

Diverse Supply Chains Drive Innovation and Inclusion

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In today's economy, the strength of a business is often measured by its adaptability and innovative capacity. Central to these qualities is the diversity of its supply chain. Cultivating a diverse array of suppliers not only enriches a company's operations but also fosters inclusion, especially within the construction industry. This approach doesn't just open doors to unique perspectives and ideas, it also propels innovation forward. By integrating suppliers from varied backgrounds, companies can tap into previously unexplored markets, meet the evolving needs of their customers more effectively, and enhance their competitive edge in increasingly complex markets.

However, it's not enough to implement a supplier diversity program: It's about actively creating opportunities for these businesses to thrive and succeed. According to a study by Oliver Wyman, 85% of companies in the United States have dedicated supplier-diversity programs, but only 59% of those with a program report supplier-diversity spending. While implementing a supplier-diversity program is the first step, the real impact comes from investing in and supporting diverse businesses. In the construction industry, a broader array of suppliers fosters competitive bidding, which can lead to higher-quality outputs and services. This healthy competition benefits the industry by driving economic growth and improving standards.

Below are some other impactful ways industry leaders can further build upon their supplier-diversity programs.



ASSESS AND RESEARCH

Firms that want to build out a supplier-diversity program should start by evaluating their current suppliers to determine if they are partnering with diverse companies. During this process, you should identify areas where diversity is lacking and where opportunities exist to diversify.

In addition to assessing current suppliers, businesses should perform research around companies that align with their diversity goals and gather data on potential suppliers. This can involve looking into the certifications of diverse suppliers, understanding the markets they serve, and evaluating their capacity to meet organizational needs. Engaging with industry groups focused on supplier diversity and attending trade fairs and industry events dedicated to minority-owned businesses

are practical steps toward expanding a supplier network.

PROMOTE SUPPLIER DIVERSITY

Employee and customer buy-in are crucial for the success of a supplier-diversity program. Businesses can start by educating employees about the significance of supplier diversity and how it aligns with the company's values and objectives. This can be done through training sessions, internal communications, and inclusion in the onboarding process. By fostering a culture of diversity and inclusion within the organization, employees are more likely to support and champion supplier-diversity initiatives.

For customers, showcasing stories of how diverse suppliers have contributed to the value chain can reinforce the positive impact.

Ultimately, creating platforms where feedback from both employees and customers is encouraged can lead to improvements in an organization's diversity programs and help maintain alignment with organizational values and market expectations.

SET GOALS


To truly establish and achieve meaningful supplier-diversity goals, it is crucial to use a multi-faceted approach. Use the SMART method (specific, measurable, achievable, relevant, time-bound) to set reasonable goals that align with broader diversity and inclusion initiatives. This could include specific targets for the percentage of procurement spend allocated to diverse suppliers, the number of diverse suppliers in the supply chain, or the expansion of partnerships with underrepresented business owners.

In addition to setting goals, use technology to measure goals and monitor progress across the organization. Identifying industry benchmarks against peers and competitors can help set realistic standards. It's important to evaluate and adjust supplier diversity goals based on performance, organizational priorities, and market dynamics. Flexibility and responsiveness are paramount as the industry shifts.

BUILD FOR THE LONG TERM

Lastly, foster strong, long-term relationships with suppliers based on mutual trust, respect, and collaboration. Successful

programs are built upon effective communication; establish these open lines of communication from the start. Encourage regular dialogue to discuss shared goals, expectations, and challenges while building upon a collaborative partnership approach. Supplier relationships thrive when there is opportunity for strategic collaboration and cooperative innovation. Lastly, identify and recognize the contributions and showcase the successes that stem from a diverse supplier relationship.

Diverse supplier programs reach far beyond ESG efforts and regulations. By actively seeking out and fostering relationships with diverse suppliers, companies not only enhance their competitiveness but also contribute to economic inclusivity, reflecting a true commitment to building a more equitable industry. 



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