



Canadian Centre for Diversity and Inclusion  
Centre canadien pour la diversité et l'inclusion

# Supplier Diversity in Canada

**Research and analysis of the  
next step in diversity and inclusion  
for forward-looking organizations**

Produced in partnership with the University of Manitoba



UNIVERSITY  
OF MANITOBA

## About This Report

I am delighted to share CCDI's fifth research report, a landmark report measuring supplier diversity in Canada.

This report has been more than two years in the making. The small team who formed the CCDI in late 2012 and early 2013 saw that supplier diversity was the one area of diversity and inclusion that was lagging in Canada and saw a need for more Canadian research to move the practice forward.

In the United States, supplier diversity is a multi-million dollar business. But in Canada, we have yet to fully grasp the concept. As this report shows, there are few organizations that have a supplier diversity program here as compared to the U.S., where it has grown largely as a result of legislation.

Supplier diversity is important. It closes the loop with the diversity and inclusion lifecycle. When we talk about diversity and inclusion, we talk about it from four points – the workforce, the workplace, the customer or market and lastly, the supplier. Supplier diversity is the last piece of the puzzle that organizations can engage with to create true inclusion and complete the full cycle of diversity and inclusion, touching many aspects of organizational culture, business planning, operations, employee engagement and community relations, as you will see in these pages.

This report is the result of the work of many, starting with a small, dedicated committee of CCDI volunteers: Marta Rzeszowska Chavent, Nina Woods, Stacey Ann Augustin and Teena Paul, whose preliminary research led us to Dr. Paul Larson's 2012 DiverseCity report, *Supplier Diversity in the GTA*. Dr. Larson and his team started working with the CCDI team to develop the approach for this study. Throughout 2015, CCDI staff worked closely with Dr. Larson and his team of researchers at the University of Manitoba, Asper School of Business, Department of Supply Chain Management, to gather information and produce this report.

Our goal with this report is to prove beyond a reasonable doubt that there is a strong business case for supplier diversity in Canada, and so as we examine aspects of supplier diversity throughout this report, you will see the business case supported in different ways. Our hope is to inspire more organizations in Canada to begin their progress on supplier diversity so they can reap the benefits of the full cycle of diversity and inclusion.

**Michael Bach, CCDP/AP**

Founder and CEO, Canadian Centre for Diversity and Inclusion

## **Contents**

<b>About This Report</b>	<b>2</b>
<b>Overview: Supplier Diversity Now</b>	<b>5</b>
<b>Literature Review: Setting the Scene for Supplier Diversity in Canada</b>	<b>8</b>
<b>The Survey: How Canadian Organizations Fare on Supplier Diversity</b>	<b>13</b>
<b>The Interviews: What Engaged Organizations Are Telling Us</b>	<b>21</b>
<b>Promising Practices: Six Canadian Case Studies</b>	<b>29</b>
Enterprise Holdings Inc, RBC, Sodexo Canada, TD Bank Group, City of Toronto, TransCanada PipeLines Limited	
<b>Content Analysis</b>	<b>35</b>
<b>Conclusion</b>	<b>37</b>
Advice for Implementing Supplier Diversity	39
Key Diverse Supplier Certifying Organizations in Canada	40
Research Methodology	42
About the Authors	43
References	44
<b>Founding Partners and Employer Partners</b>	<b>46</b>

## Some of the Terms Used in This Report

**Diversity and inclusion:** A practice in organizational management that supports an environment that values and respects individuals for their talents, skills and abilities to the benefit of the collective.

**Diverse supplier:** A business or nonprofit organization that is at least 51% owned, operated and controlled by Aboriginal peoples, members of a visible minority group, women, those who identify as LGBT+ or people with a disability. Visible minority suppliers are also known as minority business enterprises. (Larson 2012).

**Procurement:** Buying of goods and services to enable and support the operation of an organization.

**Supply chain:** A group of linked organizations, starting with raw material suppliers and ending with final consumers. Supply chain organizations include farms, mines, manufacturers, retailers, service providers, government agencies and nonprofit entities. The objective of a sustainable supply chain is to provide customers with products and services at the lowest possible cost, while being mindful of implications for sustainability.

**Supply chain diversity:** For our purposes, supply chain diversity refers to the people who own, operate and control supply chain organizations.

**Tier 1 supplier:** An organization's direct supplier; a person or another organization that provides goods and/or services to the focal organization. Also referred to as a first tier supplier. For example, an office supply store might be a tier 1 supplier to your organization.

**Tier 2 supplier:** An organization's supplier's supplier; a person or another organization that provides goods and/or services to the tier 1 supplier. Also referred to as a second tier supplier. From the example above, a paper manufacturer that sells paper to the office supply store, would be your tier 2 supplier.

**A note about acronyms:** At the Canadian Centre for Diversity and Inclusion, we try to avoid acronyms to keep language inclusive and ensure that words hold their intended meanings. While acronyms and sector-specific jargon are easy shorthand that stand for terms and concepts, they create an insider/outsider dynamic where people in the sector understand what's said and those less familiar with the language of the sector can feel alienated. Because inclusive communications can help practices move beyond their circles by sharing common language and values, it seems most relevant for this report on supplier diversity to use fully written out words rather than acronyms. So throughout this report, the short form D&I is written as diversity and inclusion, and SD, as those working in supplier diversity know it, is written out as supplier diversity to reach more people not already engaged with the practice.



## Overview: Supplier Diversity Now

This research project revealed a number of significant findings about the state of supplier diversity in Canada. For some issues, the results validated our hypotheses and what we suspected through anecdotal evidence and our familiarity with the field of diversity and inclusion. However, in some cases, the research revealed surprises and a few disconcerting discoveries.

### Key Insights

We found that in Canada, organizations which are larger, in the private sector, and those that are headquartered or which have operations in the U.S. were more likely to be engaged in supplier diversity initiatives.

Additionally, the research showed that organizations with an established diversity and inclusion policy or strategy and those with established corporate social responsibility or sustainability mandates were more likely to be engaged with supplier diversity. Organizations without were significantly less likely to be involved with supplier diversity.

Yet, what was disconcerting was the percentage of organizations that purport to be dedicated to diversity and inclusion that did not have a supplier diversity program. In the survey results, we found that only 43% of organizations that had a diversity and inclusion policy were engaged in supplier diversity, and the content analysis found that only 35% of organizations listed as Canada's Best Diversity Employers (2015) had supplier diversity initiatives.

We feel this is a significant missed opportunity for organizations that see themselves as being dedicated to diversity and inclusion. Considering the benefits to be gained by organizations that engage with supplier diversity, we encourage more organizations – especially those that already have a diversity and inclusion or social responsibility policy – to start a supplier diversity program.

### The Business Case for Supplier Diversity

As we look to support the business case for supplier diversity, we found that the research identified a number of important benefits the practice has brought Canadian organizations, including:

- Increased competition among vendors, leading to better pricing and more innovative products and services;
- Increased flexibility and just-in-time delivery from vendors;
- Building the most-qualified supplier pool;
- Reducing supply chain risk, by engaging multiple, capable suppliers;
- Increased access to ethnic or diverse markets;
- Meeting customer expectations for diversity;
- Community relationship building;
- Building economic capacity and prosperity in the community;
- Building stakeholder relationships and goodwill;
- Increased brand recognition within the community with improved public and client relations;
- Customization of products or services can be easier with smaller diverse vendors;
- Improved employee engagement.



## Connecting Supplier Diversity, Social Responsibility and Diversity and Inclusion

In many organizations these major initiatives may be in distinct silos. Diversity and inclusion may be in the human resources division; social responsibility and sustainability may be its own unit or housed under corporate affairs, governance or public relations and marketing; and supplier diversity is often a part of procurement or supply chain management. We found that in some organizations, there is little to no connectivity between these functions. There are a host of missed opportunities and missed synergies when these functions are kept separate, siloed and disconnected.

Diversity and inclusion, as a practice, is an important part of an organization's social responsibility or sustainability framework. Major indices have supported this assertion for years. For example, the *Global Reporting Index (GRI)* – the most widely used sustainability reporting framework in the world – has always had human rights and diversity indicators. In fact, each new version of the GRI contains more diversity-related metrics, with the most recent version, the G4, listing 18 social indicators that are directly related to human rights and diversity. (GRI 2013)

The results of this study further support the connection between social responsibility or sustainability and diversity and inclusion, and in fact point to supplier diversity as a fulcrum that connects with both realms. Supplier diversity is in a unique sweet spot bridging social responsibility and diversity and inclusion. To leverage the full benefits of all these initiatives, both the diversity and inclusion and the social responsibility or sustainability function of any organization should be well connected with supplier diversity and leveraging it as part of their holistic strategies and approaches.

Furthermore, our study found that one of the key benefits of supplier diversity is community impact. In our survey, this was the number one motivator for supplier diversity programs. In the interviews, this was not only a motivator, but one of the two primary benefits cited by interviewees at every single organization we spoke with. Community development, relationships in the community, community capacity building and economic empowerment are all outcomes of supplier diversity as well as important goals of corporate responsibility and sustainability programs.

## Confluence of Social Responsibility and Diversity and Inclusion Frameworks

In the past year, there has been a confluence of major reporting and benchmarking frameworks that explicitly connect social responsibility and diversity and inclusion, and which specifically include supplier diversity.

Canadian Business for Social Responsibility recently released their *Transformational Company Framework* as a guide for companies to embrace sustainable business practices. Two of their Transformational Company Qualities are directly related to diversity and inclusion:

- Transformational Company Quality #8 – *Employee Engagement* encourages organizations to “Have diverse, equitable thriving participatory workforces where employees are champions of sustainability at work, at home, and in the broader community.”
- Transformational Company Quality #9 – *Inclusive Business* encourages organizations to “Expand opportunities for all populations as employers, suppliers, distributors, and customers.” (CBSR 2015).

It is noteworthy that Transformational Company Quality #9 directly mentions expanding opportunities with suppliers from all populations – the essence of supplier diversity. (CBSR 2015)



In late March 2016, the Diversity Collegium released the new *2016 Global Diversity and Inclusion Benchmarks: Standards for Organizations Around the World*. This set of standards has had a category dedicated to supplier diversity for five years, and has included benchmarks on supplier diversity for ten years. However, the 2016 version also has a brand new category of benchmarks for 2016: *Connecting D&I and Sustainability*, which provides a series of benchmarks on exactly how organizations should be connecting diversity with social responsibility or sustainability initiatives. (O'Mara et al 2016)

We've seen from the participants in this study and major indices and frameworks for corporate social responsibility and diversity and inclusion that there is clearly significant encouragement for organizations to improve connections between diversity and inclusion, social responsibility or sustainability – and supplier diversity.

## The Need for Government Incentives

As you will read in this report, our survey results and interviews point to the lack of government incentives as a contributing factor for the comparatively low engagement with supplier diversity in Canada, as compared with the United States. Given the impacts on community economic empowerment and capacity building, we strongly encourage the Canadian government to consider supplier diversity legislation in their upcoming legislative agenda.

While we have seen an increase in organizations engaging in supplier diversity in Canada in the past few years, as well as an increase in the type and capacity of certifying organizations, overall Canadian engagement with supplier diversity is disconcertingly low. We hope to see more Canadian organizations recognize its multiple benefits and implement supplier diversity programs.



# Literature Review: Setting the Scene for Supplier Diversity in Canada

*Preamble: Most of the relevant literature on supplier diversity is based on American supplier diversity programs. This literature review borrows from and builds on a previous review written by Dr. Paul Larson (2012). Subsequent sections of this report provide information on the Canadian supplier diversity perspective through results from our survey of 242 organizations, 11 interviews with supplier diversity leaders, six case studies and content analysis of 65 Canadian organizations.*

Supplier diversity can be defined as: “A process that seeks to identify diverse supply partners and systemically integrate inclusive practices,” (Richards. and Ballenger 2005) or “A proactive business process that seeks to provide suppliers equal access.” (Whitfield and Landeros (2006), citing Ram and Smallbone (2003).) The Chartered Institute of Procurement and Supply (CIPS) suggests that supplier diversity refers to: “Initiatives that aim to increase the number of diverse (e.g., minority-owned, women-owned) businesses that supply goods and services to both public and private sector organizations, either directly or as part of a wider emphasis on smaller enterprises in general.” (CIPS 2013)

The Institute for Supply Management (ISM) includes “Diversity and Inclusiveness — Supply Base” among its nine Principles of Sustainability and Social Responsibility (ISM 2012). The Institute states, “The attraction and retention of a diverse supply base is the responsibility of each supply professional,” encouraging supply chain professionals to “provide diverse suppliers the opportunity to participate in sourcing opportunities and promote inclusion of diverse suppliers in the organization’s supplier development and mentoring programs.” (ISM 2012)

According to Adobor and McMullen (2007), American supplier diversity involves buying goods and services from businesses owned and operated as minority business enterprises (MBEs), women business enterprises (WBEs) and disabled veteran business enterprises (DVBEs). MBE and DVBE are more common terms in the American context, and there is no organization in Canada that certifies disabled- or veteran- owned businesses. There are some short articles written about supplier diversity programs and simple how-to guides published in the trade press, notably those written by Whitfield (2003) and Yuva (2003), however, academic research on the topic is sparse (Whitfield and Landeros 2006). Furthermore, most of this literature covers the American experience and reflects best practices in the area of supplier diversity in the American context. Of course, given the close economic and social connections between Canada and the U.S., American practices and policies influence Canadian organizations, and promising practices from American organizations with mature supplier diversity programs can help guide those organizations that are starting to adopt supplier diversity in Canada. According to Worthington et al. (2008), “The relatively few existing studies are almost all based on U.S. experience in implementing programs aimed at sourcing from minority- and/or women-owned suppliers.” However, there is growing interest in supplier diversity around the world; in Australasia (CIPS 2013), Canada (Larson 2012), Europe (Hemmingsen 2014) and South Africa (Rogerson 2012).

This literature review focuses on four aspects of supplier diversity; motivators, challenges, facilitators/tools and the business case.



## Motivators

In an early article about supplier diversity, Giunipero (1981) observes that minority purchasing programs became more common in the United States following stricter federal legislation and the priorities of the administration of U.S. President Jimmy Carter (1977-1981). Motivators include avoidance of further government regulation, fulfillment of corporate social responsibility objectives and creating opportunities for the minority population.

Dollinger et al. (1991) suggest that minority-owned business enterprise purchasing programs were a way for companies to demonstrate their commitment to corporate social responsibility and respond to demands from community groups and the government. In the U.S., Public Law 99-661, passed by Congress in 1986, required companies under contract with federal government agencies to source a minimum of five percent of each contract from MBEs (Pearson et al. 1993).

Since 2000, the business case increasingly appeared on lists of supplier diversity motivators. Shah and Ram (2006) discuss three supplier diversity drivers in the U.S.: Public Law 95-507 and set-aside programs in some States, goodwill and social responsibility, and the business case. Additionally, American demographics were changing and minority populations were growing (Richards and Ballenger 2005).

Worthington et al. (2008) classify supplier diversity motivators into four types. First, are the legislation/public policy mandates, such as Public Law 95-907 and U.S. affirmative action guidelines. A second type of motivator is stakeholder expectations, such as expectations of government agencies, taxpayers, consumers, employees, lenders, and of parent companies upon their subsidiaries. Third, there are ethical influences; the corporate social responsibility – and public relations – aspect of supplier diversity. According to the Chartered Institute of Procurement and Supply (2013), organizations embrace corporate social responsibility because they are forced to do it by laws and regulations, they feel pressured to do it by stakeholders, and/or for ethical or business reasons. The fourth type arises from economic opportunities, which may be driven by demographic shifts, economic development objectives, and the business case.

Worthington (2009) and Min (2009) also identify other motivators for supplier diversity, such as: advancing a social good, enhancing creativity and innovation, reducing dependence on current suppliers, realizing cost benefits of local sourcing, diffusing economic disparity and increasing networking opportunities.

## Challenges

Early in the research on supplier diversity initiatives, a barrier to their success emerged: the challenge of finding minority-owned suppliers (Giunipero 1981). In addition to that, Dollinger et al. (1991) list atmosphere and opportunism as the largest impediments to MBE supplier programs. While atmosphere refers to the discriminatory, unfriendly or patronizing environment minority-owned suppliers may face; opportunism can occur when a supplier overstates their capabilities, or if a buyer solicits bids from suppliers that have little chance of winning.

Pearson et al. (1993) suggested that barriers to purchasing from minority-owned suppliers are linked to unavailability of qualified minority suppliers and perceived hassles in meeting MBE purchasing mandates. Other challenges included undercapitalization and unavailability of minority-owned businesses, disillusionment with corporate bureaucracy and difficulty in finding contracts to bid on for minority-owned businesses.

Since minority suppliers tend to be small businesses, supplier diversity seems to be contrary to the supply chain management trend of consolidating the supply base, that is, preferring to do business with fewer, larger



suppliers (Shah and Ram 2006; Adobor and McMullen 2007). There is some controversy about the impact of just-in-time delivery systems on supplier diversity. Just-in-time systems are often associated with supplier reduction and greater reliance on fewer, preferred suppliers (Adobor and McMullen 2007), perhaps closing the door to small minority-owned suppliers. However, just-in-time implies supplier certification and development, along with a preference for local suppliers (Pearson et al. 1993). This may open the door.

Other possible barriers to supplier diversity programs include internal resistance, such as not wanting to break out of current relationships with non-minority business suppliers, and cases where the buying is done by user groups rather than purchasing professionals. The resources to monitor the program and report to stakeholders (Shah and Ram 2006) are another factor, along with the costs associated with setting up and administering supplier diversity programs, training staff, and communicating internally and with suppliers (Worthington 2009).

The Conference Board (2009; 2011) argues that turbulent economic times and the lack of a consensus definition of supplier diversity may stall such initiatives. Slaven and Esquivel (2013) outline six challenges in developing supplier diversity programs:

1. Fostering support among management and gaining resources to operate the program;
2. Having the purchasing organization embrace supplier diversity, as it may disrupt current relationships;
3. Mastering the landscape of diverse suppliers, i.e., finding capable diverse suppliers;
4. Developing a qualified diverse bidder pool through mentoring and supplier development;
5. Ensuring supplier diversity improvements are achieved by measuring performance and being accountable; and
6. Making sure diverse spend flows down by taking a supply chain perspective.

With all the barriers to adopting supplier diversity, our research uncovered a variety of facilitators and tools that can help organizations overcome many of the challenges.

## Facilitators and Tools

Giunipero (1981) identifies several facilitators of minority purchasing programs, including: support of top management, having a formal policy and a responsible individual, setting goals, and assessing performance. Two performance measures are: the percent of total spending with minority-owned suppliers and the number of minority-owned suppliers used. Other tools include supplier directories, National Minority Supplier Development Council (NMSDC) membership and advertising to help buyers find minority-owned suppliers. Dollinger et al. (1991) suggest acceptance of supplier diversity throughout the organization is as important as top management support. They also recommend providing managerial assistance to minority-owned suppliers and promoting cross-cultural interaction. Additional facilitators identified include trade fair attendance, checking supplier references and credit, and encouraging minority-owned suppliers to improve quality (Pearson et al. 1993).

Based on a survey of minority-owned business purchasing programs, Carter et al. (1999) found top management support and performance measurement to be significant predictors of success, defined as volume purchased from minority-owned businesses. According to Richards and Ballenger (2005), “Accountability is critical to ensuring supply chain professionals are delivering on their commitment to supplier diversity, and that diverse suppliers are providing the best value.” CAPS Research (2012) uses a series of performance measures to monitor for supplier diversity:



- Percent of organizations with a policy posted on their website;
- Percent of organizations with policies and procedures promoting supplier diversity;
- Number of employees assigned to the program;
- Number of supplier diversity outreach events sponsored or attended;
- Percent of organizations that encourage or require first- and second-tier suppliers to have supplier diversity programs; and
- Percent of organizations with a process for verifying diverse suppliers.

Additional facilitators and tools to advance supplier diversity identified in the literature include: supplier development and mentoring, second-tier supplier programs, working with the NMSDC, internal communication and training, and targeted advertising (Carbone 2005; CIPS 2013; Richards and Ballenger 2005; Shah and Ram 2006; Slaven and Esquivel 2013). Second-tier supplier diversity programs can extend supplier diversity up the supply chain, by encouraging first-tier suppliers to implement supplier diversity programs.

Whitfield and Landeros (2006) examine organizational culture as a facilitator of supplier diversity. They link elements of the Organizational Culture for Diversity Inventory (OCDI) to program effectiveness, such as measuring spending on diverse suppliers. According to this model, constructive organizational cultures – characterized by achievement, affiliating, encouraging and self-actualizing – are associated with greater levels of supplier diversity spending.

Adobor and McMullen (2007) offer six broad guidelines for developing supplier diversity:

1. Integrate supplier diversity into business goals;
2. Gain top management support;
3. Promote supplier diversity champions;
4. Develop a supportive organizational culture;
5. Build strong relationships; and
6. Create strategies to recruit diverse suppliers.

For multinational companies, Cole (2009) suggests developing a global approach to supplier diversity, and not just limiting supplier diversity to one jurisdiction. To this end, Cole suggests six strategies for developing a global supplier diversity strategy:

1. Redefine diversity in each country or cultural context;
2. Acquire an understanding of cultures, history and values in each country;
3. Align corporate initiatives with national government policy guidelines;
4. Inform diverse suppliers on the value of certification;
5. Educate purchasing professionals about global supplier diversity; and
6. Partner with foreign outreach organizations.

While the Conference Board (2009; 2011) notes the possible availability of resources from government agencies and charitable foundations as facilitators of supplier diversity, it emphasizes the need to establish and reinforce the business case, ultimately focusing on return on investment (ROI).



## The Business Case

By the turn of the century, the case for supplier diversity evolved from addressing social responsibility to a variety of reasons that make it good for business (Carbone 2005; CIPS 2013; Richards and Ballenger 2005; Teague and Hannon 2005). According to Carter et al. (1999, p. 28), “Sourcing from minority business enterprises (MBE) results in more than just window dressing for public relations. MBE suppliers bring value and innovation to the supplier base. Broadening the supply base to include MBEs can also result in suppliers that more closely mirror the buying firm’s customer base.”

Worthington et al. (2008) draw a distinction between socially responsible behaviours, when profits are sacrificed to benefit society, and privately responsible behaviors, which attempt to improve the bottom line through corporate social responsibility. Supplier diversity programs can result in cost savings and enhanced flexibility, partly because diverse suppliers tend to be small firms. Supplier diversity can also open access to ethnic markets, and build stakeholder relationships and goodwill (Worthington 2009). The supplier diversity program at Caterpillar involves mentoring smaller suppliers and increasing the supply base, which led to lower costs and improved product quality (Min 2009).

Whitfield and Farrell (2010, p. 31) state that, “Diverse, well developed supply chains promote business success by reducing costs, enhancing innovation, successfully integrating acquired businesses and reaching new markets.” Two basic business reasons for supplier diversity are outlined by The Conference Board (2011), depending on whether a firm’s primary customers are other businesses or ultimate consumers. While business-to-business (B2B) firms are driven by meeting customers’ requirements or government contract terms, business-to-consumer (B2C) firms tend to focus on increasing sales in markets which have diversity, and supplier diversity can improve the bottom line by delivering on increased efficiency and flexibility.

Slaven and Esquivel (2013) express the business case in terms of five strategic actions:

1. Building the most-qualified supplier pool;
2. Increasing competition among suppliers, to gain best quality at lowest prices;
3. Meeting customer expectations for diversity;
4. Reducing supply chain risk by engaging multiple, capable suppliers; and
5. Building community prosperity.

As will be seen in the following pages, much of the new information we gathered from Canadian organizations aligns with previous results found during the literature review.



# The Survey: How Canadian Organizations Fare on Supplier Diversity

This section presents selected results of an online survey of Canadian professionals in procurement, supply chain management, corporate social responsibility, and diversity and inclusion, with participation from a wide range of organizations including nonprofits, government and public sector organizations, healthcare and educational institutions, and a variety of for-profit companies across Canada.

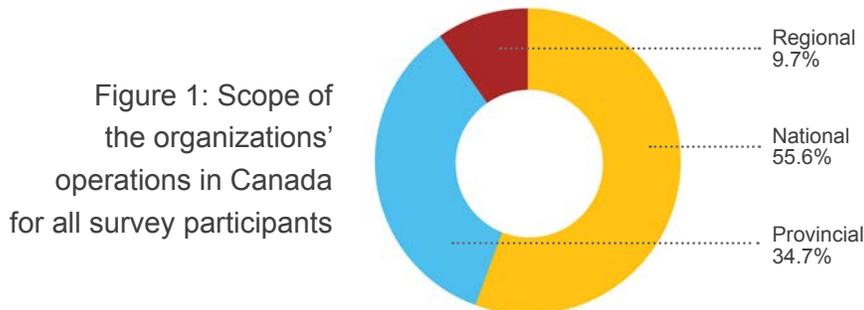
## Methods

The survey was designed in collaboration between the authors, beginning with the survey originally administered for the 2012 study, *Supplier Diversity in the GTA* (Larson 2012), and adding new variables. For example, survey logic was added to attempt to determine if an organization with headquarters or operations in the U.S. was more or less likely to be engaged in supplier diversity, and if an organization’s dedication to corporate social responsibility or diversity and inclusion made them more or less likely to be engaged in supplier diversity.

In total, we received responses from 242 organizations across Canada representing a wide range of employers, including nonprofit, government and public sector, healthcare, education, and for-profit companies. We are very appreciative of everyone who took the time to complete the survey. For more about the survey methodology, see page 42 at the end of this report.

## Survey Results

This first section of the survey results presents the attributes of the organizations that responded to the survey; that is, the types of organizations and the impact that the type, size and other organizational attributes had on their likelihood of having supplier diversity programs. Following that, the next section of the survey results outlines responses from Canadian respondents about the motivators, barriers and facilitators to supplier diversity in their organizations.



## Organizational Attributes and Supplier Diversity

The 242 survey respondents were asked about the scope of their organizations’ operations in Canada. In total we found that 39.1% of all respondents had supplier diversity initiatives. This section will outline how different organizational attributes were correlated with supplier diversity in Canada.



## Does Size Matter?

Figure 2 shows the size of the organizations responding to this survey. Survey results showed that larger organizations were more likely to have supplier diversity programs. Figure 3 shows the relationship of organizational size to likelihood of having a supplier diversity program in place. These results showed that nearly half of 'extra-large' organizations surveyed had supplier diversity programs, while nearly 37% of large organizations did. Significantly, more than three quarters of small-to medium-sized organizations did not have supplier diversity programs.

Figure 2: Size of all organizations surveyed

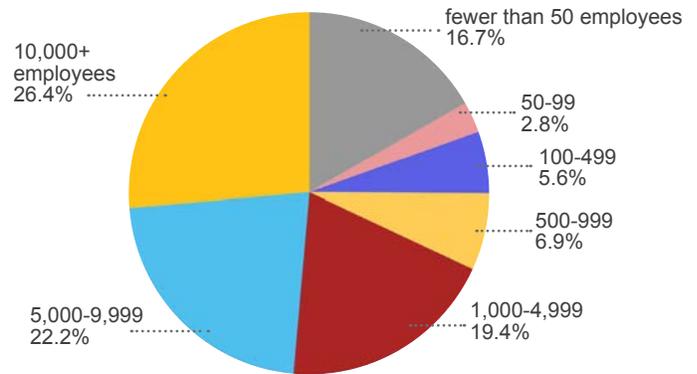
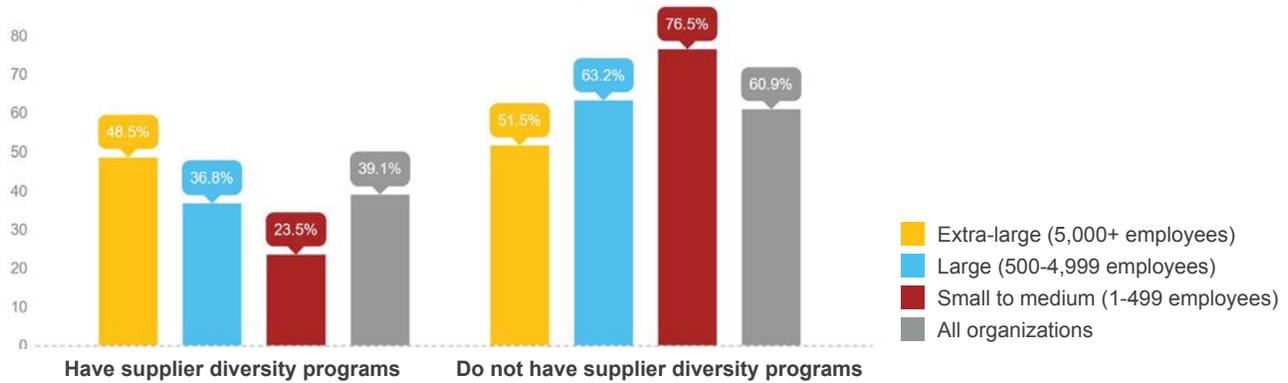


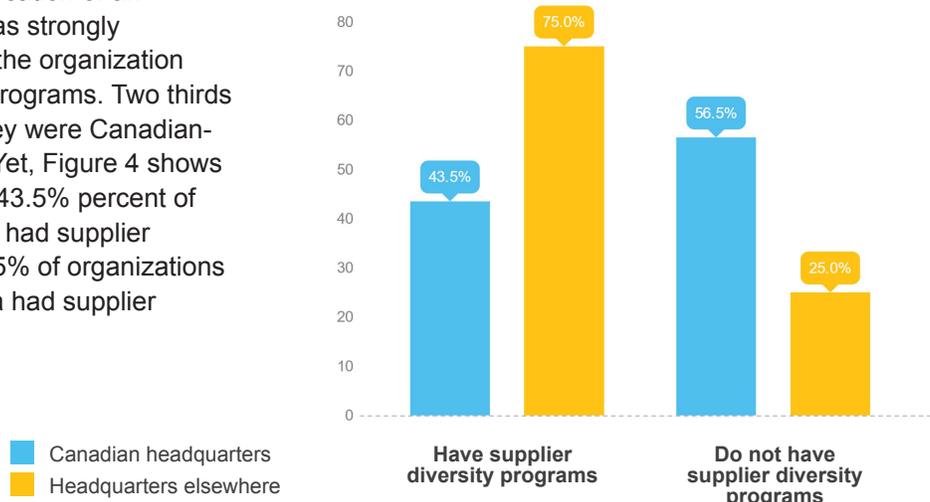
Figure 3: The impact of organizational size on supplier diversity



## The Role That Location Plays

Our findings showed that the location of an organization's headquarters was strongly correlated with whether or not the organization would have supplier diversity programs. Two thirds of the respondents to the survey were Canadian-headquartered organizations. Yet, Figure 4 shows that among respondents, only 43.5% percent of Canadian-based organizations had supplier diversity programs, whereas 75% of organizations headquartered outside Canada had supplier diversity programs.

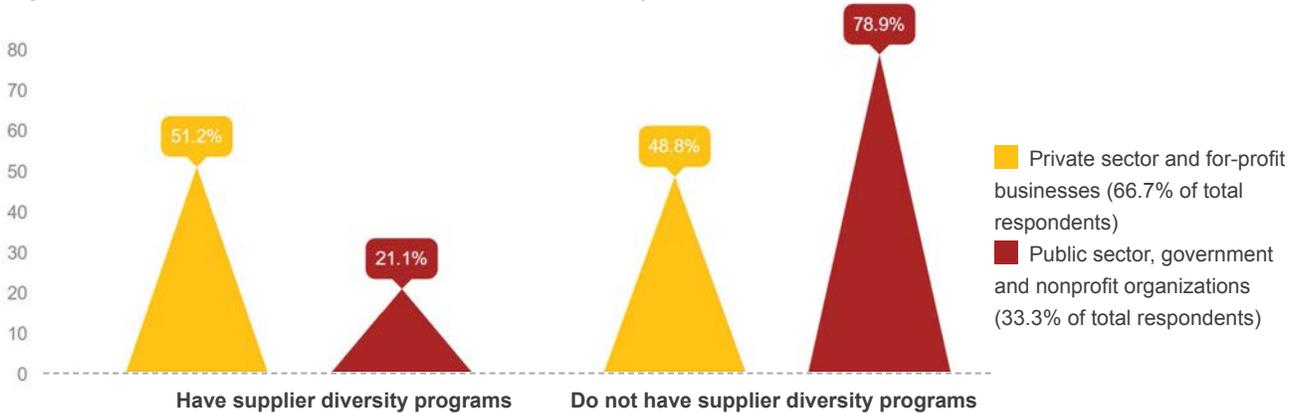
Figure 4: The impact of organizations' headquarters on supplier diversity



### A Private-Public Sector Dynamic

The sector of organizations was also shown to have an impact on the tendency to have supplier diversity programs. Figure 5 demonstrates that, in Canada, private sector or for-profit companies are considerably more likely to have supplier diversity programs, when compared to public sector or government agencies. As mentioned in the literature review, this is distinct from the American experience where supplier diversity tended to start earlier in public sector organizations.

Figure 5: The impact of sector on supplier diversity



### Leading with Diversity and Inclusion

The questionnaire asked respondents: “Does your organization have a diversity and inclusion policy or strategy?” Results showed that 87% of the respondents answered *yes*, 11.6% answered *no* and 1.4% did not know whether their organization had a diversity policy or strategy.

Organizations that reported having a diversity policy or strategy were also asked the reasons for this policy, with the results described in Figure 6. Among survey respondents, pressure from customers was reported to have a very small influence as a reason for having a diversity policy or strategy.

Figure 6: Reasons for having a diversity policy

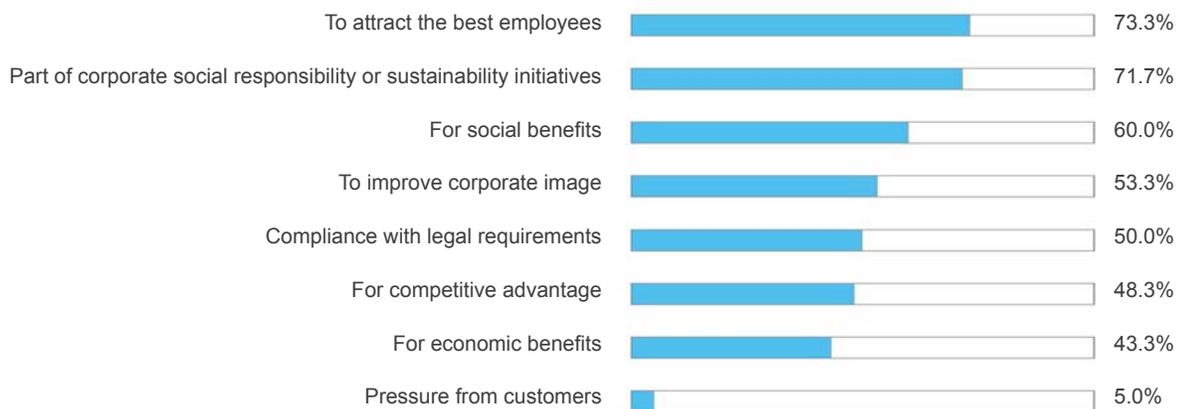
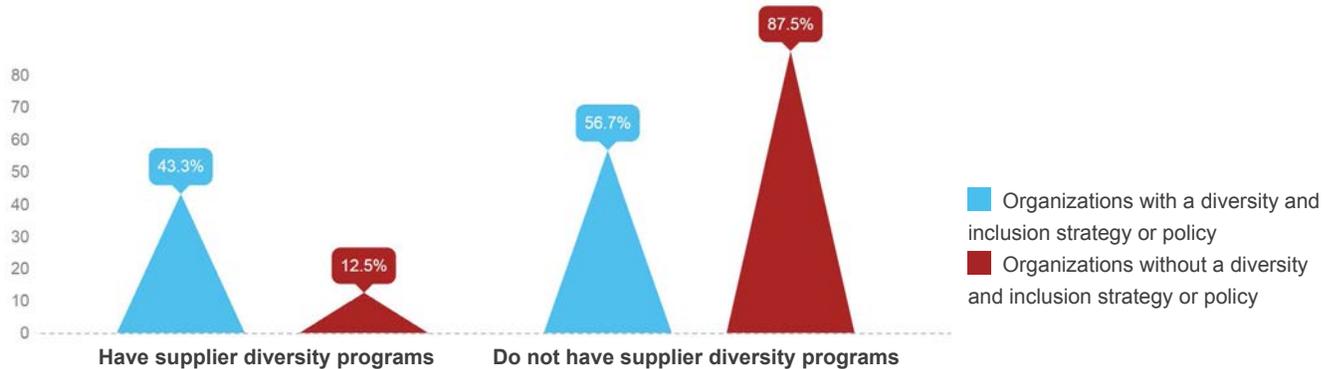


Figure 7: The impact of diversity and inclusion strategy on supplier diversity



Having a diversity and inclusion strategy or policy was shown to have a significant impact on whether an organization would be engaged in supplier diversity. As Figure 7 shows, a very small percentage of respondents indicated they had a supplier diversity program, but did not have a diversity and inclusion strategy or policy. The results show that the lack of a diversity strategy was a strong indicator that an organization would not be engaged in supplier diversity.

A disconcerting finding from this, however, was that while 87% of respondents indicated they had a diversity and inclusion strategy, only 43.3% of those indicated that supplier diversity was a part of that policy. This provides significant opportunity for organizations that are dedicated to diversity and inclusion to expand their focus to include suppliers.

## The Corporate Social Responsibility and Sustainability Link

When survey recipients were asked if their organization has a corporate social responsibility or sustainability mandate in Canada, nearly 60% of the respondents replied yes, while 20% answered no, and almost 21% of survey respondents did not know.

Supplier diversity programs are often (but not always) linked to corporate social responsibility and sustainability initiatives within organizations. An important finding from the survey was that organizations that had corporate social responsibility or sustainability initiatives were found to be more likely to have supplier diversity programs.

Of the 58.6% of respondents who had a corporate social responsibility mandate, only 43.6% of those had supplier diversity initiatives. Again, this provides opportunities for organizations dedicated to social responsibility or sustainability develop a more holistic approach.

## Where Does the Focus Go?

Of the supplier diversity programs in Canada, 91.7% included Aboriginal people, visible minorities and women; 79.2% included people with disabilities and 75% included the LGBT community.

As we saw throughout this study, respondents with supplier diversity programs have developed partnerships with several councils or associations that support their focus for supplier diversity,



including the Canadian Aboriginal and Minority Supplier Council (CAMSC), Canadian Council for Aboriginal Business (CCAB), WBE Canada, and the Canadian Gay & Lesbian Chamber of Commerce (CGLCC). Find out more about these organizations in the resources at the end of the report, page 40.

As there is currently no organization in Canada that certifies businesses owned by people with disabilities, we believe Canadian respondents' indication of people with disabilities as a focus area is a reflection of the fact that they have supplier diversity initiatives in the U.S. and Canada.

**Motivators**

Canadian organizations engaged with supplier diversity were asked about motivators for initiating those programs. Figure 8 presents complete results for the question about supplier diversity motivators. Interestingly, the top two motivators – *improves our organization's local community impact* and *improves our organization's social standing* – are more about social responsibility than the business case.

However, several other highly rated motivators – *broadens our supplier base*, *matches consumer demographics*, and *improves our supply chain performance* – are closely linked to the business case for supplier diversity. The lowest rated motivator – *reduces our legal constraints* – corresponds with the lack of legislative or regulatory requirements for supplier diversity in Canada.

Figure 8: Motivators for supplier diversity



## Barriers

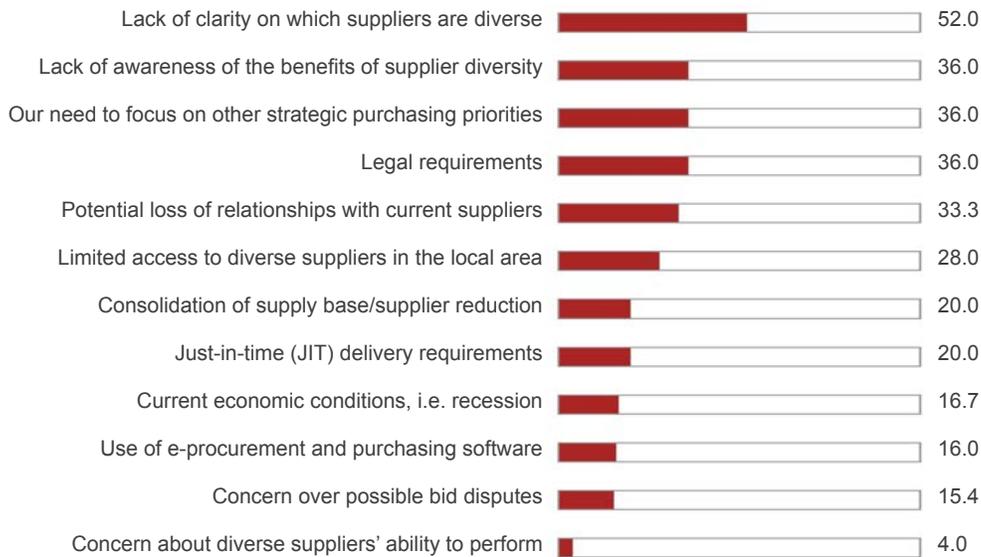
Respondents with and without supplier diversity programs were asked to identify their barriers or challenges to implementing supplier diversity programs in Canada. These results are shown in Figure 9.

The leading barrier, one on which a majority of respondents without supplier diversity programs agree, is *lack of clarity on which suppliers are diverse*. As we shall see from the interviews for this study on page 21, partnering with certifying councils such as CAMSC, CGLCC, CCAB and WBE Canada can eliminate this barrier.

Lack of clarity is followed by *lack of awareness of supplier diversity benefits, need to focus on other priorities* and *legal requirements*. The latter is particularly interesting; while it was reported as a barrier by just over one third of respondents, it appears legal matters may be more of a barrier to, rather than a facilitator of, supplier diversity. While supplier consolidation and just-in-time delivery requirements are discussed in the literature as barriers to supplier diversity, they are relatively weak in the minds of Canadian respondents to this survey.

One notable result from our survey about barriers to supplier diversity: it is encouraging to note that concern about diverse suppliers' ability to perform is the lowest rated barrier. Only 4% of the respondents agreed with this barrier. Canadian buyers may be unclear about which suppliers are diverse, but they are not concerned about the capabilities of diverse suppliers to perform.

Figure 9: Barriers to supplier diversity



## Facilitators

Despite the barriers or challenges to supplier diversity within organizations, there is good news: there were a number of facilitators that enabled organizations to engage in supplier diversity initiatives. As Figure 10 summarizes, the top three facilitators to engaging in supplier diversity – *having a diversity strategy*, *diversity champions* and a *supportive organizational culture* – are all ‘big picture’ elements of organizations which are related to a strong dedication to diversity and inclusion overall.

The fourth leading facilitator – *having a social responsibility/sustainability strategy* – reveals the close connections between diversity, sustainability and social responsibility.

Figure 10: Facilitators of supplier diversity



Job performance metrics related to supplier diversity was also an important facilitator to supplier diversity programs, reinforcing the premise that – as with most organizational priorities – what gets measured gets done.

*Supplier development*, working closely with selected suppliers to improve their performance for mutual (buyer and supplier) benefit, was also rated an important facilitator by a majority of respondents.

The lowest rated facilitator – *provincial incentives* – again confirms a lack of government involvement in supplier diversity programs across Canada. Finally, as noted already, working with professional diverse-business certifying organizations (local supplier councils) was also seen as a facilitator.



## Summary of Survey Results

Key findings from the survey in many ways aligned with findings from the content analysis of documents on organizational websites, as we show on page 35.

- Larger and for-profit organizations were more likely to be engaged in supplier diversity;
- Organizations with ties to the U.S. were more likely to be engaged in supplier diversity;
- Organizations with a corporate social responsibility or sustainability strategy were more likely to be engaged in supplier diversity;
- Organizations with a diversity and inclusion strategy or policy were more likely to be engaged in supplier diversity;
- Having a diversity and inclusion strategy, an organizational culture that is supportive of diversity and inclusion, and strong diversity champions within the organization were shown to help organizations with supplier diversity;
- Having job performance metrics that include supplier diversity and/or dedicated resources were also important facilitators for supplier diversity;
- The lack of government incentives in Canada is a factor in lower engagement with supplier diversity among the organizations surveyed; and
- Canadian respondents involved in supplier diversity do not have concerns about diverse suppliers' ability to perform or provide just-in-time delivery of goods and services.



## The Interviews: What Engaged Organizations Are Telling Us

CCDI held in-depth interviews with procurement and supply chain professionals at 11 organizations engaged with supplier diversity in Canada, including a range of sectors, industries, and commitment to supplier diversity initiatives. Interviewees were identified from the group of those who responded to our national supplier diversity survey. Organizations that participated in interviews included three public sector organizations, one university and seven for-profit companies.

The objectives of these interviews were: 1) to explore the nature and origins of their supplier diversity initiatives in Canada, and 2) to more deeply investigate the potential benefits and challenges of supplier diversity initiatives. It should be noted that a few organizations interviewed did not formally refer to what they were doing as supplier diversity, however many of their initiatives fall within this realm and so they were able to speak about the effectiveness and applicability of these initiatives. This section will discuss findings from the interviews and explore key themes identified.

We would like to thank each of the people we interviewed for their participation in this research:

The Disabilities Awareness Consultants: Laurie Sue Robinson, President.

Enterprise Holdings, Inc.: Lee E. Lewis, Global Supplier Diversity Manager.

Queen's University: Kelly McGarry, Procurement Specialist.

Royal Bank of Canada: Charles Varvarikos, Director, Facilities Sourcing and  
Nellie Benitez-Viveiros, Corporate Social Responsibility, Procurement.

Sodexo Canada: Shiva Manishankar, Sr. Manager – Value, Supply Management & Ontrak.

TD Bank Group: Marcia Seymour, Senior Manager, Procurement Corporate Responsibility.

City of Thunder Bay: Dan Munshaw, Manager of Supply Chain Management.

City of Toronto: Michael Pacholok, Director of Purchasing & Materials Management.

TransCanada PipeLines Limited: Andrea Korney, Manager, Supplier Lifecycle Management,  
Supplier Diversity & Local Participation and Melanie Bonnar, Supplier Diversity Specialist.

An anonymous energy company.\*

An anonymous public sector organization in the Northwest Territories.\*

*\*Note: these organizations participated in the interviews, but chose not to be publicly identified.*



## Origins Stories: The Beginnings of Supplier Diversity Within Organizations

Organizations that participated in interviews came to supplier diversity in one of two ways: an evolution over many years, or a recent mandate for supplier diversity. The following section will explore each type of timeline and the value of partnering with certifying organizations such as CCAB, CAMSC, CGLCC and WBE Canada, as expressed by the interviewees.

### Evolved Programs: Long Established Supplier Diversity Initiatives

For some organizations, the supplier diversity strategy grew steadily over a long period of time alongside other organizational processes and mandates. Of the four organizations that had an evolved approach over many years, two are headquartered outside of Canada. We will feature three of these evolved origin stories here: Enterprise Holdings, Sodexo Canada and RBC. The fourth organization is the anonymous energy company.

Enterprise Holdings, a rental car company headquartered in the U.S., currently operates the Alamo Rent A Car, Enterprise Rent-A-Car and National Car Rental brands. Lee E. Lewis of Enterprise Holdings indicated that the company makes deliberate efforts to engage with diverse suppliers. He explained that supplier diversity for them began nearly 15 years ago, having grown out of a small effort to support local businesses in order to stimulate the local economy and establish trust with the community in the places where they do business.

Sodexo Canada, a food services and facilities management company, headquartered in France, has also had a long evolved commitment to supplier diversity and to diversity and inclusion in general. Shiva Manishankar told us, “Supplier diversity has been within the DNA for Sodexo for some time.” During the 1990s, at the beginning of Sodexo Canada’s supplier diversity journey, the company made a commitment to work with Aboriginal partners and then, over time, grew their initiatives to incorporate women-owned, minority-owned and other diverse businesses into their procurement strategy in an effort to be Canada’s “Employer and business partner of choice.” As she expressed, “At the end of the day, many employees and businesses are looking to work with corporations that embrace diversity and inclusion.”

At RBC, discussions about supplier diversity started more than a decade ago, in 2004, when RBC became a founding member of CAMSC. Diversity and inclusion had been an important value at the bank, and supplier diversity quickly became part of the conversation. RBC developed its supplier diversity program in 2007 but found it difficult in the early years to ramp up quickly due to the limited number of certified diverse suppliers in Canada at the time. As Charles Varvarikos shared, “The challenge in getting started was just finding out who are the suppliers. There was no supplier diversity database; not like in the U.S. There was really a limited number of suppliers in those years. Back then, we were a founding member of CAMSC. Now, it is starting to gain much more traction.” For many years, RBC has been integrating supplier diversity into their procurement processes so that it is not just one person’s job; supplier diversity is part of the responsibility of everyone on the Procurement team.

Significantly, these organizations with well-evolved supplier diversity programs – Enterprise Holdings, Sodexo Canada and RBC – all indicated that their companies’ missions and values were major drivers for a dedication to supplier diversity. They have subsequently found that they have gained many financial and non-financial benefits from the practice, and as a result, as their organizations grew, so did their supplier diversity mandates.

### New Beginnings: Recently Established Supplier Diversity Initiatives

The three organizations interviewed that had implemented supplier diversity initiatives within the past few years are all headquartered in Canada; TransCanada PipeLines Limited, TD Bank Group and the City of Toronto.



From the interviews for this research and from our experience at CCDI, it is clear there is a growing awareness of the value of supplier diversity and its strategic benefits for organizations. We have noted a recent increase in the number of Canadian organizations turning to CCDI for support when they find that American requests for proposals (RFPs) are asking supplier diversity-related questions of companies' second tier suppliers. In some cases, Canadian companies find themselves unprepared for questions about supplier diversity and realize they're at a competitive disadvantage to their American competitors, driving the impetus for developing their own supplier diversity programs.

TD Bank Group implemented a supplier diversity program in 2011. Marcia Seymour explained, "The concept of diversity and inclusion has long been embedded in TD's value system. We want customers to feel welcomed and valued, and employees to bring their whole selves to work. So, with that as our foundation it made perfect sense to extend those principles to our suppliers." With this initial driving force, Seymour said that over time they started to understand the opportunity supplier diversity presented and the other benefits it could bring.

At the City of Toronto, it has been almost two years since the municipality began exploring the ways in which supplier diversity could strengthen the City and support local small- and medium-sized businesses. The City has recently conducted two pilot projects. Michael Pacholok indicated that they are developing a supplier diversity policy which they hope to have approved by City Council and rolled out more broadly in 2016.

TransCanada had been investigating supplier diversity for several years and has been engaged for about two and half years. They spent the first couple of years researching best practices and developing their program foundations with dedicated full-time employees at the end of 2013. "We are currently working on standardizing supplier diversity within our supply chain practices and continuing to build our corporate supplier diversity program," said Andrea Korney of TransCanada.

Many of those we interviewed stated that the reason for the slow uptake was the lack of official mandate in Canada to encourage or require organizations to pursue local or diverse procurement and development, as exists in the United States. Other than the Atlantic Accord and limited local business initiatives in some regional jurisdictions – which generally apply to a limited number of businesses – there is little to promote or require supplier diversity initiatives in Canada. Therefore, organizations are engaging in supplier diversity as they become aware of the business case for it, and may be slow in ramping up.

## **In Partnership: The Value in Working with Canadian Certifying Organizations**

Every organization interviewed with formal supplier diversity programs in Canada had established partnerships with one or more of the following organizations: CAMSC, CCAB, CGLCC, WBE Canada and/ or WE Connect International – which are valued for their certification of diverse suppliers and for the support and resources they provide for organizations that are implementing or engaged in supplier diversity initiatives. Every interviewee stated that without these partnerships, it would be difficult to find diverse suppliers that are able to compete with other vendors in procurement bids such as RFPs and requests for information (RFIs).

Charles Varvarikos at RBC is a proponent of these partnerships. "Through partnerships with CAMSC, CGLCC, and WBE Canada, for example, we found great value, including enhanced competition by having certified supplier organizations also submitting bids to our RFPs, and thus we were able to expand the competitiveness of our procurement process." Varvarikos is a passionate champion and advocate for supplier diversity who regularly speaks at both internal and external events put on by CAMSC, CGLCC and WBE Canada to promote supplier diversity and share the business benefits of their initiatives. "We feel it's important that we continue to share the benefits of supplier diversity, and also help more potential suppliers understand the benefits of getting themselves certified," said Varvarikos. Shiva Manishankar at Sodexo shared that it would be difficult if not impossible to find diverse suppliers without these partnerships with the certifying



organizations. Michael Pacholok, from the City of Toronto, described the value of the City's partnerships with these organizations in the development of their supplier diversity initiatives and echoed the others, saying, "There is no point for us to re-create the wheel. We can work together, or try to do it on our own and struggle."

## The Corporate Social Responsibility and Sustainability Link

One of the key connections that we sought to discover through this research was the relationship between supplier diversity and corporate social responsibility or sustainability within organizations. Specifically, we wanted to determine whether having a corporate social responsibility or sustainability program made an organization more or less likely to be engaged in supplier diversity programs, and also the internal connections between supplier diversity and corporate social responsibility or sustainability within organizations.

As discussed in the survey results, we indeed found that having a social responsibility or sustainability policy made an organization much more likely to have supplier diversity; yet, disconcertingly, less than half of the respondents with social responsibility or sustainability policies were engaged in supplier diversity. In the interviews, we wanted to delve more deeply into the connections between corporate social responsibility and supplier diversity within two companies that are actually leveraging these connections: Enterprise Holdings and TD.

Lee E. Lewis expressed the connections between the two at Enterprise Holdings this way; "There is a lot of overlap and interaction between us [the Supplier Diversity and Corporate Responsibility functions]. For example, we talk to the same people and go to the same conferences. There are definitely connections, but his specific focus is different than mine because I am in supply chain management advocating for and developing partnerships with minority- and woman-owned business specifically, and he is in corporate responsibility which has more to do with community partnership and brand advocacy."

TD was one organization where supplier diversity is seen as strategic component of their Corporate Responsibility strategy. For more detail on their approach, read our case study on TD in the next section of this report.

Many of our interviewees indicated that supplier diversity and corporate social responsibility or sustainability are viewed as different realms within their organizations and were often in separate silos with little to no collaboration or connection between the two. This is possibly a missed opportunity for many organizations. Viewing supplier diversity as only a procurement process without taking into account the potential positive impacts to customers and communities limits organizations' ability to leverage all the benefits of supplier diversity.

## Challenges to Supplier Diversity

Two main challenges to supplier diversity were identified by interviewees regardless of their industry or sector: 1) the initial time and investment needed to implement a supplier diversity program; and 2) the limited number of certified diverse suppliers in Canada able to work with larger organizations.

### Time and Investment Needed

One of the biggest challenges identified by organizations was the resources required to develop and operationalize a program. In order to gain access to lists of diverse suppliers, organizations generally invest as partners or sponsors of the certifying bodies to obtain their lists of certified diverse suppliers. Further, as many procurement and supply chain management professionals in Canada are not knowledgeable about



supplier diversity and its benefits, training and education is required within the procurement departments. These are contributing factors to why organizations are unable to ramp up quickly. Marcia Seymour from TD told us how it takes significant time to see real change and local impact from these programs. Echoing information found in the literature review, representatives from several organizations indicated that in order for these programs to be successful, education and training is required for both employees and suppliers. A further issue identified by some of those interviewed is that the number of employees that touch the procurement process can be widely distributed throughout the organization, again highlighting the need for extensive education and communication.

One possible solution to this challenge is to gain leadership buy-in for the supplier diversity initiatives by demonstrating the business case and connecting supplier diversity to other important organizational values or priorities. Each interviewee stressed the importance of having executive sponsorship and senior leadership support. As Michael Pacholok from the City of Toronto explained, “If it is important for senior leaders, then it will be important to the organization as a whole.” Those who talked with us asserted that when senior leaders within the organization are unaware of the business case or unwilling to provide the necessary support for supplier diversity, then the process of creating an integrated supplier diversity program is very difficult, if not impossible.

At RBC, diversity and inclusion for innovation and growth is a core value that is supported by the highest level of executives. Having diversity is just part of the story; how well that diversity works together is the key. “RBC recognizes the strong business case for supplier diversity. We are focused on providing more opportunities for diverse suppliers and vendors to compete for business and continuously work towards a truly inclusive supply chain,” said Charles Varvarikos. “Doing the right thing has always been important to us and in our view part of what it means to be a responsible corporate citizen.”

Organizations wishing to gain more senior level support for supplier diversity should first and foremost articulate the business case for supplier diversity as it relates to their organization’s business operations, culture and strategic goals. As an organization in the Northwest Territories indicated, “Present them a business case by establishing the value for your organization. Research the benefits other organizations have derived from supplier diversity, compare the cost of doing it and the risk of not doing it, and put together a cost-risk assessment that explains why this program is vital to the organization’s future.”

### **Limited Number of Certified Diverse Suppliers in Canada**

A second major challenge cited by those we interviewed is the limited number of certified diverse suppliers in Canada. Furthermore, the types of goods and services provided tend to be limited to a few economic sectors or categories and many of the diverse suppliers are small businesses that lack the capacity to provide goods or services to large geographically-dispersed companies. Interviewees indicated that the majority of the certified suppliers provide goods and services mainly within the areas of human resources, IT, marketing and branding merchandising, and within the realm of temporary employment services. This creates challenges to organizations that are committed to supplier diversity because they are hindered by the limited scope of goods and services offered by diverse suppliers.

The procurement and supply chain specialists who spoke with us maintain that this is due to low awareness in Canada about supplier diversity and its benefits. Many of those we interviewed suggested that a contributing factor to the low awareness may be the lack of Canadian government mandates or incentives for companies to engage in supplier diversity programs. There are only a few government incentives or programs in Canada that promote or require local or diverse procurement initiatives: the Business Incentive Policy in the Northwest



Territories; the Atlantic Accord, designed for oil and gas resource management in the Atlantic Provinces, and a few local business initiatives in some regional jurisdictions; all programs which are limited in scope and reach.

Several of those we interviewed indicated that the lack of federal impetus for supplier diversity means that they gain buy-in by explaining the business case and value of supplier diversity while competing against other organizational processes and business goals, and while dealing with change management issues such as organizational inertia and resistance to change. Like many diversity and inclusion initiatives, there is significant evidence of the benefits of implementing supplier diversity programs; however, most benefits are seen over a significant period of time, not usually in the immediate short term. Furthermore, successful supplier diversity initiatives require organizational change to be successful, which can be challenging at the best of times.

In light of these challenges, organizations with mature supplier diversity programs, such as RBC and Sodexo, have been undertaking a number of approaches to promote the practice in Canada. Representatives of these organizations speak regularly about the benefits of supplier diversity and encourage vendors to get certified. Additionally, many of these organizations are engaged in vendor mentoring and development, and community capacity-building initiatives. Even newer entrants to supplier diversity see the value of these advanced programs; TransCanada and the City of Toronto are in the process of building these types of initiatives into their supplier diversity programs.

The programs for mentoring and developing vendors and building capacity in communities are providing opportunities for small- and medium-sized diverse-owned businesses to learn how to improve their operations, their goods and services, and their approach to bidding on contracts with major purchasing organizations. Through these programs, small businesses can make their bids more competitive and build capacity to deliver on contracts with these organizations.

For example, Sodexo provides vendor development sessions for potential vendors. As Shiva Manishankar shared, “We provide workshops for interested vendors. This one linen supplier who won a contract with us came to all of our workshops and learned about what we needed and the process of bidding for work with us. Ultimately they knew what we wanted and provided an excellent bid and won the work.” When asked why Sodexo would place this much time and effort into developing vendors, Manishankar shared, “We are establishing a business relationship, but we are also happy that we are helping small businesses to build capacity and grow. When small vendors have challenges they can tell us and we can work with them to try to mitigate the issues.” In effect, Sodexo’s vendor development program allowed this small supplier to be able to compete effectively with larger competitors, win a big corporate contract, and grow to new heights – ultimately creating more jobs for Canadians.

In another example, as part of their supplier diversity initiatives, four years ago RBC began hosting half-day and full-day vendor workshop and networking events to connect certified diverse suppliers with companies looking for particular procurement bids. The bank was subsequently one of the first companies in Canada to implement a vendor mentoring program. Read the case studies section of this report for more about RBC’s vendor development initiatives.

## The Business Case for and Benefits of Supplier Diversity

The economic and social benefits for supplier diversity were extensively explored with each interview participant and, despite the differences in industry and sector, each organization’s business case was remarkably similar. While many benefits were discussed, the two most commonly cited benefits were:



increased competition among suppliers and community building. This highlighted for the researchers that – like many diversity and inclusion or social responsibility initiatives – supplier diversity is not only a good thing to do for society, but also good for business.

## Increased Competition

In the survey results, the third-rated motivator for engaging in supplier diversity was broadening the supplier base. This theme was explored more deeply in the interviews. As RBC's Charles Varvarikos explained, "In places where we had limited supplier competition for business, after implementing supplier diversity we saw greater competition." This experience was echoed by each of those we interviewed. When small, diverse businesses were given the opportunity to compete alongside larger or more traditional vendors for a procurement bid, it was found that they saw greater innovation, complexity, and capability from each RFP or RFI activity due to the inclusion of diverse suppliers. Varvarikos indicated that over time, supplier diversity provided RBC with even greater competition, which led to better bids, pricing, and products and services available to the bank.

Interviewees were careful to point out that their supplier diversity initiatives were focused on creating opportunities for diverse suppliers, not giving them preference over other vendors. As Marcia Seymour from TD Bank shared, "We do not give any special credit to a supplier for being diverse when they compete. TD aims to provide them with the opportunity to compete." Vendors competing for TD's business still have to demonstrate that they can provide the goods or services at the right price. The key, for TD, is making sure that diverse suppliers have the opportunity to bid in the first place. As Seymour stated, "That is really our goal: to create a level playing field for all potential vendors to compete."

This approach to creating equal opportunity to compete aligns with other organizational diversity and inclusion initiatives, such as diverse talent recruiting strategies which call for a diverse slate of candidates where candidates still compete on merit for the position.

"After we launched the program and started measuring, we found that we already had a number of diverse suppliers in our supply chain, which further validated that diverse suppliers bring value – not because they are diverse but because they are good suppliers," said Seymour.

These statements support the assertion that engaging in supplier diversity is more than simply 'the right thing to do.' Based on these findings, implementing supplier diversity within the procurement sector added business value to each organization.

## Community Building

In our survey, we found that the top-rated motivator for being involved with supplier diversity was improving organizations' local community impact. Every single interviewee indicated that supplier diversity was of value to their relationships in the community. Those we spoke with asserted that the process created the opportunity for their organizations to express their values to the community, build relationships, establish trust, and adapt to changing demographics within the communities and regions where they operate.

**Values:** Lewis E. Lee of Enterprise Holdings, explained how "One of our core values is that 'our doors are open,' meaning that we understand that there are people who occupy all walks of life and we want folks – whether they are customers, potential employees, or business partners – to know that we are open to doing business with them." From a competitive standpoint, this encourages an ongoing community relationship with the surrounding area that builds trust with local businesses leading to mutually positive relationships and speaks directly to another of their eight founding values. As Lee put it, "We strengthen our communities one



neighborhood at a time.” Essentially, the more organizations invest in the community, the more opportunities they have to conduct business with the community.

**Trust:** The ability to consistently communicate and do business with the local community leads to greater trust and support by locals. Melanie Bonnar and Andrea Korney at TransCanada put it this way: “It is all about enhancing stakeholder engagement. We want to aid local communities and business owners so that they can inform us about their capabilities and have a chance to be competitive within our supply chain. We think that this makes business sense.” The ability to consistently demonstrate positive economic impact with the local community helps build trust in the places the company has operations.

**Changing demographics:** Many interviewees expressed an awareness of changing demographics in their communities as part of the impetus for exploring supplier diversity. As the City of Toronto’s Michael Pacholok told us, “There is an understanding that diverse-owned small- and medium-sized companies are going to grow in Toronto. Providing these companies with greater opportunities to compete for bids simply helps the City grow and become more prosperous.” This will be especially true for Canadians as the country continues to receive a greater influx of refugees and immigrants, thus increasing the ethnic diversity of the country.

## Other Benefits of Supplier Diversity

Even though increased competition and community building were identified as the top key benefits derived from the supplier diversity programs of those we interviewed, there were several other benefits they described:

- Supplier diversity drives efficiency and eliminates redundancies within the bidding process. This ultimately improves the costs of the organization’s procurement operations;
- Increased brand recognition within the community improves public and client relations;
- Customization of products or services can be easier with smaller vendors;
- When supplier diversity reinforces company values, such as corporate social responsibility or diversity and inclusion, it increases employee engagement and motivation.



## Promising Practices: Six Canadian Case Studies

### Enterprise Holdings Inc. – Values and Connections to Local Communities

**Drivers for Supplier Diversity:** Expansion into Canada from U.S. and the company's founding values.

Enterprise Holdings had a well-established supplier diversity program in the U.S., which they implemented in Canada. For this company, supplier diversity has gained excellent local business relationships, increased completion, and a sense of social responsibility that they are improving economic well-being for all.

**What is unique:** Supplier diversity initiatives are values-driven.

Enterprise Holdings identifies eight founding values:

- *Our brands are the most valuable things we own.*
- *Personal honesty and integrity are the foundation of our success.*
- *Customer service is our way of life.*
- *Our company is a fun and friendly place, where teamwork rules.*
- *We work hard... and we reward hard work.*
- *Great things happen when we listen... to our customers and to each other.*
- *We strengthen our communities, one neighborhood at a time.*
- *Our doors are open®.*

Lee E Lewis, Global Supplier Diversity Manager, explained that two of those founding values are critically important to their dedication to supplier diversity; “We strengthen our communities, one neighborhood at a time,” and “Our doors are open.”

For Enterprise Holdings, the value “Our doors are open” refers to their commitment to be an inclusive company and to be responsive to all. It means the company wants to do business with people from all walks of life – whether they are customers, potential employees, business partners or suppliers.

In terms of strengthening communities, Lewis explained, “We operate all over North America, so it just makes sense for us to have local relationships within the communities where our employees live, shop, worship, go to school, and raise their families. We want to have great community relationships and part of that includes doing business with local suppliers. We recognize that we are part of a very large economic engine. When we hire local, this helps build small local businesses, so they can hire more people, who can ultimately have the opportunity to rent our cars. So that's the perfect business case for us – local economic development.”

He further explained, “Don't forget, Enterprise started as a small business – one guy with seven cars. And today we have 80,000 employees, a million and half vehicles and 10,000 locations. So we know first-hand that a small business can grow to have a tremendous economic impact. I think that the more that we reach out to minority-owned business and small businesses, the more that we can contribute to the economy, to the benefit of everyone.”



## RBC – Supplier Development and Reciprocal Mentoring

**Drivers for Supplier Diversity:** ‘Embracing diversity and inclusion for innovation and growth’ is one of the five core values for the bank. RBC’s goal is to improve diversity in the workplace and in the marketplace.

“We used to say that it is the ‘right thing to do’, but we found out quickly that it is the smart thing to do for our business. It did not take us long to see that in places where we had limited suppliers and limited competition, after implementing supplier diversity we saw greater competition which brought better pricing, products and services, and more innovation, as well as more value from our RFP processes.” – Charles Varvarikos, Director, Facilities Sourcing.

**What is Unique:** Extensive supplier development programs.

RBC was one of the first organizations in Canada to implement supplier mentorship programs and have been running a robust supplier development plan for more than four years, including development and networking sessions, as well as supplier mentoring. Development sessions include presentations on the ‘Do’s and don’ts’ of responding to RFPs and doing business with RBC. Supplier networking sessions involve gathering various Procurement staff to meet with potential suppliers.

**Promising Practice:** Reciprocal supplier mentorship.

In 2012, RBC began the supplier mentoring program which became known as the RBC Reciprocal Mentorship Program. It is providing tremendous benefits for both the certified suppliers involved and RBC.

RBC advertises its supplier mentorship program through their partnerships with CAMSC, CGLCC and WBE Canada. Each year they receive 30 to 40 applications from small diverse-owned businesses that need development, from which RBC selects eight organizations to work with annually.

On their applications, these suppliers, which are all small businesses, indicate the areas where they think they need development. RBC pairs them with internal Procurement Category Managers who have expertise in those areas to help the entrepreneurs build their skills or operational capacity. The RBC mentor and diverse-owned business mentee create a development plan that spans a year.

RBC now refers to this as a reciprocal mentoring program because the RBC mentor gains tremendous experience in coaching and developing others, and the mentor and mentee switch roles – the mentee is asked to provide feedback on RBC’s procurement processes and their perspectives on the challenges and opportunities of doing business with RBC.

“As with many mentoring programs, we quickly found that we learned from each other, and that’s why it’s reciprocal,” explained Charles Varvarikos.

RBC has now begun to share this promising practice by coaching procurement and supply chain leaders in other large organizations on the process and benefits of implementing supplier mentoring programs.



## Sodexo Canada – Supplier Diversity as an Economic Enabler

**Driver for Supplier Diversity:** Company values.

Sodexo is a recognized global leader in diversity and inclusion. Shiva Manishankar, Senior Manager, Values, and Supplier Diversity, described the company as having “A commitment to diversity that is part of our DNA.”

Sodexo identifies diversity as a key component of its global commitment to sustainable development and local sourcing, benefiting the small businesses and communities the company operates in. Sodexo’s supplier diversity practice comes from a social mission built into their business strategy to promote growth for promising small businesses run by diverse entrepreneurs. Their goal is to improve opportunities for the businesses the company selects as vendors and increase economic resilience in communities by working with them as partners.

**What is Unique:** Sodexo’s Small Business, Big Impact initiative.

Their supplier diversity strategy was, and still is, driven by three goals that blend business and social objectives:

- To hire people in the communities to run the operations locally;
- To source local food suppliers for sustainability targets;
- To create opportunities for economic development extending beyond the company’s buying power by working with local entrepreneurs.

To support this, Sodexo Canada joined organizations representing Aboriginal businesses, working with them to find suppliers for everything from food and linens to cleaners and printing. The company started working with CAMSC and CCAB. Sodexo has been certified by CCAB at the Gold level since 2001 for Progressive Aboriginal Relations (PAR) – the Aboriginal community’s recognition of innovative programming and for working with Aboriginal people with a lasting impact on their businesses and communities.

**Promising Practice:** Extensive measurement and promoting supplier diversity within their supply chain.

Sodexo uses internal scorecards to measure the success of their supplier diversity strategy. Shared with leadership, scorecards show performance across four factors that relate to customers, the employer, and vendor partners: employee engagement; client retention; sustainable, profitable growth; and overall business growth. Sustainability and diversity are built into each of these four factors. Measuring the spend on diverse suppliers is a key component of how Manishankar’s department shows growth.

Sodexo tracks and promotes diversity and sustainability within in its supply chain to tier 2 vendors. The company sends out questionnaires to suppliers designed to get them to consider the value of their own diversity, and the diversity of their suppliers. As more vendors identify with diversity, the value of the company’s impact will be further enhanced.



## TD Bank Group – Connecting Corporate Responsibility with Supplier Diversity

**Drivers for Supplier Diversity:** An increased focus on diversity and inclusion and corporate responsibility plus business expansion to the U.S. in 2007 and 2008 caused an increased focus on innovative initiatives such as supplier diversity.

“It just made sense to us that if we were looking at diversity in our employee base and from our customers’ perspective, that we would expand that to our supply base,” said Marcia Seymour, Senior Manager Procurement Corporate Responsibility from TD’s Strategic Sourcing Group.

**What Is Unique:** North America-wide program launch.

TD Bank developed and launched their supplier diversity program North America-wide in 2011. Many organizations start supplier diversity initiatives as a pilot or small program in one area or locale and start slow. It’s unusual to see an organization fully develop a program and launch it across North America.

**Promising Practice:** Connecting corporate responsibility and sustainability with supplier diversity

TD’s Corporate Responsibility strategy includes a responsible procurement policy. From TD’s Corporate Responsibility Report:

“We view our suppliers as an extension of our brand, integral to helping us run a responsible, efficient business. ... TD works with thousands of suppliers each year and we can only be a truly sustainable company if those in our supply chain are too.

“Our Responsible Procurement Policy embeds a wide range of sustainability criteria into TD’s sourcing practices and decisions. Prospective suppliers must complete a questionnaire that encompasses their:

- Corporate responsibility performance;
- Health and safety record;
- Human rights and labour practices, including child or forced labour;
- Diversity and inclusion efforts;
- Code of conduct, ethics and anti-bribery/anti-corruption practices;
- Environmental sustainability efforts.

“Supplier Diversity. Designed to create a level playing field, TD’s North American Supplier Diversity Program works to include women, visible minorities, Aboriginal Peoples, the LGBT community, persons with disabilities, veterans and other minority groups in our procurement selection process. TD is a corporate partner with the eight diverse supplier organizations in North America that certify a supplier’s diversity credentials. We also educate our own employees to raise awareness of our Supplier Diversity Program.

“In 2014:

- TD launched a group mentorship program to help the development of diverse suppliers.
- We asked key primary suppliers to report how much they are spending with their own network of diverse suppliers.
- TD was named a top 50 diversity organization by DiversityInc based in part on our supplier diversity practices.”

Marcia Seymour added, “We also ask our potential vendors and suppliers about their focus on diversity and about their own supplier diversity initiatives.” Thus, TD is encouraging diversity down through the supply chain.



## City of Toronto – Social Procurement for City Building and Economic Growth

The approach of the City of Toronto has been thoughtful and deliberate in developing their data-driven Social Procurement Framework to include several considerations including supplier diversity.

**Drivers for Supplier Diversity:** Demographic changes and economic development.

Promoting the growth of small- and medium-sized businesses is essential to the City's future economic growth and prosperity. Diverse-owned businesses will continue to grow as demographics change.

**Promising Practice:** Social Procurement Framework.

In 2012, Toronto Council directed staff to explore ways to use the collective buying power of the City's 44 divisions to maximize the City's economic, workforce and social development goals when determining best value for public funds.

With collaboration between divisions in the city including representatives from Social Development, Equity and Human Rights, and the Purchasing and Materials Management Divisions; a working group was established which did research to determine best practices and examine the experiences of other government jurisdictions and other major purchasing organizations across Canada and internationally. The working group collaborated to develop a Social Procurement Framework that would effectively align with existing City policies, practices, and experience.

The resulting Toronto Social Procurement Framework is described with three core principles:

1. That social procurement processes will be open, fair, competitive and transparent, consistent with public procurement law and the City of Toronto's existing procurement processes and will not provide an unfair advantage to a particular vendor over another vendor;
2. That social procurement processes will provide unemployed/underemployed residents and diverse businesses with equal opportunities to share in the City's growth and prosperity;
3. That social procurement processes will promote and adhere to all City policies and practices related to furthering access, equity, and diversity.

The goals of the City of Toronto's Social Procurement Framework are to utilize the City's purchasing power through its procurement processes to:

1. Maximize economic, workforce development and social benefits for residents and businesses that result from City contracts;
2. Equalize opportunities for all businesses to compete for City contracts.

Subsequently, the City developed partnerships with supplier diversity groups such as CAMSC, CGLCC and WBE Canada. They also developed a number of monitoring, evaluation and measurement techniques for the Social Procurement Framework and piloted with program with several divisions: Purchasing & Materials Management Division; Social Development; Finance & Administration; and Parks, Forestry & Recreation Division.

The results of the pilot were presented to City Council along with recommendations for a Social Procurement Policy for the City going forward, which should be implemented more widely in 2016.



## TransCanada PipeLines Limited – Supply Chain Excellence

**Driver for Supplier Diversity:** Corporate mandate.

TransCanada has a corporate mandate to work with local, aboriginal and diverse suppliers in the areas where they have operations.

**What is Unique:** Dedicated resources, robust measures, and a range of purchasing.

With three full-time equivalent roles dedicated to supplier diversity in Canada, plus a robust measurement framework for supplier diversity and local participation, TransCanada is one of the few companies that reported they are able to purchase a wide range of goods and services from diverse suppliers. The company's measurements of their supplier diversity initiatives include both their diverse spend and the economic impact to local communities.

"We want to provide more opportunities for local and diverse businesses in our communities and we want to be able to consistently demonstrate the actual economic impact we have on our local and diverse communities," said Melanie Bonnar, Supplier Diversity Specialist.

**Promising Practice:** Leveraging supplier diversity for supply chain excellence.

"We have strong supply chain excellence which includes quality and technical standards. These are incredibly important for us at our company. What we have found is that by partnering with local and diverse suppliers, we are seeing more competition in our procurement processes and thus more innovative solutions that provide cost savings to our company. We believe this really does help us develop more of a competitive advantage," explained Andrea Korney, Supplier Lifecycle Management and Supplier Diversity & Local Participation. "Supplier diversity has increased our capacity, and it can increase the competitive pricing that we get with different suppliers, because we are not going after the same vendors all the time, nor going after the same vendors that our competitors are working with. So the prices we get quoted then, are generally better."



# Content Analysis

A team of University of Manitoba graduate students in a sustainability course and their professor studied the publicly available content on the websites for all 65 organizations comprising Canada's Best Diversity Employers for 2015 (Mediacorp 2015). Since a previous study in Canada found that workforce or employee diversity and inclusion programs tend to precede supplier diversity (Larson 2012), this list of best diversity employers was presumed as a good place to search for supplier diversity programs. This content analysis included the website content and annual diversity, corporate social responsibility and sustainability reports of these Canadian organizations, which included business firms, nonprofits and government agencies.

## Results of the Content Analysis

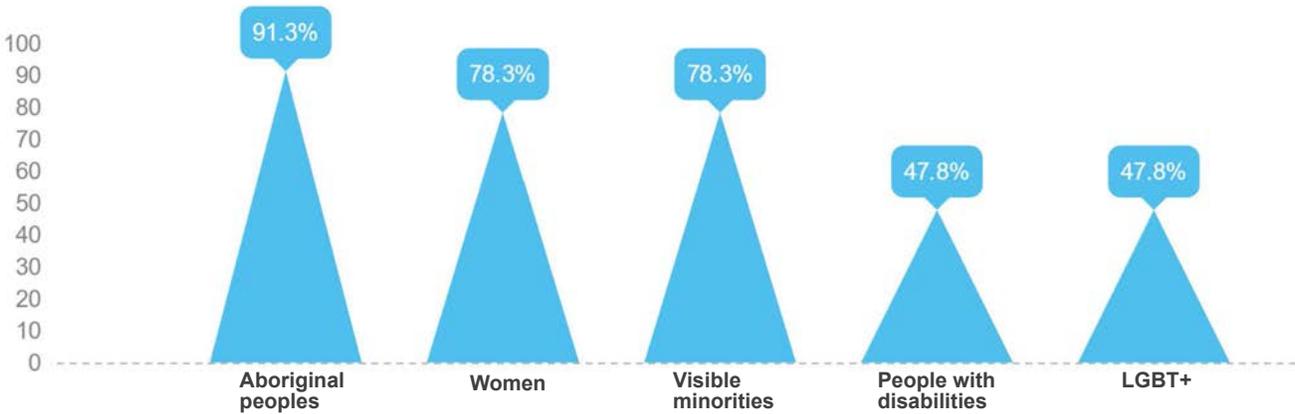
What the content analysis revealed supported the findings in our literature review, the online survey and one-on-one interviews in every aspect.

Indeed, this research showed that organizations with supplier diversity programs tended to be larger than those without in terms of number of full-time employees in Canada. Organizations among this group with supplier diversity programs average 12,575 employees, while organizations without supplier diversity were shown to average 7,500 employees. An earlier study on supplier diversity in the GTA found a similar result (Larson 2012).

Disconcertingly, it was found that only 23, or 35.4%, of those identified as Best Diversity Employers have supplier diversity programs, consistent with previous study results cited by Larson in the 2012 study. Additionally, this finding in the content analysis is consistent with the results of our survey where only 43.3% of organizations with a diversity and inclusion strategy were engaged in supplier diversity. Both these results indicate that there are opportunities for improvement and expansion for those organizations that purport to be dedicated to diversity.

Findings from the content analysis on the specific diversity groups covered by the 23 organizations with supplier diversity programs are shown in Figure 11.

Figure 11: Diversity groups targeted by supplier diversity programs



The content analysis confirmed findings from the survey in relation to the effect of location and sector of organizations. The content analysis found that having a connection to the United States is strongly correlated to the likelihood of having supplier diversity programs in Canada. In conducting the content analysis, the researchers defined 'connection to the U.S.' as having headquarters and/or operations in the United States.

Of the organizations examined in the content analysis, only 10.5% of the organizations that operated solely in Canada – with no connection to the U.S. – had supplier diversity programs. In contrast, 70.4% of the organizations with an American connection had supplier diversity programs.

However, another interesting finding was that of the organizations with supplier diversity in the U.S., nearly half had not implemented those programs in Canada.

The content analysis also confirmed the impact of sector. When examining solely the impact of sector, for-profit businesses were more likely to have supplier diversity programs than public sector and non-profit organizations. Among those examined in the content analysis, only 10.3% of public sector and non-profit organizations had supplier diversity programs, while 55.6% of the for-profit businesses did.

## Summary of Content Analysis

Results from the content analysis of the 65 organizations in this group support the other findings in this report:

- Larger Canadian organizations are more likely to have supplier diversity programs;
- Compared to government agencies, for-profit businesses are much more likely to have supplier diversity programs in Canada;
- Canadian organizations with direct links to the U.S. are much more likely to have supplier diversity programs;
- Of those organizations with supplier diversity programs in the U.S., nearly half do not have supplier diversity in Canada;
- Only 35% of those listed on Canada's Best Diversity Employers list for 2015 had supplier diversity programs.

These last two points indicate opportunities for organizations to make the business case for supplier diversity to reap its benefits. There is an opportunity to increase awareness among organizations already dedicated to diversity and inclusion.

Furthermore, organizations with American supplier diversity programs that have not implemented it in Canada are also missing an opportunity to benefit from supplier diversity in Canada. Since these organizations already have the infrastructure and process within their procurement or supply chain functions, there is more reason to extend supplier diversity programs to their Canadian operations.



## Conclusion

Supplier diversity is an important business process that provides both financial and non-financial benefits to the organizations that embrace it.

The Institute for Supply Management (2012) explicitly states; “The attraction and retention of a diverse supply base is the responsibility of each supply chain professional,” and the ISM also encourages supply chain professionals to: “Provide diverse suppliers the opportunity to participate in sourcing opportunities and promote inclusion of diverse suppliers in the organization’s supplier development and mentoring programs.”

Our research consistently found low engagement with supplier diversity among Canada's organizations. Considering the benefits reported by companies that are engaged in supplier diversity, we feel there is great opportunity for Canadian organizations to expand their diversity and inclusion focus from employees to the broader community and specifically consider the diversity of their suppliers.

There were a number of organizational characteristics that were found to be correlated with an increased likelihood of having supplier diversity programs. Though larger organizations, for-profit businesses, and those with direct links to American organizations, usually as parent or subsidiary, were found to be more likely to have supplier diversity programs; even among those organizations with supplier diversity programs in the United States, nearly half did not have supplier diversity in Canada.

We found the top motivators for organizations to be involved in supplier diversity included community impact and improved social standing. Other significant business drivers included broadening the supplier base (rated the third motivator), matching consumer demographics and improving supply chain performance.

The top rated facilitators to supplier diversity were found to include having a diversity and inclusion strategy, a supportive organizational culture, having strong diversity champions within the organization and having a social responsibility or sustainability policy. Additionally, job performance metrics that include supplier diversity and/or dedicated resources were also identified as important facilitators of supplier diversity.

Of the barriers or challenges that were identified, organizations in both the survey and interviews raised the issue of a lack of certified vendors, especially in different product or service areas. This again points to the imperative to raise awareness of supplier diversity – especially amongst diverse-owned small businesses, to encourage them to become certified, so that large purchasers looking to engage with diverse suppliers will have a larger pool of certified diverse suppliers to choose from. Additionally, a significant gap was identified in the supplier diversity landscape in Canada; where there are no organizations that currently certify businesses owned by people with disabilities, as exists in the United States.

One of the challenges raised in the interviews and covered in the literature review was the initial time and resources that are required to implement a supplier diversity program. This may be prohibitive for some small- and medium-sized organizations and thus may be a significant contributing factor to the lack of engagement with this group. There is an opportunity for future work in this area to examine ways to encourage small- and medium-sized organizations to engage with supplier diversity. We encourage the certifying organizations to consider cost-effective ways to make their lists of certified diverse suppliers more readily available to small- and medium-sized purchasers.



A significant finding from the survey and interviews was that the absence of any government incentives is clearly a factor in Canadian organizations' lack of engagement with supplier diversity.

Regardless of whether government incentives will be forthcoming, as more organizations become aware of the business case and benefits of supplier diversity, we expect to see more engagement in supplier diversity programs in Canada in the future.

## Measurements and Future Research

We encourage Canadian organizations engaged in supplier diversity to implement more metrics to measure their performance, specifically the return on investment of their supplier diversity programs. As mentioned in the literature review, CAPS Research (2012) provided a number of potential measures. Additionally, organizations that participated in the interviews for this research shared other measures that organizations could use to capture the value of supplier diversity programs.

Potential metrics include:

- Number of employees assigned to the supplier diversity program;
- Number of employees across the organization that have received education or training on supplier diversity;
- Number of supplier diversity outreach events sponsored or attended;
- Percent of overall procurement spend on diverse suppliers;
- Percent of first- and second-tier suppliers that have supplier diversity programs;
- Community economic impact of spend on diverse suppliers;
- Employee engagement scores of those employees involved in supplier diversity, or change in employee engagement scores among procurement and supply chain management employees after implementing supplier diversity;
- Public or customer feedback related to the organization's supplier diversity program; and
- Public recognition and awards for the organization's supplier diversity programs.

When more Canadian organizations are engaged and measuring the benefits and return on investment of their supplier diversity programs, future research could focus on quantifying the return on investment and the community financial impact, as well as quantifying the value of some of the non-financial benefits of supplier diversity.



## Advice for Implementing Supplier Diversity

For organizations considering or beginning implementation of a supplier diversity program, we include the following best practices and advice from the people we interviewed:

- Establish the business case for supplier diversity, and connect it to other organizational strategies and priorities;
- Gain senior leadership support by helping them understand the business case;
- Engage one or more senior champions for supplier diversity within your organization. Provide them with resources and talking points, and find ways to reward champions;
- Connect supplier diversity with corporate social responsibility and diversity and inclusion strategies to provide more impact to the organization and engage more people throughout the organization;
- Create a phased implementation plan and develop a supplier diversity program based on leading practices and leveraging available tools and resources;
- Ensure your supplier diversity program has appropriate metrics to measure success and ensure accountability;
- Educate all employees that touch the procurement process in any capacity about the benefits of supplier diversity to your organization;
- Make supplier diversity part of the responsibilities of everyone in the procurement or supply chain department, not just one person or a small team;
- Learn from the community and build corporate partnerships with other organizations that are engaged with supplier diversity; and
- Become a corporate sponsor of CAMSC, CCAB, CGLCC and/or WBE Canada for resources to develop your program, while helping you find diverse suppliers to work with.



## Key Diverse Supplier Certifying Organizations in Canada

Throughout this report we refer to the four organizations that certify diverse-owned businesses in Canada: Canadian Aboriginal and Minority Supplier Council (CAMSC), Canadian Council for Aboriginal Business (CCAB), Canadian Gay & Lesbian Chamber of Commerce (CGLCC) and WBE Canada, which supports women-led businesses. Respondents to our survey and participants in our interviews told us that without the support of these certifying organizations, their organizations would find it difficult if not impossible to engage with supplier diversity in Canada. Several of those we interviewed for this study discussed at length the necessity of connecting and partnering with certifying organizations that can provide resources and promising practice advice, as well as access to lists of certified diverse suppliers.

### **CAMSC – Canadian Aboriginal and Minority Supplier Council**

The Canadian Aboriginal and Minority Supplier Council is dedicated to the economic empowerment of Aboriginal and minority companies through the promotion and facilitation of supplier diversity, business development and capacity building. Associated with the U.S. National Minority Supplier Development Council (NMSDC), CAMSC offers a number of programs to its corporate members and certified business members to promote and facilitate supplier diversity in Canada, including:

- Advisory services, educational seminars and training: Utilizes resources such as Supplier Diversity Playbook, Best Practices Toolkit and policy templates, etc. to develop and build corporate supplier diversity programs and provide supplier-focused development sessions.
- National supplier database: A searchable database of Aboriginal- and minority-certified suppliers.
- Knowledge-sharing and referrals: Utilizes Corporate Member Forums and Leadership Roundtables, etc. to assist organizations in the sharing and enhancement of supplier diversity strategies.
- Events, awards, and networking opportunities: Multiple events including CAMSC's Annual Diversity Procurement Fair and the Awards Dinner.
- Advanced Management Education Program: Executive education programs offered in collaboration with NMSDC at participating business schools (e.g., Tuck School of Business, Kellogg School of Business, etc.).

*Source: [www.camsc.ca](http://www.camsc.ca)*

### **CCAB – Canadian Council for Aboriginal Business**

The Canadian Council for Aboriginal Business was founded in 1984 by a small group of visionary business and community leaders committed to the full participation of Aboriginal peoples in Canada's economy. A national nonprofit organization, CCAB offers knowledge, resources, and programs to both Aboriginal-owned member companies and Canadian businesses that foster economic opportunities for Aboriginal peoples and businesses across Canada.

CCAB's Certified Aboriginal Business Program (CAB) certifies that Aboriginal businesses are 51% or more owned by an Aboriginal person(s). The CAB program ensures that Aboriginal businesses are easily identified by industry, government and other organizations and certified businesses can promote themselves using the designated CAB logo.



CCAB maintains a directory of CAB's on their website. All Aboriginal businesses wishing to become certified must become a CCAB member. After a thorough review of the documentation, CCAB confirms the applicant is an Aboriginal business.

CCAB also offers a range of services and events to promote Aboriginal business in Canada, and also conducts an annual research study on Aboriginal Economic Development Corporations.

*Source: [www.ccab.com](http://www.ccab.com) and [www.ccab.com/annual\\_report](http://www.ccab.com/annual_report)*

## **CGLCC – Canadian Gay & Lesbian Chamber of Commerce**

Established in 2003, the Canadian Gay & Lesbian Chamber of Commerce is a national, nonprofit industry association. The CGLCC is committed to forming a broad-based coalition, representative of the various interests of Lesbian, Gay, Bisexual, Trans-identified, Queer, Two-Spirited and Intersex (LGBT\*) -owned businesses, allied businesses, corporations, professionals, and students of business for the purpose of promoting economic growth and prosperity, through public and private sector advocacy and engagement, to advance the common business interests and opportunities of its members and stakeholders.

The CGLCC has been building LGBT Supplier Diversity in Canada since 2012, and officially launched the program at the LGBT Supplier Diversity Forum during WorldPride 2014 in Toronto.

The CGLCC offers events, resources, and developmental programs to certified LGBT\* owned businesses and works to promote Supplier Diversity with national corporate members.

*Source: [www.cglcc.ca](http://www.cglcc.ca)*

## **WBE Canada**

WBE Canada is a non-profit organization, led by corporate members, that is opening doors to new supply chains. It certifies firms that are at least 51% owned, managed and controlled by women and introduces them to opportunities with corporations. The organization also partners with governments, women's business centres, and other women communities across Canada.

In addition to certifying women's business enterprises (WBEs), WBE Canada provides a range of programs and services to assist WBEs in better accessing business opportunities with major corporations. These include:

- Training and education, through an annual conference, workshops and webinars;
- Mentoring both through its own program that pairs WBEs with each other and through corporate mentoring programs;
- Networking events with like-minded businesswomen and corporate members.

WBE Canada also provides resources, tools and programs to help its corporate members develop robust supplier diversity initiatives in their organizations.

*Source: [www.wbecanada.org](http://www.wbecanada.org)*

There are currently no organizations in Canada dedicated to certifying business owned by people with disabilities, veterans or other minority groups.



## Research Methodology

Research for this report was conducted in several phases:

### I. Literature Review

We began with Dr. Larson's original report, *Supplier Diversity in the GTA: Business Case and Best Practices*, published in 2012, and also conducted extensive online research to find additional publicly available reports and information. A summary of the key themes from the literature review is included in the literature review section.

### II. Online Survey

We conducted an online survey of Canadian professionals in procurement, supply chain management, corporate social responsibility and diversity and inclusion. The survey was open from late March to the end of June, 2015. The survey was promoted through CCDI's social media accounts and through the distribution lists and social media accounts of CCDI community partners including diverse supplier certifying organizations. We also encouraged further dissemination of the survey through snowballing, i.e., asking respondents to share with other potential respondents. In total, we received responses from 242 organizations across Canada, and achieved participation from a wide range of employers, including nonprofit, government, public sector, healthcare and education organizations and other companies with a geographic distribution across Canada.

Analysis of the survey data was conducted at the University of Manitoba.

### III. In-Depth Research Interviews

We conducted interviews with procurement, supply chain management and supplier diversity professionals at 11 organizations, representing a wide range of sectors, industries, and geographies across Canada. Interviewees were identified from among those who responded to our national supplier diversity survey, who indicated that they had supplier diversity programs and who indicated a willingness to be interviewed.

Organizations that participated in interviews included three public sector organizations, one university and seven for-profit companies of varying sizes and industries.

### IV. Content Analysis of Organizations' Reports and Websites

Dr. Larson's research team at the University of Manitoba completed a content analysis of the publicly reported information on supplier diversity from the 65 organizations in Mediacorp's Canada's Best Diversity Employers (2015) to determine the publicly-reported level of engagement in supplier diversity within these organizations. The team examined the entire websites, and key documents for each of these organizations, including diversity reports, corporate social responsibility or sustainability reports, annual reports, etc.



## About the Authors

### **Dr. Paul D. Larson, CN Professor of Supply Chain Management, University of Manitoba.**

From 2006 to 2009, Paul led a curriculum development team, creating the new C.P.P. accreditation program for the Purchasing Management Association of Canada (PMAC), which has since merged with Supply Chain Logistics Canada to become the Supply Chain Management Association (SCMA). The Institute for Supply Management (ISM), formerly NAPM, funded Dr. Larson's doctoral dissertation, which won the 1991 Academy of Marketing Science/Alpha Kappa Psi award. In 2012, working with the Greater Toronto Leadership Project, he wrote *Supplier Diversity in the GTA: Business Case and Best Practices* (<http://diversecitytoronto.ca/publications/dc-counts/diversecity-counts-6/>). In February 2012, Paul stood at Uhuru peak, Tanzania, the roof of Africa, as a member of CARE Canada's Kilimanjaro expedition.

### **Cathy Gallagher-Louisy, Director, Knowledge Services, Canadian Centre for Diversity and Inclusion.**

Cathy Gallagher-Louisy leads the research and knowledge services portfolio at the CCDI and also oversees the CCDI's signature high school program, *See Different*. Cathy is the author of CCDI's groundbreaking report on diversity in Canadian organizations, *What Gets Measured Gets Done: Measuring the Return on Investment of Diversity and Inclusion*, as well as five toolkits for diversity and inclusion practitioners. She has authored or co-authored 10 research/benchmarking reports on diversity and inclusion and corporate social responsibility. Cathy is a faculty member at the University of Toronto St. Michael's *Certificate in Corporate Social Responsibility*, she was the lead curriculum developer for the Centennial College *Certificate in Leadership and Inclusion*, and she is an Expert Panelist on the *2016 Global Diversity and Inclusion Benchmarks: Standards for Organizations Around the World*.

### **Laura Armenio, Research Assistant, Canadian Centre for Diversity and Inclusion.**

Laura Armenio is a Research Assistant at CCDI, completing a Specialized Honors B.A. in International Development Studies at York University. She also works as a Chief Communications Officer for The Interwebz, a grassroots gaming/coding group aiming to improve diversity in the digital media industry. She was Co-President of York U Amnesty International for the 2014-15 school year, and she served on York University's Senate and Academic Policy, Planning and Research Committee for the 2015-16 school year, while maintaining her standing as a member of the Dean's Circle of Student Scholars. In September 2016, she will begin a Development Studies Master's Degree focusing on the business case for social justice.

## Acknowledgements

The authors wish to express our appreciation to the following people who contributed to this report.

The CCDI Supplier Diversity Committee of 2013-2014: Marta Rzeszowska Chavent, Nina Woods, Stacey Ann Augustin and Teena Paul. We cannot adequately express our deep appreciation to that volunteer committee for their preliminary efforts on this project.

Student contributors:

Wynton Bunyan, Research Assistant, CCDI (fall 2015).

Wanting He, Hongwei Li, Xiaoyu Li, Rajdeep S. Walia and Shuai Zhang, MSc; students at the University of Manitoba and coders on the content analysis.

Editors:

Brenda van Ginkel, Content Consultant, The Narrative Build.

Michael Bach, CCDP/AP, CEO, Canadian Centre for Diversity and Inclusion.



## References

- Adobor, Henry and Ronald McMullen (2007), "Supplier diversity and supply chain management: A strategic approach," *Business Horizons*, Vol. 50, No. 3, pp. 219-229.
- CAPS Research (2012), *Measuring Supplier Diversity Program Performance*, Institute for Supply Management, Tempe, AZ, March 15.
- CBSR Canadian Business for Social Responsibility (2015), *Transformational Company*. <http://cbsr.ca/transformationalcompany/wp-content/uploads/2015/11/the-transformational-company-guide-full.pdf>
- CIPS Chartered Institute of Procurement and Supply (2013), *Supplier diversity – what is it?* [www.cips.org](http://www.cips.org), CIPS Australasia, Melbourne.
- City of Toronto (2016). *Social Procurement*. <http://www1.toronto.ca/wps/portal/contentonly?vnextoid=18398a4252522410VgnVCM10000071d60f89RCRD&vnextchannel=688032d0b6d1e310VgnVCM10000071d60f89RCRD>
- Cole, Mia (2009), "Going Global With Supplier Diversity," *Inside Supply Management*, Vol. 20, No. 7, p. 24.
- Conference Board (2009), *Supplier Diversity in the 21st Century: Surviving the Economic Downturns*, Supplier Diversity Leadership Council, 4 pages.
- Conference Board (2011), *Supplier Diversity: Helping to Enhance the Corporate Brand*, Supplier Diversity Leadership Council, April, 7 pages.
- Dollinger, Marc J., Cathy A. Enz and Catherine M. Daily (1991), "Purchasing from Minority Small Business," *International Journal of Purchasing and Materials Management*, Vol. 27, No. 2, pp. 9–14.
- Giunipero, Larry C. (1981), "Developing Effective Minority Purchasing Programs," *Sloan Management Review*, Vol. 22, No. 2, pp. 33–42.
- Global Reporting Index (2013). "G4 Sustainability Reporting Guidelines". <https://www.globalreporting.org/standards/g4/Pages/default.aspx>
- Hemmingsen Alis (2014), "Supplier Diversity: Is Europe moving fast enough?" *Procurement Leaders*, February 6, <http://www.procurementleaders.com/blog/my-blog--alis-hemmingsen/supplier-diversity-is-europe-moving-fast-enough-399520>.
- ISM Institute for Supply Management (2012), *Principles of Sustainability and Social Responsibility*, Institute for Supply Management, <http://www.ism.ws>, Tempe, AZ.
- Kerr, John (2006), "The Changing Complexion of Supplier Diversity," *Supply Chain Management Review*, Vol. 10, No. 2, pp. 38-45.
- Larson, Paul D. (2012), *Supplier Diversity in the GTA: Business Case and Best Practices*, DiverseCity – The Greater Toronto Leadership Project, November, 38 pages (<http://diversecitytoronto.ca/publications/dc-counts/diversecity-counts-6/>).
- Mediacorp. Canada's Best Diversity Employers for 2015. <http://www.canadastop100.com/temp/diversity2015.pdf>
- Min, Hokey (2009), "The best-practice supplier diversity program at Caterpillar," *Supply Chain Management: An International Journal*, Vol. 14, No. 3, pp. 167-170.
- Moore, Ralph G. (2015). RGMA. History of Supplier Diversity. <http://www.rgma.com/articles/history-of-supplier-diversity>



- O'Mara, Julie and Richter, Alan (2016). *Global Diversity & Inclusion Benchmarks: Standards for Organizations Around the World*. <http://diversitycollegium.org/usertools/GDIB-V-03072016-3-2MB.pdf>
- Pearson, John N., Stanley Fawcett and Alicia Cooper (1993), "Challenges and approaches to purchasing from minority-owned firms: A longitudinal examination," *Entrepreneurship Theory and Practice*, Vol. 18, No. 2, pp. 71-88.
- Ram, M. and D. Smallbone (2003), "Supplier Diversity Initiatives and the Diversification of Ethnic Minority businesses in the UK," *Policy Studies*, Vol. 24, No. 4, pp. 187-204.
- Richards, Patricia J. and Steve Ballenger (2005), "Utilizing Supplier Diversity to Achieve Business Goals," 90th Annual International Supply Management Conference, May.
- Rogerson, Christian M. (2012), "Supplier Diversity: a New Phenomenon in Private Sector Procurement in South Africa," *Urban Forum*, Vol. 23, pp. 279-297.
- Shah, Mayank and Monder Ram (2006), "Supplier diversity and minority business enterprise development: case study experience of three US multinationals," *Supply Chain Management: An International Journal*, Vol. 11, No. 1, pp. 75-81.
- Slaven, Mike and Robert D. Esquivel (2013), *Supplier Diversity Best Practices*, Arizona Hispanic Chamber of Commerce, November.
- TD Bank (2014). Corporate Responsibility Report. [http://www.td.com/document/PDF/corporateresponsibility/2014-Final-CRR\\_EN.pdf](http://www.td.com/document/PDF/corporateresponsibility/2014-Final-CRR_EN.pdf)
- Teague, Paul and David Hannon (2005), "The changing face of supplier diversity," *Purchasing*, 134(13), 52-55.
- Whitfield, Gwendolyn (2003), "Developing Minority Suppliers at Deere and Company," *Inside Supply Management*, (14), May, p. 16.
- Whitfield, Gwendolyn and Dan Farrell (2010), "Diversity in Supply Chains: What Really Matters?" *Journal of Diversity Management*, Vol. 5, No. 4, pp. 31-41.
- Whitfield, Gwendolyn and Robert Landeros (2006), "Supplier Diversity Effectiveness: Does Organizational Culture Really Matter?" *Journal of Supply Chain Management*, Vol. 42, No. 4, pp. 16-28.
- Worthington, Ian (2009), "Corporate Perceptions of the Business Case for Supplier Diversity: How Socially Responsible Purchasing can 'Pay,'" *Journal of Business Ethics*, Vol. 90, No. 1, pp. 47-60.
- Worthington, Ian, Monder Ram, Harvinder Boyal and Mayank Shah (2008), "Researching the Drivers of Socially Responsible Purchasing: A Cross-National Study of Supplier Diversity Initiatives," *Journal of Business Ethics*, Vol. 79, No. 3, pp. 319-331.
- Yuva, John (2003), "Essential Factors to a Successful Supplier Diversity Initiative," *Inside Supply Management*, (14), March, p. 8.



## About the Canadian Centre for Diversity and Inclusion

The CCDI has a mission to help the organizations we work with be inclusive, free of prejudice and discrimination, and to generate the awareness, dialogue and action for people to recognize diversity as an asset and not an obstacle. Through the research, reports and toolkits we develop and our workshops, events and workplace consultations, we're helping Canadian employers understand their diversity, plan for it and create inclusion.

CCDI's leadership has a proven model that has cultivated trust as an impartial third party. Our expertise is focused on the topics of inclusion that are relevant in Canada now and the regional differences that shape diversity.

A charitable organization that thinks like a business, we have created a niche with our innovative research technology and data analysis that brings a deeper understanding of Canadian diversity demographics and mindsets at any given moment. CCDI is grateful for the support of Employer Partners, without whom we would not be able to create these reports which progress the business case for diversity and inclusion in Canada.

For enquiries, contact Susan Rogers, Chief Client Officer, [Susan.Rogers@ccdi.ca](mailto:Susan.Rogers@ccdi.ca) or (416) 968-6520 ext 103.

## CCDI is grateful for the ongoing support of our Founding Partners



## Employer Partners

CCDI would like to acknowledge the generous support of our Employer Partners, particularly the 25 Founding Partners, who helped launch the programming in 2012 and develop the workplace solutions, services and events available to all Employer Partners.

Sign up for the monthly newsletter at [mail@ccdi.ca](mailto:mail@ccdi.ca) to stay up to date on diversity and inclusion webinars and events across Canada and new CCDI reports and toolkits as they're published. Call (416) 968-6520 to learn more about the extensive benefits of being an Employer Partner.

### ADP

Air Canada

Alberta Health Services

Aon Canada Inc.

BC Housing

Blake, Cassels & Graydon LLP

Borden Ladner Gervais LLP

British Columbia Institute of Technology

Canadian Mental Health Association Waterloo

Wellington Dufferin

Canadian Nuclear Laboratories

Children's Aid Society of Toronto

City of Oshawa

City of Regina

City of Saskatoon

CN

Davies Ward Phillips and Vineberg

Douglas College

EMC

Enterprise Holdings

Export Development Canada

Georgian College

Goldcorp Inc.

Halton Regional Police Service

Hicks Morley

Holland Bloorview Kids Rehabilitation Hospital

Home Depot

Hydro One Brampton

Hydro Ottawa

IBM

Loblaw Companies Limited

Manulife Financial

McDonalds Canada

McKesson Canada

Meridian Credit Union

Nalcor Energy

OLG

Ontario College of Trades

Ontario Provincial Police

Ottawa Police Service

Peel District School Board

PepsiCo Foods Canada

Purolator Inc.

Region of Durham

Rogers Communications

Ryder System, Inc.

The Scarborough Hospital

Shell Canada Limited

Sobeys Inc.

Softchoice

Spectra Energy

Stantec

Starbucks Canada

TD Bank

TELUS

TFS

Toronto Police Service

Town of Ajax

Toyota Motor Manufacturing Inc.

TTC

Union Gas

Visa





**Canadian Centre for Diversity and Inclusion**  
**Centre canadien pour la diversité et l'inclusion**