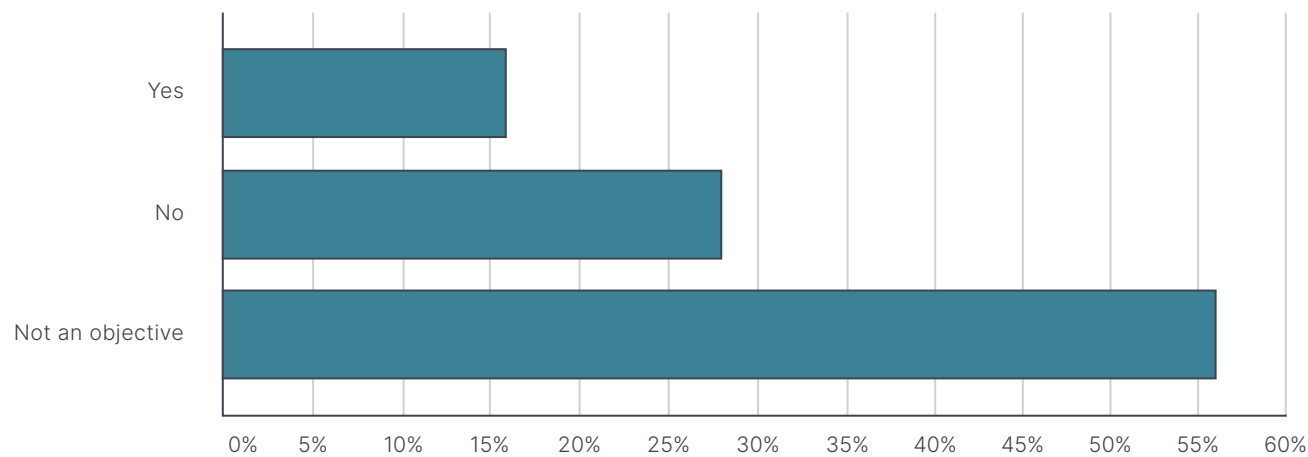
Global (%)



America (%)



Europe (%)





Conclusion

Socially conscious companies have long played a role in addressing racial injustice through supplier diversity programs that promote an inclusive approach to procurement. Our survey reveals that these programs are more important than ever in the United States and Canada. In Europe, in which many countries have a considerably less diverse population, it is not such a priority, although the Black Lives Matter movement has made an impact in Europe, too.

There are historical reasons for this. In the United States, the strong awareness of diversity issues dates back to the Civil Rights movement in the 1950s and 1960s. General Motors set up what is regarded as one of the first supplier diversity programs, and much of the American auto industry followed suit. Echoes of this were to be heard in Europe, but only in very specific and geographically limited contexts, such as in Northern Ireland. More recently, the issue has come to the fore in countries with a history of colonialism, notably the United Kingdom, France, the Netherlands and Belgium. In the United Kingdom, the Chartered Institute of Procurement & Supply (CIPS) [launched an initiative on supplier diversity](#) with Minority Supplier Development UK (MSDUK).

In terms of legislation, supplier diversity legislation was first introduced in the UK in 2000 under the Local Government Act. This early directive outlined the responsibility that local authorities have to promote the social, economic, and environmental “well-being” of their communities through diverse procurement practices. In general in Europe, it has been the public sector that has taken a lead on the issue.



In France, similar legislation was adopted in 2006 with regard to Socially Responsible Public Procurement practices. Sweden followed suit in 2007 by passing a public procurement act that prohibits discrimination based on nationality. This act also demands full process transparency to ensure equality in the procurement process.

And in 2010 the European Union formally published *Buying Social: A Guide to Taking Account of Social Considerations in Public Procurement*.

Within the European business community, events bringing together chief procurement officers and CSR officers, such as the Supplier Diversity Summit in Milan in September 2019, have enabled sharing of best practices between key stakeholders. And as companies become more multinational, it makes more sense to share these best practices between subsidiaries in different geographies.

According to research by the [Harvard Business Review](#) in America, there are huge business benefits to supplier diversity. “An inclusive procurement strategy widens the pool of potential suppliers and promotes competition in the supply base, which can improve product quality and drive down costs.” These benefits are also identified in this JAGGAER TealBook survey.

The main obstacle to progress revealed by our survey is lack of visibility into diversity data about the supply base. Organizations find it difficult to identify minority-owned or managed companies that also meet their procurement criteria; they often lack data and insights; they find it difficult to verify diversity claims or face challenges deciding what constitutes “diverse” or “diverse spend”.

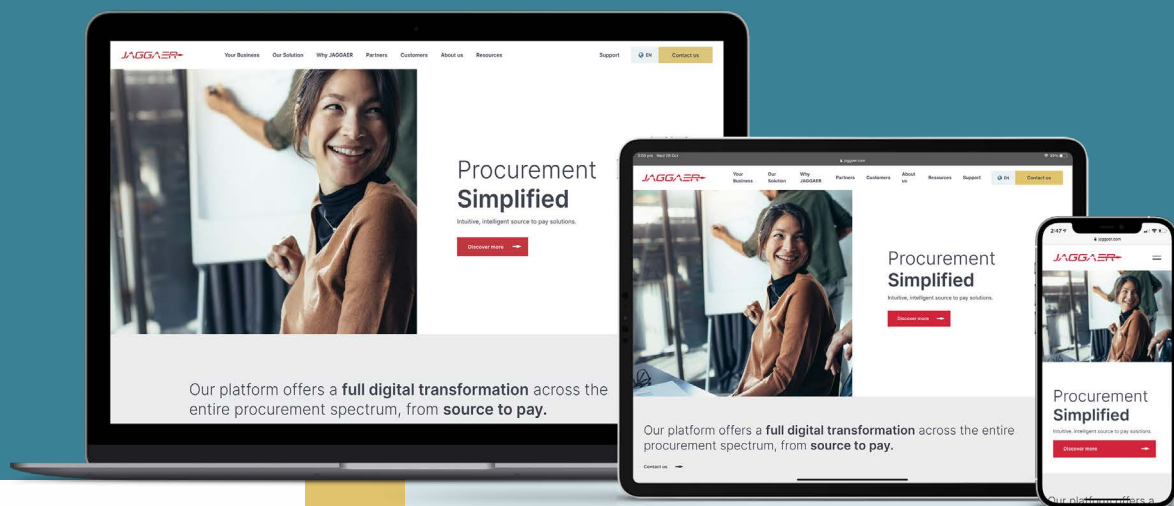
JAGGAER, in partnership with TealBook, has extensive experience in helping organizations to negotiate these bumps in the road and realize the benefits. This extends to minority-owned suppliers as well. On many projects, JAGGAER has helped diverse suppliers to achieve the certifications and training needed to step up and meet customers’ requirements.

We encourage organizations to get in touch for further advice.

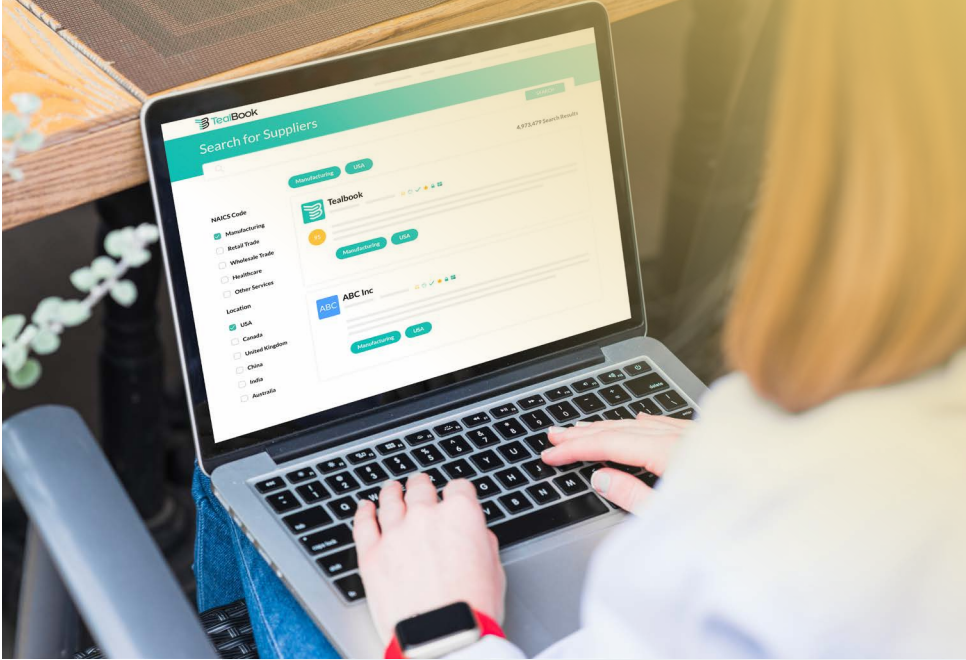


About JAGGAER: Procurement Simplified

We drive customer value for buyers and sellers through our global connected network served by offices located in the Americas, APAC, Asia and EMEA. JAGGAER develops and provides comprehensive source-to-settle SaaS-based solutions, including advanced Spend Analytics, Category Management, Supplier Management, Sourcing, Contracts, eProcurement, Invoicing, Supply Chain Management and Inventory Management. These all reside on a single platform, JAGGAER ONE. JAGGAER has pioneered spend management solutions for more than 25 years and continues to lead the innovation curve by listening to customers and stakeholders in all industry sectors, public services and academia.



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TealBook is the leading supplier data foundation that autonomously maintains supplier master data, powers e-procurement technology, drives supplier diversity, and enables supplier performance. Using AI and ML, TealBook gathers, predicts, and refines supplier data to build the world's most comprehensive supplier intelligence. When there are supply chain disruptions, companies leverage TealBook to identify emergency sourcing options; when it's business as usual, they use TealBook's technology to unleash full procurement possibilities. TealBook has been adopted by Fortune 100 companies and is the winner of many prestigious awards including Spend Matter 50 Vendors to Watch and Gartner's Cool Vendor.

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