

WEConnect INTERNATIONAL



The Business Case for Global Supplier Diversity and Inclusion: The Critical Contributions of Women and Other Underutilized Suppliers to Corporate Value Chains

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Forward

Corporations often ask me how IBM developed a successful global supplier diversity initiative. They ask why IBM created a global initiative, what were the lessons learned, what is the business case, and they want to know how to do it beyond national borders.

I want to thank the CEO and Co-Founder of WEConnect International, Elizabeth A. Vazquez, and Barbara Frankel for reaching out to IBM and other world experts to help answer these key questions. I also want to thank Michael Tobolski and the entire WEConnect International team for their valuable contributions to this space and this publication, and IBM for their commitment to providing opportunities for diverse-owned businesses globally.



This publication would not have been possible without the sponsorship of Walmart, Accenture, IBM and Hilton. I also want to extend my appreciation to the members of the Board of Directors of WEConnect International for their leadership and expertise as representatives of Accenture, AIG, The Boeing Company, Dell Inc., Dun & Bradstreet, EY, Exxon Mobil Corporation, IBM, Intel Corporation, Marriott International, Monsanto Company, Pacific Gas and Electric Company, Pfizer Inc., Sodexo, UPS and Wal-Mart Stores, Inc.

I also want to thank the other supplier diversity and inclusion organizations leading the way:

- Canadian Aboriginal and Minority Supplier Development Council (CAMSC)
- Minority Supplier Development Council China (MSD-China)
- Minority Supplier Development Council UK (MSDUK)
- National Gay and Lesbian Chamber of Commerce (NGLCC)
- National Minority Supplier Development Council (NMSDC)
- South Africa Supplier Development Council (SASDC)
- Supply Nation in Australia
- U.S. Business Leadership Network (USBLN)
- U.S. Pan-Asian American Chamber of Commerce (USPAACC)
- Women's Business Enterprise National Council (WBENC)

While we could not feature all of the excellent examples available on why supplier diversity and inclusion is important and how to do it globally, there are a broad range of organizations and initiatives that are featured to help demonstrate the diversity of approaches and the diversity of reasons why corporations want to build more inclusive global value chains.

Working together, we can help to ensure all businesses have an equal opportunity to access new markets, compete and reach their full potential.

Michael K. Robinson
Chair
WEConnect International

Executive Summary

Most corporations in the world today are sourcing products and services, either directly or indirectly, from multiple countries throughout the year. The most strategic corporations, including corporations focused on vendor consolidation, are implementing approaches that give them access to the world's best suppliers. True industry leaders recognize the urgent need to expand their global sourcing efforts to meet the needs of an increasingly diverse customer base and to capitalize on innovative local talent identified through inclusive sourcing strategies.

Marriott International President and CEO Arne Sorenson says, "More than two decades ago, we launched our formal supplier diversity program. Since then, we have spent billions of dollars with diverse-owned businesses across the globe. Our diverse suppliers are an integral component of our company's success. In addition to providing great products and services, helping us deliver exceptional hospitality to our guests, our partnerships with them open the doors to more opportunity."

Research by The Hackett Group shows that multinational corporations are finding that "by expanding the goals and activities of supplier diversity programs, they can gain access to new markets and more beneficial supplier partnerships." Survey respondents affirmed the importance of a well-developed supplier diversity strategy in meeting revenue goals. The corporations surveyed said up to 10% of sales come with supplier diversity requirements, suggesting that the lack of such a program can result in lost revenue.

This publication will demonstrate why corporations such as Accenture, EY, IBM, Intel, Procter & Gamble (P&G), Walmart and others are investing time and resources to build global inclusive sourcing strategies. It will highlight many of the good practices corporations are implementing to achieve successful outcomes, what metrics are

available to assess impact, and, most importantly, what sustainable business benefits corporations are deriving from their access to the world's best solutions.

The business benefits of inclusive sourcing include:

- Access to new suppliers, innovative solutions and cost savings through increased competition
- Anticipating diverse customer needs, increased market share and shareholder value
- Brand enhancement and recruitment and retention of talent seeking work that has impact

It is important to note that in all countries, there is one common denominator of "underutilized" groups of business owners—women—which is why most global supplier diversity and inclusion efforts start with gender. WEConnect International is a corporate-led global nonprofit that educates and connects women-owned businesses to qualified buyers around the world. As a result, several of the examples in this publication focus on women suppliers, but many of the case studies and lessons learned are applicable to other groups of underutilized suppliers.

Because more than half of all women-owned businesses today provide services and not products, this publication often refers to the role of women and other underutilized groups as suppliers of products and services in value chains, and not just the products needed for supply chains.

In addition to women, corporations are increasingly seeking to engage all major groups of underutilized businesses in their target markets based on local sourcing needs, local customs and local regulations—i.e., ethnic minorities, including Aboriginal and Indigenous peoples; lesbian, gay, bisexual or transgender (LGBT) populations; people with disabilities; people working in the informal sector; etc.



Part I:

Why Global Supplier Diversity and Inclusion is Important

A. History of Supplier Diversity and Inclusion

In the United States (U.S.), supplier diversity began in the 1960s and was related to the growing recognition of civil rights and the Civil Rights Act of 1964. President Lyndon Johnson amended an Executive Order on affirmative action in 1967 to establish the Office of Federal Contract Compliance, which required federal contractors to make “good faith” efforts to increase employment opportunities for minorities and women. President Nixon expanded that in 1969 to create the federal Office of Minority Business Enterprise, which in 1979, was renamed the Minority Business Development Agency, part of the U.S. Department of Commerce. In 1983, President Reagan directed federal agencies to develop Minority Business Enterprise plans. Minority Business Enterprises were defined as companies owned by Blacks, Latinos, Asians or Native Americans.

Early U.S. government initiatives encouraged federal use of Minority Business Enterprises and Women’s Business Enterprises, but supplier diversity was not a mandate of the U.S. government.¹ Certain industries with significant federal contracts—utilities, auto manufacturers, telecommunications—were among the first to become strong proponents of supplier diversity and soon recognized the benefits to their value chains.

Early concerns with supplier diversity were focused on verification and certification. Primary questions dealt with how fraud could be avoided. In the 1970’s, the National Minority Supplier Development Council (NMSDC) was formed to certify Minority Business Enterprises.

¹ “Short History of Supplier Diversity,” Diversity Business, August 10, 2010
Link: <https://diversitybusiness.wordpress.com/2010/08/16/short-history-of-supplier-diversity/>

Joan Kerr, Director of Supply Chain Responsibility at the Pacific Gas and Electric Company (PG&E), says: “The mission to establish the first extensive third-party certification standards for women-owned businesses was launched by the California Public Utilities Commission in 1988. The standards and processes for certification were formalized after extensive public workshops, research and benchmarking of accepted minority business certification standards and processes.”

Subsequently, the Women’s Business Enterprise National Council (WBENC) was formed in 1997, the National Gay and Lesbian Chamber of Commerce (NGLCC) was formed in 2002, and the U.S. Business Leadership Network (USBLN) began certifying businesses owned by people with disabilities in 2010.

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The 1960s were a turbulent time and during this period, and to this day, many individuals considered supplier diversity essentially as an affirmative action program. In the 1990s under IBM’s Chief Purchasing Officer Gene Richter supplier diversity became a competitive advantage. –Michael K. Robinson, IBM.

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IBM was one of the first corporations to start a supplier diversity initiative in the U.S. In 1968, IBM opened a facility in the Bedford Stuyvesant section of Brooklyn, New York, to provide jobs and opportunities for the minority population.

This was a result of meetings between IBM CEO Tom Watson Jr. and New York Senator Robert F. Kennedy and it was the beginning of IBM's supplier diversity program. The 1960s were a turbulent time and during this period, and to this day, many individuals considered supplier diversity essentially as an affirmative action program. In the 1990s under IBM's Chief Purchasing Officer Gene Richter "supplier diversity became a competitive advantage," according to Michael K. Robinson, current Program Director, Global Supplier Diversity, who adds that, "IBM is a company which seeks to provide innovative solutions to its customers and we understand that we have to have innovative suppliers. Diverse suppliers fulfill this need and provide us with a competitive advantage."

Today, IBM continues to recognize that a diverse supplier base is integral to company profitability and strategic objectives—solidifying the connection between customer satisfaction and winning in the marketplace. IBM's global supplier diversity program expands purchasing opportunities for businesses owned and operated by minorities, women, LGBT people, veterans and service disabled veterans, and people with disabilities. Building and maintaining a community of diverse suppliers increases IBM's opportunity to hear new ideas, apply different approaches, and gain access to additional solutions that respond to customer needs, the corporation states.

IBM is one of a growing number of corporations recognizing the value of diversity and inclusion. "Many of the world's most successful corporations view diversity and inclusion as part of their DNA. They are making strategic investments in the communities they serve, and they value inclusion as a business imperative and not as a stand-alone program or project," says WEConnect International President, CEO and Co-Founder Elizabeth A. Vazquez.

B. Supplier Diversity and Inclusion Going Global

Vazquez encourages corporations to ask themselves, "Does your corporation care about inclusion? If yes, your efforts cannot stop with HR and CSR, and they

cannot stop at a national border. How you spend your money is one of the most telling indicators of your corporate priorities. Also, are you certain you have access to the world's best suppliers? If you are not sourcing inclusively everywhere you do business, you do not have full access to critical innovations and the best total value options that will help you meet and anticipate the needs of your clients."

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According to Kerr of PG&E, "Corporations should be sourcing inclusively wherever they procure, produce, market or sell goods and services. Corporations should focus on global supplier diversity and inclusion as a business strategy, rather than just an altruistic activity. While global supplier diversity and inclusion is going to lift up the lives of many, it can also help corporations lower costs, generate revenue and build good local government and community relations."

Another company that has made significant inroads in supplier diversity inside and outside of the U.S. is Sodexo. "Diversity helps businesses and communities thrive. It's that simple. When there are more options, more voices and more ideas, there are more opportunities for business excellence. While many organizations focus on cultivating a diverse workforce that can offer a variety of ideas and strengths, it's equally as important to ensure your business supply base includes diverse vendors.

Working with a wide variety of suppliers of different backgrounds and sizes can make your supply chain stronger and improves communities. For example,

working with small and medium-sized businesses in addition to larger enterprises helps create jobs in different communities, as well as helps you serve your customers in different ways. While large vendors can deliver on scale, the small or local vendors can be crucial when you need a more nimble option. The same can be said for women or minority-owned businesses, which can often contribute different insights, expertise and strengths to your offerings. (And it's worth noting that women and minority-owned businesses come in all sizes too.) Having diverse vendors to choose from increases chances for success," notes Darlene Fuller, Senior Director, Supplier Diversity.²

Making the leap from a successful domestic supplier diversity program to a sustainable or market-driven international strategy is a big challenge. Outside of the U.S., identifying and verifying underutilized groups of suppliers often varies from country to country. There also is a great need to rely on local experts who understand local culture and customs and the needs of entrepreneurs.

In spite of the challenges, global supplier diversity and inclusion efforts are increasing as more multinational and domestic corporations recognize the value to their business. According to research by The Hackett Group, more than 75% of current supplier diversity programs in the U.S. are domestic only, but 40% of those plan to expand globally in the next two or three years. The research also revealed that over the next five years, global supplier diversity and inclusion programs are most likely to expand in (in this order): Canada, Asia, Western Europe, Africa and Latin America. The Hackett Group previously

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stated that "world-class procurement organizations that focus heavily on supplier diversity don't sacrifice procurement savings by doing so."³

Since founded in 2009, WEConnect International has become a leading global organization in women's economic empowerment and business development. The non-profit organization was founded by multinational corporations to identify, educate, register and certify enterprises that are at least 51% owned, managed and controlled by one or more women. The WEConnect International

Women's Business Enterprise certification aligns with the U.S. WBENC certification standards, which are together recognized as the global industry standard.

"As the founding co-chairs of WEConnect International, Denise Coley with Cisco Systems and

I wanted to build a platform that would connect corporate buyers to women's business enterprise across the globe in a streamlined, efficient way that avoided duplicative efforts. Corporations do not have the time or the resources to fund separate organizations in every country where we do business. We need one global organization that can work with our key stakeholders to help identify, educate and certify growth-oriented Women's Business Enterprises that want to sell to corporations or do business with other women-owned businesses," says Kerr of PG&E.

Today, WEConnect International serves women business owners based in more than 100 countries and offers local education and certification in countries that represent more than 60% of the world's population. This global movement has been made possible because of the critical contributions of a diverse network of committed global and local partners offering complementary services to women business owners. There are also a growing number of examples of multinational corporations building

² Sodexo Insights, "Supplier Diversity From the Inside Out" October 13, 2016

Link: <http://sodexoinsights.com/supplier-diversity-inside/>

³ Connaughton, Patrick and Gibbons, Laura, "Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Proposition," The Hackett Group, September 19, 2016

successful inclusive global sourcing strategies through internal and external partnerships.

Accenture, for example, started its U.S. supplier diversity effort in 2002, as an outgrowth of work already being done in its federal practice. As a global professional-services company, Accenture's work and evolution is often client-driven. Nedra L. Dickson, Global Supplier Inclusion and Sustainability Lead, says clients were asking about supplier diversity in the U.S. In 2006, Accenture decided to increase its supplier diversity work to include minorities and women in Canada and the United Kingdom (UK). Eventually, that effort expanded to 13 other countries—Australia, Brazil, China, Costa Rica, France, India, Ireland, Mexico, Netherlands, Nigeria, South Africa, Spain and Turkey.

Today, Dickson says, "Our clients are now asking for this on a global basis." In some cases, it is driven by the government, as in Australia where the government requires 3% of all government contracts be awarded to Aboriginal suppliers, or in South Africa, where the government's Broad-Based Black Economic Empowerment (B-BBEE) program requires strict reporting on compliance and demonstration of positive impact. But Accenture, like other supplier diversity and inclusion leaders, frequently surpasses government requirements. For example, in South Africa, Accenture reports its 2016 procurement spend with black-owned vendors was 55% versus the legal target of 12% and its spend with black women-owned vendors was 45% versus the legal target of 8%. In 2016, Accenture was named a Level 1 (highest) B-BBEE contributor.

"Through our growing Diverse Supplier Development Program, now in 4 countries, we develop small and diverse businesses in being successful in the global marketplace delivering input to meeting Accenture's ambition to equip 3 million people with the skills to find a job or building a business. This demonstrates how Accenture sees Inclusion & Diversity as a powerful catalyst for success as an employer and business. Our Supplier Inclusion & Diversity Program delivers us innovative new

businesses that can support us and our clients," says Dickson.⁴

IBM's global supplier diversity initiative began the transition to becoming truly global in 2003 and is now in every country in which the tech giant operates—more than 170, according to its website. Since 2006, IBM has conducted more than \$2 billion in business annually with prime or first-tier diverse suppliers globally. In 2015, IBM purchased \$2.6 billion in goods and services from first- and second-tier diverse suppliers globally, of which \$718 million was with prime or first-tier diverse suppliers in countries outside the U.S.⁵

"We knew the impact IBM's supplier diversity had domestically (U.S.) in terms of cost savings, brand impact, responsiveness, customer satisfaction and revenue. So we asked why we weren't we doing this globally," IBM's Robinson says.

At Intel, the global supplier diversity efforts began about five years ago. "We are a global company and we asked why we weren't doing this globally," says Megan Stowe, Greater European Region Strategic Sourcing Director and International Supplier Diversity Manager. The push came from the very top, with the CEO setting a public target of reaching a \$1 billion in annual global spend with underutilized suppliers by 2020.

Intel started its global push in India, where the company had a female president who was very passionate about supplier diversity for women, Stowe recalls. The initiative then moved to the UK and Ireland, and today, working with WEConnect International, it is in 16 countries. Intel is now pushing to include minority suppliers in countries where there is a certification body such as China,

4 Accenture 2015 Corporate Citizenship Report, "Making a Measurable Difference."

Link: <https://www.accenture.com/us-en/corporate-citizenship-report>

5 IBM 2015 Corporate Responsibility Report

Link: https://www.ibm.com/ibm/responsibility/2015/supply_chain/supplier_diversity.html

the UK, South Africa, as well as parts of Latin America, and starting to look at hiring companies owned by people with disabilities.

“We were one of the first in the international space with companies like IBM and Walmart,” Stowe says. “As it has grown, other companies have come on board and people are getting used to hearing about this. When I first started, I remember talking to a diverse supplier. I said, ‘It’s important that you tell us you are diverse.’ They asked why because ‘We want to win business on merit.’ I replied: ‘You will win on merit but at least this will get you to the table. Otherwise, we wouldn’t know you existed.’”

Women invest the majority of their income back into their families and communities, so helping to elevate women economically raises the quality of life for them, their families and their communities.

For Walmart, the decision to launch a commitment to Women’s Economic Empowerment (WEE) was the right one for both the business and communities, says Jenny Grieser, Senior Director, WEE. The majority of Walmart’s customers are women and women make most of the purchasing decisions. Additionally, women invest the majority of their income back into their families and communities, so helping to elevate women economically raises the quality of life for them, their families and their communities.

Walmart’s approach to the WEE program is “a strong example of the strategic shared value approach it takes with its entire global responsibility platform—using our unique strengths and expertise for good,” she says. On the global procurement level, Grieser notes that Walmart has a huge value chain, including growers and factories worldwide, that can be leveraged to help underserved communities as well as benefiting the business.

“There is the power of the purchase order to bring more women into our supply chain and train them to work with us. This impacts business assets and social issues,” she says.

P&G leveraged its successful U.S. supplier diversity initiative into a global strategy in 2014 and is now active in seven countries. P&G views its supplier diversity and inclusion efforts as one global network, including the U.S., says Andy Butler, Corporate Supplier Diversity Manager. “Our goal is to have every single one of our 100,000 global employees touch supplier diversity. It is fully integrated into what we do as a company,” he says.

Other corporations with strong domestic diversity and inclusion programs are recognizing the value of global inclusive sourcing. One example is Hilton Worldwide. “Hilton is working to expand its global supplier diversity and inclusion efforts and we see WEConnect International as an integral part of our strategy,” says Fred Lona, Senior Director, Supplier Diversity and Performance Management at Hilton Worldwide.



Part II: Examples of Underutilized Groups of Suppliers

A. Women

There is significant global research and evidence on the importance of women's economic empowerment and the benefits of hiring women-owned businesses, including:

- A McKinsey Global Institute report found that \$12 trillion could be added to the Global GDP by 2025 by advancing women's equality. Economies most impacted (with GDP gains) would be India (16%), Latin America (14%), China (12%), and Sub-Saharan African (12%)⁶
- Another McKinsey survey found that 34% of companies said working with women--owned suppliers had increased profits⁷
- Women perform 66% of the world's work, produce 50% of the food, but earn only 10% of the income, and own very little of the world's private property⁸
- There are approximately 187 million women entrepreneurs worldwide who own between 32% and 39% of all businesses in the formal economy⁹
- Women dominate the global marketplace by controlling more than \$20 trillion in consumer spending that will rise to \$30 trillion in the next decade¹⁰
- According to research conducted by WEConnect International, globally women-owned businesses earn less than 1% of the money spent on products and services by large corporations and governments

6 Woetzel, Jonathan, et al., "How Advancing Women's Equality Can Add \$12 Trillion to Global Growth," McKinsey Institute, September 2015

Link: <http://www.mckinsey.com/global-themes/employment-and-growth/how-advancing-womens-equality-can-add-12-trillion-to-global-growth?utm>

7 "What Is Supplier Diversity?" National Women's Business Council

Link: <https://www.nwbc.gov/sites/default/files/Supplier%20Diversity%20Fact%20Sheet.pdf>

8 UNICEF: Gender Equality - The Big Picture, 2007

9 "Strengthening Access to Finance for Women-Owned SMEs in Developing Countries," International Finance Corporation, October 2011

Link: http://www1.ifc.org/wps/wcm/connect/a4774a004a3f66539f0f9f8969adcc27/G20_Women_Report.pdf?MOD=AJPERES

10 Global Entrepreneurship Monitor (GEM) 2010 Report

Part II: Examples of Underutilized Groups of Suppliers

In 2013, WEConnect International's Vazquez and Andrew J. Sherman published "Buying for Impact: How to Buy From Women and Change Our World." While some progress on global supplier diversity and inclusion has been made since the book was published, it is still a relatively new concept. Vazquez says that, "Increasingly, forward-thinking organizations realize that sustainable growth requires inclusive strategies that leverage all of the best talent and all of the best suppliers available in all of the countries where they operate or source. Women globally, make or influence the vast majority of consumer purchasing decisions. As a result, individual and institutional investors and customers are starting to assess a corporation's diversity and inclusion track record as part of their investment and purchase decision-making processes."

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Forward-thinking organizations realize that sustainable growth requires inclusive strategies that leverage all of the best talent and all of the best suppliers available in all of the countries where they operate or source.
-Elizabeth A. Vazquez, WEConnect International.

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Today, WEConnect International offers local education and certification in countries that represent more than 60% of the world's population: Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, Germany, India, Indonesia, Ireland, Israel, Jamaica, Mexico, Netherlands, Nigeria, Peru, South Africa, Switzerland, Turkey, and the UK. New target markets are always under consideration based on corporate member sourcing needs, women

business owner readiness, a welcoming government and available funding.

WEConnect International corporate members represent more than \$1 trillion in annual purchasing power. Members use WEConnect International as a peer network for sharing global best practices and lessons learned in supplier diversity, inclusive sourcing and supplier development. WEConnect International's global eNetwork is a unique digital platform that connects women suppliers with member buyers based on needs, collects valuable data, provides easy access to online training for buyers and sellers and tracks certification. With thousands of businesses already in the eNetwork, the goal is to maximize impact by expanding this sustainable market driven model and invest in the capacity of various local and global partners and stakeholders to work together in support of women as business owners.

The corporations that have demonstrated their written commitment to sourcing more from women-owned businesses by joining WEConnect International as a local or global member represent all major industry sectors and most source products and services from more than 100 countries. This growing list of industry leaders includes: Accenture, Act 1, Adient, AIG, American Express, Anthem, Apple, AvisBudget Group, Barclays, Biogen, BMW, BNY Mellon, Boeing Company, Bristol-Myers Squibb, Cargill, Chevron, Citi, Coca-Cola Company, Cox Automotive, Cummins, Inc., Dell, Delta, Disney, Dun & Bradstreet, ECOLAB, EDF Energy, Enterprise Rent a Car, Estee Lauder, Exxon Mobil Corporation, EY, Ford Motor Company, Garanti Bank, Goldman Sachs, Google, GSK, Hilton Worldwide, IBM, Inter-American Development Bank, Ingersoll Rand, Intel, Interpublic Group, ISS, Johnson & Johnson, Johnson Controls, JP Morgan Chase & Co., Knoll, KPMG, Marriott International, MasterCard, Merck & Co., MetLife, Microsoft, Monsanto, Morgan Stanley, Nokia, P&G, PG&E, PepsiCo, Pfizer, Inc., Roche, Royal Bank of Scotland, SAP, Sodexo, Superior SDI Limited, TD Bank, TransCanada, Turkish Economy Bank, UPS, Verizon, Wal-Mart Stores, Inc., Wells Fargo, Westpac and Wyndham Worldwide.

In 2014, WBENC and WEConnect International developed and launched the “Women Owned” initiative, with support from Walmart. The goal of the initiative is to help consumers readily identify products that are produced by women-owned businesses. Companies that have been certified by WBENC or WEConnect International as Women’s Business Enterprises may utilize the distinctive Women Owned logo on their products and marketing materials. In 2015, Walmart became the first retailer to feature products with the Women Owned logo on the packaging, making them available in stores and online. Walmart simultaneously launched a new webpage to showcase products made by women-owned businesses. The webpage has evolved to meet the company’s changing digital channels.

B. Ethnic Minorities

The National Minority Supplier Development Council (NMSDC) has made inroads into global certification and outreach to minority suppliers since 2004 through its affiliates. One of the greatest success stories has been in Canada, where the Canadian Aboriginal & Minority Supplier Council (CAMSC) started with eight corporations and is now in its 13th year with 80 corporate members.

Corporate spend with diverse suppliers has increased from \$27 million in 2005 to more than \$2.1 billion in 2016. All of CAMSC’s corporate members have said supplier inclusion strongly contributes to their finding and ability to secure new clients. The corporations cite cost competition, cost savings, geographic coverage, improved product and service quality, and enhanced service delivery levels as critical factors in using these suppliers. 56% of corporate members say they engage with Aboriginal and minority suppliers to gain insights into those markets.

Cassandra Dorrington, President of CAMSC, notes that “Corporations are tracking the positive returns on investment of supplier diversity, including its contributions to cost savings and innovative solutions, increased corporate and government revenue, as well as brand loyalty in the fast growing Aboriginal and minority consumer base.”

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The importance of Aboriginal and minorities to the Canadian economy cannot be overstated—by 2031, one in three Canadians will be Aboriginal or a visible minority and by 2030, Canada will be completely reliant on immigration for population growth (75% of current immigrants are part of a visible minority group).¹¹ Almost 12% of Canadian small- and medium-sized enterprises are owned by Aboriginals or visible minorities, but their growth is significantly higher than all small and medium enterprises.

In the UK, Minority Supplier Development UK (MSDUK) was founded in 2006, with minority businesses defined as for-profit enterprises that are 51% or more owned, managed and controlled by people of ethnic minority origin who are British Nationals and/or permanent residents. MSDUK CEO Mayank Shah notes that there have been different waves of immigration in the UK bringing in “ethnic minorities,” including those from former British colonies in the 1930s, who came to work as laborers, medical staff in the 1960s and skilled and IT workers in the early 2000s.

¹¹ ACAMSC Impact Report
Link: https://www.camsc.ca/uploads/File/CAMSC_Impact_Report/CAMSC_Impact_Report_single_pages.pdf

“The UK Census 2011 puts ethnic minorities at 14% of the UK population, representing 8 million people with current estimates being 20% in 2016 and ever rising purchasing power,” Shah notes. MSDUK now has 44 corporate members, about 65% U.S.-based multinationals. In the organization’s early days, U.S. corporations represented about 90% of its corporate members. Certified minority-owned businesses have generated more than \$200 million in business through the MSDUK network over the last 10 years, he says.

South Africa is unique because of government mandates supporting the inclusion of Black people in the economy, post-apartheid. The Broad-Based Black Economic Empowerment (B-BBEE) positions supplier diversity as crucial for improved profits, market access and long-term business sustainability. The South African Supplier Diversity Council (SASDC), founded in January 2011, says Black South African citizens are now 90.6% of the population. SASDC has 28 corporate members and 411 Black certified suppliers.¹²

Jacoba Schutte, EY’s Products & Services Procurement Lead in Africa, notes that EY has found its diverse suppliers to be cost effective and providers of “innovative, excellent and flexible service.” EY’s supplier inclusion initiatives have contributed to EY achieving the highest Broad Based Economic Empowerment or B-BBEE rating possible. Schutte says EY’s clients in South Africa ask about the B-BBEE rating as well as supplier development programs. On large, long-term contracts, clients have asked to include contractual supplier-development targets for EY.

Other NMSDC global affiliates include Supply Nation in Australia for businesses owned by Indigenous Australians and Minority Supplier Development in China for businesses owned by ethnic minorities.

¹² GSDA, “Our Network”
Link: <http://www.gsdaglobal/network>

C. Lesbian, Gay, Bisexual and Transgender People

Increasing the economic viability of LGBT suppliers increases market share and improves local economies. For example:

- A report by the Williams Institute noted that every legal right a country provides LGBT individuals correlates to a \$320 increase in per capita gross domestic product¹³
- 93% of Fortune 500 companies prohibit discrimination on the basis of sexual orientation and 75% have non-discrimination policies relating to gender identity¹⁴
- 71% of LGBT individuals and 82% of allies say they are more likely to purchase goods and services from a company that supports LGBT equality¹⁵
- LGBT buying power is estimated to be \$3.7 trillion worldwide¹⁶

The National Gay and Lesbian Chamber of Commerce (NGLCC) began in 2002 in the U.S. to represent the business interests of the LGBT community, including procurement. The organization began its global efforts in 2013, modeling its initiative after WELConnect International. Currently, NGLCC has self-registration and outreach events in Argentina,

¹³ Fraser, Allison and Castellano, Michael, “LGBT Partnership Demonstrates Power of Inclusion, Frontlines,” May/June 2015
¹⁴ Corporate Equality Index, Human Rights Campaign
Link: <http://www.hrc.org/campaigns/corporate-equality-index>
¹⁵ “The Business Case for Advancing LGBT Equality,” Center for Talent Innovation, January 22, 2016
Link: <http://www.talentinnovation.org>
¹⁶ “Estimated LGBT Purchasing Power: LGBT-GDP,” LGBT Capital, July 2015
Link: http://www.lgbt-capital.com/docs/Estimated_LGBT-GDP_%28table%29_-_July_2015.pdf

Colombia, Canada, Costa Rica, the Dominican Republic, Mexico, Peru, Uruguay, Australia, South Africa, Sweden and several countries in Central and Eastern Europe. NGLCC works with about 150 multinational corporations, the majority in North America and Latin America. The organization works with local chambers of commerce to provide local education and train and local membership. The NGLCC has also been working with the U.S. Agency for International Development (USAID) to support LGBT entrepreneurs in developing countries.

“The NGLCC’s mission is to advocate for LGBT Business Enterprises and support our corporate partners by demonstrating how LGBT supplier diversity positively contributes to a corporation’s bottom-line. We know that LGBT Business Enterprises provide some of the top quality products and services in the world, and that by opening spaces for LGBT suppliers in supply chains, corporations can foster new innovation and build meaningful connections with the growing LGBT and allied market. This concept is not unique to just the U.S., and NGLCC Global is leading in this space to open opportunities for LGBT-owned businesses worldwide and connects corporations with diverse suppliers in every market where they source,” says NGLCC Co-Founder and President Justin Nelson.

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By opening spaces for LGBT suppliers in supply chains, corporations can foster new innovation and build meaningful connections with the growing LGBT and allied market. –Justin Nelson, NGLCC.

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IBM has supplier diversity in all countries in which it operates, but adapts to local laws. For

example, although the company is a global leader in LGBT rights, it will not actively seek LGBT suppliers in countries where being “out” can mean imprisonment or death, says IBM’s Robinson.

D. People with Disabilities

U.S. Business Leadership Network (USBLN) began certifying suppliers owned by people with disabilities and service-disabled veterans in the U.S. in 2010, at the request of IBM and another corporation. They were committed to finding more suppliers with disabilities, but wanted to ensure they were legitimate and that there was a certifying agency.

Efforts to take certification of disability-owned suppliers global are just getting started, says Jill Houghton, Executive Director of USBLN. “We really are at the preliminary stages but everything we do is driven by our members,” she says.

“We have started hearing from our corporate members that they are interested in exploring global efforts,” adds Patricia Richards, Director of USBLN’s Disability Supplier Diversity Program®. USBLN now has more than 125 corporate members and the great majority of them have supplier diversity programs and are multinational, so the need is there. Constructing a global initiative will entail understanding what countries have legislation or government support for disability-owned and -operated businesses.

“Globally, one in five people has a disability,” says Houghton. Richards adds that increasingly, countries are saying that if you want to operate here, we want to see that you are providing opportunities for our citizens, including our citizens with disabilities. Global supplier diversity initiatives enable corporations to respond affirmatively.

E. People in the Informal Sector

Corporations can create economic opportunity and realize economic returns by working with governments and civil society to recognize and reward the contributions of people working in the informal sector, including in agriculture. Workers at the base of the pyramid are primarily women,

but they are usually invisible when traditional value chain mapping methods are applied. It is essential for corporations to recognize the role of home and informal workers in their value chains, where the workers may not be direct suppliers or employees, but may be out workers or small producers.

Collective enterprises, which include cooperatives and producer groups, can provide a key pathway to formalization and to increased income security for previously isolated workers. Engaging these workers could help to bring 1 billion people into positive economic engagement as empowered workers, suppliers and consumers. This has the potential to lift a significant part of the world's population out of poverty and create an entirely new marketplace for corporations.¹⁷

In India, the Self-Employed Women's Association (SEWA), WEConnect International and Accenture worked together to develop the skills of SEWA waste-pickers, most of whom were female laborers in the informal sector. With seed funding from the World Bank, the partners helped to incorporate SEWA Gitanjali and trained members on the production and marketing of office products made from recycled paper. Today, Gitanjali supplies stationery items to companies including Accenture, IBM, Gift Links, Goldman Sachs, Mindtree and Staples. Gitanjali plans to engage 5,000 waste recyclers as stationery producers by 2020, providing sustainable livelihood and incomes for individuals, families and communities.¹⁸

IKEA, the International Labour Organization and IKEA Suppliers in India collaborated on a detailed study of Employment Relationships and Working

Conditions in an IKEA Rattan Supply Chain in 2015. By diving deep into IKEA's supply chain, the investigators identified a community of sub-contractors who hired men and women to work in a weaving center or from home to produce pieces for IKEA's direct suppliers. The results revealed that sub-suppliers were exclusively men, their weaving center workers were more likely men, and home workers were predominantly women. The women were "clearly worse off than men in terms of income earned" and more likely to have families below the poverty line whereas "none of the male homeworkers households were below the poverty line." The women workers were much less knowledgeable about the ultimate destination and customer for their products, and more likely to receive threats from their employer not to be "too honest" with interviewers. Additionally, parts of IKEA's existing ethical audit, such as regulations for health and safety, could not reasonably be enforced in private homes.¹⁹

Ethical Trade Initiative key recommendations for corporations include:

- Know who and what is in the supply chain
- Do not try to fix everything at once—prioritize the challenges faced by women
- Involve supply chain stakeholders in a dialogue to "promote buy-in, not merely compliance"
- Be responsive to the workers' input and needs
- Bring in government and civil society partners to promote labor standards²⁰

¹⁷ Jones, Elaine, Smith, Sally, Wills, Carol, "Trading Our Way Up: Women Organized For Fair Trade," February 2011
Link: http://wiego.org/sites/wiego.org/files/publications/files/Jones_Trading_Our_Way_Up_English.pdf

¹⁸ "Accenture and SEWA: Skills to Succeed" video, January 31, 2012
Link: <https://weconnectinternational.org/en/media-news/videos/skills-to-succeed>

¹⁹ "Employment Relationships and Working Conditions in an IKEA Rattan Supply Chain," International Labour Organization, September 2015
Link: http://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/---ilo-jakarta/documents/publication/wcms_436863.pdf

²⁰ "ETCH Homeworker Guidelines: Recommendations for Working with Homeworkers," Ethical Trading Initiative
Link: <http://www.homenetsouthasia.net/pdf/ETI%20Homeworker%20guidelines.pdf>



Part III: Changing Global Economic Factors

A. Marketplace

“Supplier diversity and inclusion is doing business better. It challenges us to closely examine which companies are actually part of the end-to-end supply chains that provide us with the goods and services that enable our private and work lives. And it challenges all of us to conduct business differently, by actively reaching out and working directly to include businesses that have not been part of the commercial mainstream—to stop funneling all business to the incumbents and to start seeing how sidelined businesses can get off the bench and into the game. And by opening the playing field to a wider range of eager and capable businesses, we are supporting the acceleration of innovation, the expansion of economic participation in more sectors of our community, increasing competition and creating a healthier, more robust economic climate,” says Kerr of PG&E.

For example, in its Japanese market, Walmart’s brand there (Seiyu) held an online contest for women entrepreneurs. The winner had her product put on the company’s website and it eventually was sold in stores. This aligned with Japanese government initiatives to bring more women into the economy and Walmart Seiyu was a finalist for the Nikkei award for this program in Japan, an award recognizing people and organizations that have improved the lives of people.²¹

Grieser notes that local suppliers and growers, many of whom are women, bring innovation and solutions to the retailer. “A lot of customers in our international markets really like local products,” she says, adding that local suppliers understand the geography, the market and the cultural sensibilities. For example, in Mexico, China and India, many of the small agricultural growers that Walmart uses

are women. She says that measurement of impact to the suppliers and their communities is not always immediate. “We can measure sales impact to our stores, which is only one measurement,” she says.

“Women tend to bring innovation and newness in the assortment, and they sometimes see the voids in the assortment based on problems they solve,” she says. For example, a woman supplier in Mexico saw a need for healthier snacks for her own children and her customers. So she created chips and snack foods out of cactus and pitched it to Walmart. The product has taken off and is now available in several Walmart stores in Mexico with expanded product selection.

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By helping small, medium and diverse companies to better participate in the marketplace—including assuppliers to Accenture—we create a multiplier effect that adds more jobs, more revenue and more vitality in communities across countries.—Accenture 2015 Corporate Citizenship Report.

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The marketplace connection is also vital for business-to-business corporations. As Accenture states in its 2015 Corporate Citizenship Report: “By helping small, medium and diverse companies to better participate in the marketplace—including

²¹ Nikkei Awards
Link: <http://www.nikkei-events.jp/asiaprizes/en/>

as suppliers to Accenture—we create a multiplier effect that adds more jobs, more revenue and more vitality in communities across countries.” The company says its diversity focus cascades from its Board of Directors and it is vital to the global supply chain to help these suppliers “develop into sustainable businesses—furthering more inclusive, innovative and high-performing supply chains.”²²

B. Governments

Governments are increasingly using public policy to encourage sourcing from their domestic suppliers. These policies are usually designed to help micro-, small- and medium-sized enterprises and/or underutilized groups of business owners access procurement opportunities with corporations doing business in their countries. These policies are often referred to as “local content” or “national content” rules and regulations. Along with government-compliance considerations, corporations are increasingly investing in local suppliers as a “social license” to do business in the communities they serve.

In addition to policy, governments play a critical role in investing in entrepreneurs who want start or grow a business. Government investments in their entrepreneurs and the enabling business environment are critical contributions that are ripe for public-private partnerships.

At the global level, there are some leading governments making significant contributions to women’s economic empowerment in general, and in women as business owners in particular. UN Women serves as the secretariat and the High-Level Panel on Women’s Economic Empowerment is tasked with identifying the best ways to unlock the economic potential of women in support of the 2030 Agenda for Sustainable Development. The Panel’s report highlighted seven primary

drivers needed for women to fully participate in the economy and achieve financial independence: tackling adverse norms and promoting positive role models; ensuring legal protections and reforming discriminatory laws and regulations; recognizing, reducing and redistributing unpaid work and care; building digital, financial and property assets; changing corporate culture and practice; improving public sector practices in employment and procurement; and strengthening visibility, collective voice and representation. The first and second report also highlight the need for corporations and governments to be more inclusive in their sourcing policies and practices.²³

One example of how a local government is making a measurable difference in the ability of their entrepreneurs to grow companies capable of creating new jobs is the Government of Karnataka in India. In 2014, this state government developed a five-year Industrial Policy to drive sustainable inclusive economic growth. At the heart of the policy is supporting micro, small and medium enterprises and economic opportunity to reduce poverty, with a specific focus on women’s enterprises.

According to the Government of Karnataka Policy on Encouragement to Women Entrepreneurs, it is important to give support to women entrepreneurs, improve the contributions of women entrepreneurs and facilitate the creation of more women-owned enterprises in the State. The policy is focused on select locations, a reservation of 5% of plots or sheds in the Industrial Areas or Estates for women entrepreneurs, exclusive clusters for women in textiles and gem and jewelry, entrepreneurship training and other incentives and concessions.²⁴

22 Accenture 2015 Corporate Citizenship Report, “Making a Measurable Difference.”

Link: <https://www.accenture.com/us-en/corporate-citizenship-report>

23 “Leave No One Behind: A Call to Action for Gender Equality and Women’s Economic Empowerment,” UN Secretary General’s High-Level Panel on Women’s Economic Empowerment

Link: <http://www.womenseconomicempowerment.org/assets/reports/UNWomen%20Full%20Report.pdf>

24 Bangalore, “Industrial Policy.”

Link: http://www.bangaloreitbt.in/docs/2014-new/industrial_policy.pdf

The Government of Karnataka is turning policy into action by partnering with WEConnect International. In 2016, the government provided \$400,000 in in-kind support to WEConnect International in India to assess companies to determine if they qualify for certification as a Women's Business Enterprise. The funding also supported the WEConnect International 2016 ThinkBig Summit organized in partnership with Thinkthrough Consulting Private Limited. The Summit offered more than 3,000 women business owners, corporate buyers, and investors the opportunity to connect. The Karnataka policies demonstrate their commitment to women entrepreneurs as a core component of their economic growth plan by connecting the policies to market opportunity initiatives that put money into the hands of women.

For inter-governmental collaboration, the Organisation for Economic Co-Operation and Development (OECD) offers a platform for peer learning and knowledge sharing to improve understanding around the implications and impact of policy options in specific sectors. For example, the "Collaborative Strategies for In-Country Shared Value Creation" report provides a useful framework for extractive projects capable of harnessing non-renewable natural resources to build competitive, diversified, and sustainable economies in a scalable manner.²⁵

C. Talent

There is a global shortage of talent, exacerbated by many Millennials opting not to work for large corporations. Numerous studies have shown Millennials, born between 1982 and 2002, favor corporations that have value-based missions, strong corporate social responsibility agendas and allow

employees to volunteer. They look for work that fuels their sense of purpose and makes them feel important. This value-identified sense of belonging and purpose is a crucial retention factor. As many as 71 percent of Millennials who strongly agree that they know what their organization stands for and what makes it different from its competitors say they plan to be with their company for at least one year.²⁶ In the 2016 Deloitte Millennial Survey, 6 in 10 respondents said "sense of purpose" is part of the reason they chose their current employer.²⁷

Walmart's Jenny Grieser cites increased employee engagement as a benefit of their global supplier diversity initiative. "A lot of people are finding having purpose in their work is very important. Millennials really want to work for a company that has good global sourcing and social consciousness," she says.

In addition, global issues impacting the workforce shortage include a scarcity of skilled labor, an aging workforce and, in many countries, declining populations of available talent.

IBM sees its suppliers as an extension of its workforce talent. "If you are a technology company and you realize that the most important asset you have is your people, globally it becomes crucial to always seek the best and the brightest. We bring that same philosophy to supplier diversity," Robinson says.

Once an organization determines it is going to source externally, he says, "Any thoughtful, intelligent company will look for the best supplier. If you eliminate half the population because you are closing your door to women or ethnic minorities, globally you are not benefiting the company."

25 "Collaborative Strategy for In-Country Shared Value Creation, OECD Publishing, 2013
Link: http://www.keepeek.com/Digital-Asset-Management/oecd/development/collaborative-strategies-for-in-country-shared-value-creation_9789264257702-en#page1

26 Miller, Adam, "3 Things Millennials Want In a Career (Hint: It's Not Money)," Fortune Insiders, March 26, 2015
Link: <http://fortune.com/2015/03/26/3-things-millennials-want-in-a-career-hint-its-not-more-money/>

27 The 2016 Deloitte Millennial Survey
Link: <https://www2.deloitte.com/content/dam/Deloitte/global/Documents/About-Deloitte/gx-millennial-survey-2016-exec-summary.pdf>

The ability for diverse suppliers to impact local economies and simultaneously create jobs and fill talent/skill gaps cannot be overestimated. For example, 2016 research by EY found that globally, female entrepreneurs were outperforming male entrepreneurs in hiring. Women-owned companies anticipated an average growth rate of 10.9% in the next year vs. 8.3% for men. Female entrepreneurs under 35 expected an average 16% increase in workforce size in the next year, while 56% recorded better than expected job creation in the previous year. The figures for men in the same age bracket were 13% and 56%, respectively.²⁸

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Any thoughtful, intelligent company will look for the best supplier. If you eliminate half the population because you are closing your door to women or ethnic minorities, globally you are not benefiting the company.
-Michael K. Robinson, IBM.

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²⁸ “Female Entrepreneurs Outperform Male Peers in Job Creation,” EY, June 7, 2016

Link: http://www.ey.com/gl/en/newsroom/news-releases/news-ey-female-entrepreneurs-outperform-male-peers-in-job-creation?utm_source=Womenable+E-News+2Q2016&utm_campaign=2Q2016+E-News&utm_medium=email



Part IV: Strategies for Success

A. Engaging In-Country Advocates

MSDUK's Shah believes the greatest challenge U.S. companies face when starting global supplier diversity initiatives is "to move over from the 40-year legacy of the way supplier diversity has been delivered in the U.S. and not think that whatever is right and relevant in the U.S. works outside of the U.S. The baseline of legal and cultural framework is different in different countries and companies developing global programs need to respect and adapt to those local requirements."

To understand each country, he believes it's vital to have a staff member devoted to local supplier diversity initiatives as well as in-country champions, especially among local senior leadership. "So many things need to be done internally to make it happen ... Over here, we have to do it organically, while learning from the success in the U.S.," he says.

"The best results occur when we engage the merchants in the business," says Walmart's Grieser. "For example, our CEO in India, Krish Iyer, is a huge champion of the women's initiative."

Few corporations are actively using their global employee-resource groups to find and develop suppliers, but one exception is P&G. Starting in the U.S., the company has utilized its women's resource groups and group leaders to reach out to suppliers and helps educate them. This process has expanded to several other countries. For example, P&G's Butler says, "in Turkey an officer of the resource group has brought together a strong women's network and has worked with WEConnect International to create local programming to educate and train suppliers."

B. Centralized or Decentralized Procurement Strategies

Whether to leverage a centralized procurement system with global units or a decentralized supplier diversity network really depends on the structure

of the corporation, its vendor management systems and the nature of the business.

The Hackett Group research strongly recommends having a centralized supplier diversity program, although tracking is usually separate outside of the U.S. and local supporters within the business are essential. The research found 80% of supplier diversity initiatives with global approaches had at least one dedicated supplier diversity manager or equivalent role. "Supplier diversity programs, whether large or small, should have a handful of specific, meaningful goals at their core. Once the program has been established in one market, the same processes, goals and materials can be used for each additional market. This ensures consistency between regions and enables economies of scale. The exception to this practice is when certain regions or countries have different regulations and laws. Research local laws and customs before launching supplier diversity efforts and make any adjustments to the strategy that are necessary," the Hackett report recommends.²⁹

Supplier diversity programs, whether large or small, should have a handful of specific, meaningful goals at their core.

IBM has a centralized procurement system and everyone in its supply chain understands the benefits of utilizing diverse businesses in each region the company serves. Robinson believes the company's centralized system enables it to communicate effectively globally to its employees and use the same standards globally to find and develop suppliers. "It is all about communicating

²⁹ Connaughton, Patrick and Gibbons, Laura, "Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Proposition," The Hackett Group, September 19, 2016

and communicating and communicating some more. We are making people understand the value supplier diversity provides to IBM and the impact on the bottom line,” he says. Information is available through a central database, making it far easier to evaluate suppliers.

Many companies are adopting hybrid centralized/decentralized approaches. Accenture, for example, has a global supplier diversity team of six people worldwide with its leader, Dickson, based in the U.S., Peter Zerp, the Supplier Inclusion and Diversity Program Lead, in the Netherlands, and champions in the procurement department in each of the 16 countries in which it now has supplier diversity programs. Beyond these professionals, Accenture has local dedicated employees in each country in which it has a supplier diversity program. These employees are usually in sourcing and procurement. Dickson notes that 80% of the global procurement chain is with suppliers and technology staff augmentation, while 20% is professional services—legal, marketing, HR, training, etc.

Walmart is also decentralized, with each area having its own procurement, including Sam’s Club globally, which is separate. This can create challenges with onboarding and with understanding the large corporation’s retail information systems.

C. Role of Verification and Certification

Outside of the U.S., corporate procurement departments rely heavily on organizations such as WEConnect International, NGLCC, CAMSC, MSDUK and USBLN to verify that their diverse suppliers are legitimate. But in countries where a certification process is not yet in place, they often have to rely on self-reporting.

A Seal of Certification is a formal guarantee to corporations that they are purchasing goods and/or services from a particular group of business owners.

A Seal of Certification is a formal guarantee to corporations that they are purchasing goods and/or services from a particular group of business owners. Typically, the four criteria required for certification include ownership, management and control, contribution of capital and expertise, and independence. A business readiness and certification assessment includes an evaluation of the company and whether it meets the universal standards for certification for that group of business owners.

For example, in order to apply for certification as a WEConnect International Women’s Business Enterprise, a business must meet all of the following qualifications:

- Have 51% ownership by one or more women
- Day-to-day and long-term control and management of the business by one or more women
- Contribution of capital and/or expertise by women
- Operated independently from other non-certified businesses (i.e., pass-through companies or sales representatives are not eligible)

Companies that believe they meet the certification criteria are invited to apply for certification. Since all four qualifications are required for certification, a trained certification assessor is responsible for reviewing documents that verify each of the qualifications and interviewing the business owner. While this level of review helps to give much needed visibility, credibility and market access to certified companies seeking recognition as an underutilized business, certification does not provide proof of quality or viability.

This narrow requirement of a business to be at least 51% owned, managed and controlled by one or more people of an underutilized group is challenging

in most countries, especially for family-owned businesses. However, it is the only definition that ensures that the money spent with that company will actually go to members of the underutilized group. This level of third-party verification based on universal standards provides a level of confidence that is extremely important for corporations seeking to do business with a particular group.

“Our goal is to use those that are certified. As a lot of our work is done for our clients, we need to make sure there isn’t a risk,” says Accenture’s Dickson. “But there are some countries where people are self-certifying. All of our suppliers are vetted through our legal department.”

Accenture’s Zerp notes that there is always going to be a challenge in reaching suppliers in less developed countries. In Nigeria for example, “We don’t have the footprint so we rely on organizations like WEConnect International to help us. Especially in countries where there are no requirements or certification of suppliers and we have to figure it out.” This is one of the reasons WEConnect International offers free self-registration to women business owners based outside of the U.S. that meet the criteria for certification, but do not have access to verification services.

Intel’s Stowe says certification is very important to the company, but they recognize that there are countries where it is not yet commonplace. They try to work with organizations such as WEConnect International and NMSDC affiliates to actually set up certifying processes in those countries.

D. Supplier Development

Supplier development support is important not only for the supplier, but also for the corporations that want to hire that supplier, especially if that supplier has the potential to scale. Organizations such as WEConnect International focus heavily on education and training of local women business owners to succeed as prime or subcontractors to large organizations—mostly corporations, but also governments and multilateral institutions. The

WEConnect Academy offers a wide range of business training modules that women business owners can study online, and the training is also delivered in-person by local representatives in over 21 countries.

Corporations make training of diverse suppliers a global priority as they recognize the increasing value these vendors bring to the table.

Corporations make training of diverse suppliers a global priority as they recognize the increasing value these vendors bring to the table. Accenture is a good case in point. In 2006, the company started its first Diverse Supplier Development Program in the U.S. and now runs it there and in three other countries—Canada, the UK and South Africa. This is an 18-month program in which minority-owned businesses (that do not have to work with Accenture) partner with Accenture executives and receive classroom training to learn about financial planning, how to respond to Requests For Proposals (RFPs), marketing and branding, how to retain top talent, etc. Since 2006, more than 50% of the suppliers that have gone through the program have been integrated into Accenture’s value chain. By the end of fiscal 2015, 101 diverse suppliers had graduated or were in the process of completing the program, including 17 in Canada and 14 in the UK and Ireland. The goal is to graduate 170 diverse suppliers globally by 2020.³⁰

Since 2008, the EY Entrepreneurial Winning Women Program has offered a competition and executive leadership program for a select group of high-potential women entrepreneurs whose businesses show real potential to scale, and then helps them

30 Accenture, 2015 Corporate Citizenship Report
Link: <https://www.accenture.com/us-en/corporate-citizenship-report>

do it. Launched in the U.S., the Program now serves women entrepreneurs based in the Asia-Pacific, Brazil, European Union, New Zealand, Russia, Southern Africa and Turkey.³¹

One of the ways Walmart assists local suppliers is training them with online programs or whiteboard presentations. “Our whiteboards help a supplier understand about replenishment, or the most efficient way to pack a load for their trucks, or shipping,” Grieser says, noting the whiteboard presentations have been translated into Spanish and Mandarin.

Walmart has found that sometimes the training has to expand beyond even its actual suppliers. In India, for example, Walmart partnered with Vruitti to train 32 women suppliers, including their husbands. “Because it’s such a patriarchal society, it can be hard for women to take time away from their families,” Grieser says. “When we build more cooperation, it makes it easier for the woman to scale her business.”

IBM has educational training and mentoring programs for its suppliers globally, including help with understanding the giant corporation’s supply-chain processes. “Many diverse businesses need to first understand what is the product/service they’re providing and if their product fits into the supply chain and provides value to their customers,” Robinson says. The Tuck-WBENC Executive Program sponsored by IBM is an intensive, five-day executive development program for WBENC Certified Women’s Business Enterprises. It focuses primarily on increasing the competitive advantage and robustness of the participant’s own business. Up to 60 attendees form a learning community that will continue to provide a source of support, expertise, opportunities and strategic alliances

31 “Entrepreneurial Winning Women,” EY website
Link: <http://www.ey.com/us/en/services/strategic-growth-markets/entrepreneurial-winning-women--about-the-program>

Successful multinationals work with local communities to build the capacity of suppliers.

long after graduation. WEConnect International Certified Women’s Business Enterprises have also been invited to participate in each of the last three years.³²

Successful multinationals work with local communities to build the capacity of suppliers. For example, in 2015, Accenture developed seven diverse businesses in South Africa in conjunction with the B-BBEEE. Six of these are now Accenture suppliers. And in the UK, the company’s Managing Director in Accenture Strategy, Payal Vasudeva, serves as part of a Supplier Diversity Mentoring Program that includes a recognition program called “Strategy Superstars,” a network of champions from all parts of the business, and pro bono consulting work with Refuge, a UK charity for victims of domestic violence.³³

Intel needed to make a global purchase of IT hardware to send to sites in Russia, China, Argentina, Malaysia and India. At first, the company planned to source the items locally in each country. Hours of productivity would have been required to manage schedules, time zones, customs and paperwork. To streamline the process, Intel supplier SHI International devised a custom capability to import the required equipment to each geographic region. Now this capability is part of a suite of solutions that SHI offers to its customers. SHI, a corporate reseller of software, hardware, and related services, is a minority- and woman-owned company with 3,500 employees in 30 offices around the world. It

32 “The Tuck-WBENC Executive Program,” WBENC website
Link: <http://www.wbenc.org/tuck-wbenc-executive-program/>

33 Accenture. 2015 Corporate Citizenship Report
Link: <https://www.accenture.com/us-en/corporate-citizenship-report>

has more than \$7.5 billion in annual revenue and a 99% annual customer retention rate.

In 2008, based on a growing body of research to support the economic opportunity of investing in women, Goldman Sachs launched 10,000 Women to provide women entrepreneurs around the world with business management education, mentoring, networking, and access to capital. To date, the initiative has reached more than 10,000 women from across 56 countries and resulted in immediate and sustained business growth for graduates of the program. One of the biggest obstacles faced by the women entrepreneurs was a lack of access to capital to help grow their businesses. In 2014, Goldman Sachs partnered with the International Finance Corporation to create a loan facility for women-owned small-and-medium enterprises to enable 100,000 women around the world to access capital.³⁴

E. Subcontractors or Tier II

Few companies have progressed to developed subcontractor Tier II or Tier III supplier inclusion strategies. One exception is IBM, which has made it a policy worldwide to have its employees on the lookout for diverse suppliers as primes and subcontractors. In some countries, there may not be diverse Tier I suppliers who fit IBM's needs, but "you can grow them in the second and third tier," Robinson says. "If you don't aggressively seek suppliers, you will not find them."

Intel has recently started a global Tier II initiative and is focused on getting Tier I to start reporting their Tier II spend "so we are passing it down the supply chain and just not holding on to our direct spend," Stowe says. Both Tier I and Tier II "bring innovation and velocity to our supply chain. If you look at the world, it is diverse. So our end customers are from all ethnic backgrounds and genders—why wouldn't we be catering to those?"

³⁴ "10,000 Women," Goldman Sachs website
Link: <http://www.goldmansachs.com/citizenship/10000women/#about-the-program>



Part V: Building the Knowledge Base to Maximize Impact

A. Internal Metrics

WEConnect International offers The Gold Standard Checklist, a self-assessment tool to help multinational organizations assess their global supplier diversity and inclusion efforts and identify potential areas for improvement. The self-assessment checklist includes questions about policy, planning, processes, standards, measurement, tracking, reporting and accountability. Each item on the checklist is scored. The goal for any multinational corporation or multilateral organization dedicated to supplier diversity and inclusion is to reach 100 points: The Gold Standard.³⁵

The Royal Bank of Scotland's, "Supplier Diversity and Inclusion Code of Conduct," is a statement of intent, which guides the development of an active supplier diversity program. Its four guiding principles are: inclusion, development, compliance and continuous improvement. The Bank developed the Code of Conduct so that it can be easily adopted by any company thinking of increasing the diversity of its value chain. By voluntarily adopting this Code of Conduct, a company affirms its commitment to providing a level playing field, promoting competitive advantage and enabling business sustainability in the communities they serve and support.³⁶

Dun & Bradstreet (D&B) offers Supplier Diversity Data Services—the largest supplier diversity database in the U.S. and increasingly globally—to help corporations identify diverse suppliers and

manage the data on those suppliers. Corporations use the information to determine how diverse a portfolio is, review spend with diverse suppliers, find other diverse suppliers that meet requirements and ensure that corporations are meeting corporate, federal, state and Tier II requirements.³⁷

Historically, the most common metric used to assess progress in supplier diversity and inclusion has been the amount of money spent with diverse suppliers year over year. This is an important metric for all corporations to know, but it is not the only metric for assessing value to a business for a few key reasons. First, larger organizations have more money to spend on their value chain, so their spending amounts will necessarily be larger, especially companies in retail compared to companies in services. Second, companies often count the number of their diverse suppliers, but this is also a tenuous metric if it does not account for the size or value of the contracts awarded to each supplier.

In the U.S., more sophisticated metrics have evolved, including assessing satisfaction with diverse suppliers, tracking market share by demographic and evaluating potential revenue impacts from diverse suppliers.

³⁵ "Global Supplier Diversity & Inclusion: Reaching the Gold Standard," WEConnect International

Link: https://weconnectinternational.org/images/supplier-inclusion/GoldStandard_Checklist_v1.pdf

³⁶ "Supplier Diversity & Inclusion Code of Conduct"

WEConnect International/Royal Bank of Scotland

Link: <https://weconnectinternational.org/images/supplier-inclusion/supplier-inclusion-code-of-conduct-adopting-the-code.pdf>

³⁷ "Supplier Diversity Data Services" Dun & Bradstreet website

Link: http://www.dnb.com/content/dam/english/dnb-solutions/supply-management/supplier_diversity_data_services.pdf

In the U.S., more sophisticated metrics have evolved, including assessing satisfaction with diverse suppliers, tracking market share by demographic and evaluating potential revenue impacts from diverse suppliers. All of these are more long-term strategies and, according to research by The Hackett Group, “organizations looking to increase market share through supplier diversity programs often start by increasing the amount of diversity spend. Our research showed a strong relationship between high levels of diversity spend and increased market share. For example, companies that allocate 20% or more of their spend to diverse suppliers attribute 10%-15% of their annual sales to supplier diversity programs. Conversely, companies that direct less than 20% of spend to diverse suppliers attribute under 5% of sales to their supplier diversity program.”³⁸

P&G has one of the most advanced metrics assessments, including biannual quantitative performance reviews for top suppliers. This is in addition to regular evaluations on key business metrics. Butler notes that P&G views supplier diversity as part of its broad citizen program (he is also in charge of sustainability). “Annually, we assess how our suppliers are doing and the value to the business and to the community,” he says.

Growth in employment, retained earnings and sustainability of the diverse suppliers, in addition to their increased contribution to the corporate revenue stream are all indicators that are beginning to be seen at companies more advanced with global supplier diversity and inclusion.

In the U.S. and globally, there remains a concern about companies that count only their amounts of spend or their number of diverse suppliers without assessing community impact. It is imperative to start assessing such factors as job creation for

underserved groups and economic improvements at the community level. Growth in retained earnings of diverse suppliers would also be a strong indicator of success.

B. External Metrics

According to Jean Lebel, President of the International Development Research Centre, “Putting an end to inequality hinges on, in part, access to employment or business opportunities for the world’s poorest, but achieving this goal is one of the biggest policy challenges facing governments, corporations and civil society leaders.” Lebel says that their work with WEConnect International is proving that helping women to register their businesses can improve their market access.

Since 2015, the International Development Research Centre has been working with WEConnect International in support of growing women-owned businesses by building on private sector initiatives to collect and share data on women business owners. WEConnect International currently collects annual data from women business owners on their products and services, annual revenue, employment, markets served, etc. The aggregate research findings are clear: businesses owned by women with a WEConnect International certification in India and Latin America and the Caribbean are growth oriented, generally have access to finance, generate millions of dollars in revenue and employ thousands of people.³⁹

P&G is also evaluating the efficacy of the training programs it does with women suppliers through WEConnect International, according to Susan Vanell-Charpentier, Associate Director, Brand and Business Services Purchases. The company has started measuring the satisfaction of the women with the training (whether the time invested is worth it) in several global regions and so far has had

38 Connaughton, Patrick and Gibbons, Laura, “Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Proposition,” The Hackett Group, September 19, 2016

39 Lebel, Jean, “Women Worldwide Are Missing Out,” January 2017
Link: <https://www.weforum.org/agenda/2017/01/women-worldwide-are-missing-out-this-is-how-we-can-make-economic-growth-equal-for-all>

100% satisfaction. Going forward, P&G also intends to assess the sales growth of its women suppliers over 6-month and annual periods. “Can you say it’s all attributed to our program? Of course not. But what we are doing is helpful and has impact,” she says.

Not only does the Exxon Mobil Corporation have an impressive and growing global supplier diversity and inclusion strategy, but the ExxonMobil Foundation has also played a leading role in helping to fund organizations and projects around the world dedicated to improving the status of women. ExxonMobil worked with the UN Foundation to produce “A Roadmap for Promoting Women’s Economic Empowerment,” which looks at women in their roles as producers, workers, and contributors to their local and national economies. The report offers a critical analysis of what has been done and what needs to be done to continue improving the status of women. The report also serves as a critical guide for organizations seeking to measure impact in this space. The importance of this guide was highlighted in, “A Path to Empowerment: The role of corporations in supporting women’s economic progress,” published by the CSR Initiative at the Harvard Kennedy School and the U.S. Chamber of Commerce Foundation Corporate Citizenship Center.⁴⁰

C. Impact on Community

The Hackett Group’s recent research found that 58% of organizations deliberately leverage local suppliers to support economic development of local communities.⁴¹

Alignment with corporate values is critical to assessing the value of a global supplier inclusion

strategy. For its top 50 strategic suppliers, Accenture adheres to its corporate Code of Business Ethics through quarterly business reviews, in-person visits and audits. Accenture is not alone in its requirements for suppliers to demonstrate best total value, plus pass ethics audits, financial audits, health and/or safety audits.

Increasingly, corporations are being held accountable by their customers and the public for what happens along their value chains, and so it is critical for corporations to have visibility into the actions of all of their direct and indirect suppliers.

Increasingly, corporations are being held accountable by their customers and the public for what happens along their value chains, and so it is critical for corporations to have visibility into the actions of all of their direct and indirect suppliers. This level of accountability is having a positive impact on suppliers that need to be increasingly transparent about their commitment to environmental, social and corporate governance standards. It is extremely important for underutilized suppliers to understand this trend and to do well on these metrics as a market differentiator. Corporations can play a key role in delivering supplier development training to underutilized suppliers on the importance of these metrics. Corporations can also measure the impact of these contract requirements and/or the training they deliver over time.

In 2010, the Coca-Cola Company launched its 5by20 initiative in recognition of both the challenges faced by women and their economic potential. 5by20 is the company’s global commitment to enable the economic empowerment of 5 million women entrepreneurs across the company’s value chain by 2020. This includes the small businesses that the company and its bottling partners work together in almost every country in the world—from fruit

40 Jane Nelson, Marli Porth, Kara Valikai, and Honor McGee, “A Path to Empowerment: The Role of Corporations in Supporting Women’s Economic Progress,” 2015

Link: https://www.hks.harvard.edu/index.php/content/download/76230/1711831/version/1/file/WEE_FLYER_v2-1.pdf

41 Connaughton, Patrick and Gibbons, Laura, “Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Proposition,” The Hackett Group, September 19, 2016

farmers and recyclers to retailers and artisans. Through 5by20, the company addresses the most common barriers women face when trying to succeed in the marketplace. This initiative offers women access to business skills training courses, financial services and connections with peers or mentors—along with the confidence that comes with building a successful business.⁴²

Walmart notes that as the company uses global supplier inclusion to build capacity and create innovative local business solutions, there is another benefit—reputational. Both employees and the media/external world note these efforts “and there is the opportunity to build trust and reputation in a market. The reputational piece can definitely be a business reason for a company to want to have a program in a market if it’s aligning with their business needs and what the local government is doing,” Grieser says.

P&G’s Butler puts it simply, “At a fundamental level, we believe willingness to buy and ability to recruit talent goes up with corporate reputation.” There are several tools to measure corporate reputation and he notes that a company can have a different reputational score in a different region.

In 2015, the new Marriott Port-au-Prince Haiti Marriott Hotel checked in its first guests. In addition to the 200 new hotel jobs and hospitality training, the hotel is sourcing goods, food and amenities from local small businesses, social enterprises, farms and Haitian artisans. The unique craftsmanship of more than a dozen Haitian-based artisans is showcased throughout the hotel’s guest rooms, corridors, great room, conference areas, restaurant and courtyard. From signature metalworks, papier mâché masks and voodoo flags, to contemporary photography and stone and wood sculptures using natural and recycled materials, the deep, vibrant art culture of Haiti is on display.

⁴² “5by20 What Were Doing,” Coca-Cola Company website
Link: <http://www.coca-colacompany.com/our-company/5by20-what-were-doing>

Marriott Port-au-Prince is sourcing 100% of its coffee from Haitian company, Rebo Coffee, which employs several hundred women who carefully select the beans for quality. Rebo is a socially responsible business that is investing in agricultural and financial training for small and independent farmers. Marriott Port-au-Prince was the first hotel in Haiti to source produce from Afe Neg Combite, a Kenscoff-based co-op made up of 5,500 farmers employing a total of 8,000 people. Marriott International’s procurement team worked with the farmers for more than a year to help them produce, package and transport fruits and vegetables in ways that meet the quality, yield and lower waste standards of the hospitality industry.

The hotel is also sourcing sustainable fair-trade soaps and amenities from local producer, Ayiti Natives. The products are made by Haitians using local Haitian herbs, nuts and fruits. Ayiti Natives was founded by Caroline Sada, a Haitian American social entrepreneur who left a job with a well-known U.S. cosmetics company after the Haiti earthquake struck—she wanted to give back to the local community. All of her employees are women, and most come from the most destitute villages in Haiti.

D. Building and Leveraging Partnerships

Several corporations around the world are building and leveraging partnerships in support of underutilized businesses. Many of these investments are measurable, verifiable and trackable over time. These partnerships are helping to create ecosystems of support for underutilized businesses from corporations, governments, civil society, academia and, of course, the underutilized business owners themselves.

Clearly, non-profits such as WEConnect International, NGLCC, CAMCS, MSDUK and USBLN are essential partners in supplier development. Not only do these types of organizations offer verification services, but they also leverage their relationships with other relevant organizations contributing to business growth and economic development in target markets. Partners play

a critical role in helping to identify and develop women business owners running companies from the start-up phase, such as Kiva, to high growth, such as the Women President's Organization.

In 2013, at the Clinton Global Initiative conference, a coalition of corporations and nonprofits came together to make a mega commitment: "Advancing Women-Owned Businesses in New Markets." The first objective was to track and measure at least \$1.5 billion in combined total new money spent by commitment makers on women-owned businesses based outside the U.S. between 2013 and 2018. The actual total spend at the end of 2014 exceeded \$3 billion. The second objective was to implement Supplier Readiness initiatives, including mentoring, targeting at least 15,000 women-owned businesses based outside the U.S. between 2013 and 2018. The actual total number of women trained at the end of 2014 exceeded 40,000 women. These results would not have been possible without the coordinated collaboration of a diverse set of stakeholders including Accenture, The Boeing Company, Cherie Blair Foundation, The Coca-Cola Company, DLA Piper, EY, ExxonMobil, Freeport-McMoRan, Goldman Sachs, IBM, ICRW, IDB, Intel, Johnson Controls, Marriott International, McLarty Global Fellows, Pfizer Inc., RBS, Rockefeller Foundation, TechnoServe, Thunderbird School, U.S. Department of State, Vital Voices Global Partnership, Walmart and WEConnect International.

In September 2016, more than 30 partners joined the Clinton Global Initiative's No Ceilings: The Full Participation Project, Vital Voices Global Partnership, and WEConnect International to announce a new series of commitments that address significant gender gaps and advance the gender equality targets of the UN sustainable development goals. Over the next five years, the coalition's collective Commitments to Action will advance women's economic participation, address violence against girls and women and promote women's leadership in the public and private sectors. It includes a specific commitment by select partners to spend more than \$15 billion with women-owned businesses. Other coalition partners

include Airbnb, American Jewish World Service, Avon, CARE, Catalyst, Cherie Blair Foundation, Dermalogica, EY, East-West Center, Foundation Center, Freeport-McMoRan, Global Fund for Women, IBM, ICRW, Ingersoll Rand, McLarty Global Fellows, NEST, P&G, Pfizer Inc., Sodexo, Together for Girls, UN Trust Fund to End Violence Against Women, Unilever, Upaya Social Ventures, WAKE International, Walmart, Women Deliver, Women for Women International, and Women's Funding Network.

Global Citizen is a community of people who want to learn about and take action on the world's biggest challenges, including ending extreme poverty. In September 2016, Johnson & Johnson, UPS and Walmart each committed to purchase an additional \$100 million from women-owned businesses over the next three years. This total \$300 million commitment is set to affect 240,000 lives by 2019, follows 30,000 actions by Global Citizens who posted their online support for this commitment, and will be delivered through Global Citizen's partner, WEConnect International.⁴³

The positive effect global supplier diversity and inclusion has on society is in urgent need.

The evidence and experience to date suggests that corporations can and must leverage their expertise and global purchasing power in support of underutilized businesses because it is good business and because the positive effect global supplier diversity and inclusion has on society is in urgent need.

⁴³ "Festival 2016 Impact - Women's Economic Empowerment," Global Citizen, October 4, 2016
Link: <https://www.globalcitizen.org/en/content/global-citizen-festival-2016-impact>



Part VI: Conclusion

The global marketplace is changing dramatically as the political world shifts. These changes will have a dramatic impact on global relations and the ways multinational corporations operate. In addition, the aging workforce in many countries, as well as Millennial workforce trends, are impacting the ways corporations do business across the globe and causing them to increasingly rely on outsourcing to contractors and subcontractors. Hiring the best local suppliers who are connected to local communities will become a business imperative, even as corporations seek to consolidate their supplier base.

According to recent research by The Hackett Group, increasing numbers of multinational corporations are finding that “by expanding the goals and activities of supplier diversity programs, they can gain access to new markets and more beneficial supplier partnerships. Survey respondents indicated the importance of a well-developed supplier diversity program in meeting revenue goals. Case in point: up to 10% of sales come with supplier diversity requirements, suggesting that the lack of such a program can result in lost revenue.”⁴⁴

Accenture and EY report clients asking about their supplier diversity and inclusion initiatives, and note that it can be a factor in securing new clients.

IBM’s Robinson believes global supplier diversity and inclusion is crucial to having an advantage in an increasingly global economy. “If you narrow your supplier options, you will miss the opportunity to advance your supply chain. It’s like investing in stock. If you had invested \$100 in Microsoft or Google when they first came out, you’d be a multimillionaire. If you don’t open it up and look at opportunities, at someone with a great idea or a great product, you are missing out on an advantage to the bottom line.”

As Accenture states in its Corporate Sustainability Report: “Developing diverse suppliers strengthens communities by creating more businesses, more jobs and more economic growth. It helps individuals acquire skills to compete for contracts, promoting increasing levels of self-reliance, socio-economic well-being and innovation.”⁴⁵

All of these corporate leaders are saying the same thing: to be successful, their value chains must be local and global and always inclusive. These corporations are market leaders because they: take deliberate steps to anticipate the needs of their target markets; actively seek out unique, innovative and cost-saving solutions; leverage their inclusive culture to attract and retain talent; and work hard to build and maintain their brand and reputation as an innovative and inclusive business.

⁴⁴ Connaughton, Patrick and Gibbons, Laura, “Beyond Compliance: Top Supplier Diversity Programs Aim to Broaden Proposition,” The Hackett Group, September 19, 2016

⁴⁵ Accenture 2015 Corporate Citizenship Report
Link: <https://www.accenture.com/us-en/corporate-citizenship-report>

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The Business Case for Global Supplier Diversity and Inclusion: The Critical Contributions of Women and Other Underutilized Suppliers to Corporate Value Chains

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