2022

# STATE OF CANADIAN SUPPLIER DIVERSITY REPORT























### **CONTENTS**

A MESSAGE FROM THE PARTNERS	3
EXECUTIVE SUMMARY	7
METHODOLOGY	9
MATURITY	10
SUPPLIER DIVERSITY SPEND	П
I. BUSINESS CASE	12
Primary Drivers of Supplier Diversity Programs	13
Corporate Benefits of Supplier Diversity	14
Community Impact of Supplier Diversity	15
Common Challenges	16
2. LEADERSHIP COMMITMENT	17
Leadership Commitment to Supplier Diversity Programs	18
Leadership Promoting Supplier Diversity Internally	19
3. PROGRAM INFRASTRUCTURE	20
Program Infrastructure	21
4. POLICY & PROCESS	23
Policies and Processes for Supplier Diversity	24
Room for Improvement in Adoption of Policies & Processes	25

5. TOOLS & TRAINING	26
Tracking Diverse Supplier Status	27
Finding Diverse Suppliers	28
6. MEASUREMENT	29
Measurement	30
Metrics	31
7. TIER 2	32
Tier 2 Supplier Spend	33
8. MARKETING	34
Promoting Supplier Diversity Programs	35
9. ADVOCACY & ENGAGEMENT	36
Supplier Diversity Advocacy and Activities	37
THE JOYS OF SUPPLIER DIVERSITY	38
THE FUTURE OF SUPPLIER DIVERSITY	39
CONCLUSION	40



### A MESSAGE FROM AYLIN BASOM, CEO SUPPLIER.IO

We're extremely excited about launching this State of Canadian Supplier Diversity Report. This is the first-ever report to provide detailed insights into the growth of supplier diversity in Canada. We're also deeply thankful for the partnership and collaboration of WEConnect International, Canadian Minority Supplier Development Council (CAMSC), Canadian LGBT+ Chamber of Commerce (CGLCC) to make this report possible.

Our objective is to measure the growth of corporate spend with women, minority, LGBTQ, disabled, and veteran-owned businesses, but that is just the beginning. Our ultimate hope is that the gains made by each community may serve as a leading example and catalyst the others can benefit from as well.

Supplier diversity initiatives have been growing in Canada. Through the efforts of many of the advocacy firms, Canadian firms are beginning to recognize and realize the benefits of a diverse supplier base on their own businesses and in their communities.

60% of the companies that participated in this year's survey believe that Supplier Diversity has a positive impact on their company. Given today's challenges and pressure to preserve competitive advantage, any initiative that drives positive results should be widely embraced and invested in. And with an overwhelming 87% believing that engaging with diverse suppliers has a measurable and significant impact on their community, the advantages do not stop at a company's front door. Everyone benefits - customers, employees, suppliers, and community members.

We are grateful to all the companies that took the time to share details about their Supplier Diversity programs, and we hope that everyone who reads this State of Canadian Supplier Diversity report will find the ideas and inspiration to continue creating positive results for their own company and community.

### A MESSAGE FROM CASANDRA DORRINGTON, PRESIDENT & CEO CAMSC

While Supplier Diversity (SD) has been around for 50 plus years, its first appearance in Canada was in 2004, with the establishment of the Canadian Aboriginal and Minority Supplier Council (CAMSC). Having begun with the commitment of eight corporate members with an idea to positively impact both indigenous and minority owned businesses, conducting this study was important to check in on the current State of Supplier Diversity in Canada almost twenty years after the emergence of CAMSC.

In the early years of SD in Canada, CAMSC spent considerable time educating potential stakeholders on what is Supplier Diversity, who are the key stakeholders, and understanding the impact of SD on the Canadian economy. As other councils were established between 2009 - 2017 in the Canadian landscape, we saw the progressive growth of corporate and government members in the design and implementation of their own supplier diversity programs as well as the growth of number of certified suppliers across Canada. Over that time, CAMSC 's focus broadened from education to include driving connections and advocacy.

In the last 5 years, given the focus on diversity across the country, there has been an increased drive for economic inclusion. With this increased corporate and government commitment, and the increased focus on diverse suppliers, this is the perfect time to assess the state of SD in Canada. Given the growth of Supplier Diversity around the globe, it will be interesting to understand the emerging picture of SD in Canada. Is it a continuing outgrowth of the US movement, or the Canadian business community living up to its diversity mantra, or is it the steady growth of building on a foundation of diversity?

As Canada emerges from the pandemic and we look to rebuild the economy, benchmarking where we are today with the state of SD in Canada, allows us to celebrate the successes as well as identify where additional work may be required. We cannot grow our SD programs and do better until we benchmark where we are today. Congratulations to all of you who have courageously responded to the survey. We are excited at the progress to date and look forward to what the future holds as we connect SD and ESG to drive the economy forward and create a more inclusive environment for all.





### A MESSAGE FROM DARRELL SCHUURMAN, CO-FOUNDER & CEO, CGLCC

This report is a testament to the continued collaboration between Canada's certifying councils, industry stakeholders, and corporate partners, all committed to furthering advance supplier diversity across Canada.

CGLCC, Canada's LGBT+ Chamber of Commerce, is a national non-profit organization established in 2003 with a mandate of driving social change through the power of business. The launch of the LGBTQ Supplier Diversity Program in 2014 began to level the playing field for LGBT+ owned businesses in Canada, creating access and providing procurement opportunities that were previously limited, all while driving economic empowerment for Canada's LGBT+ community.

This first-ever State of Canadian Supplier Diversity Report showcases that supplier diversity in Canada has truly come a long way over the past 20 years, but that there's also a lot yet to be done. We need to see more corporations that are operating in Canada have formal programs, and we need to see the spend with diverse suppliers increase significantly if we're going to create real and sustained impact.

The insights gleaned from this report are important and will play an instrumental role in continuing to advance the work that CGLCC, the other certifying councils, and industry partners do: building a stronger supplier diversity ecosystem across Canada in order to support all of Canada's diverse-owned businesses.

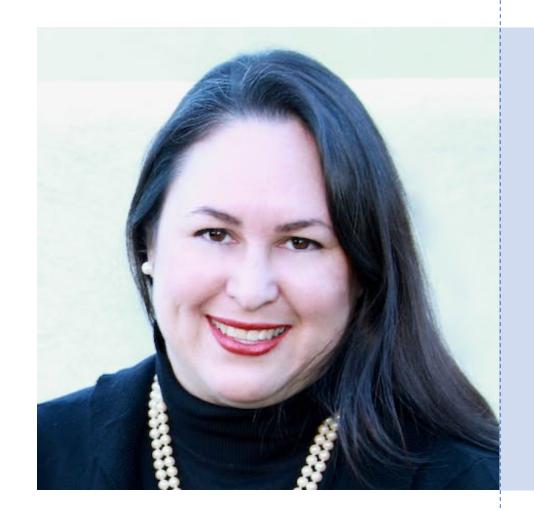
Together, through the power of supplier diversity, we will continue to build a truly inclusive Canadian economy.

# A MESSAGE FROM ELIZABETH A. VAZQUEZ, CEO & CO-FOUNDER, WECONNECT INTERNATIONAL

It is with great excitement that WEConnect International, along with our valued partners, launch the State of Canadian Supplier Diversity Report. As the first of its kind in Canada, this report offers much needed insights into the local supplier diversity & inclusion ecosystem. In addition to demonstrating the growth and importance of supplier diversity & inclusion, the report points to areas where we can all collaborate more in Canada in support of measurable impact at scale. Namely that 57% of corporations have yet to establish a formal supplier diversity & inclusion program in Canada and only half of the respondents stated that customer requirements are a primary driver for engagement. An increase in both of those stats would result in an immediate impact—unlock all the benefits of a more inclusive Canadian marketplace, with countless ripple effects in the communities where we work and live.

WEConnect International was incorporated as a global non-profit in 2009 by many of the corporations that participated in the supplier.io survey and our launch in Canada was made possible thanks to funding from the Government of Canada. These public private partnerships with civil society organizations are critical for building inclusive business environments that foster entrepreneurship, job creation, international trade and local economic development. We are grateful for the opportunity to serve our member buyers representing over \$1 trillion in annual purchasing power and growth-oriented women-owned businesses based in over 135 countries, including Canada.

We are also grateful for the leadership of supplier.io for bringing together organizations that work diligently to support Canadian corporations and their supplier diversity & inclusion objectives. It is through these types of collaborations that we make significant steps forward in our shared vision of more inclusive global value chains and stronger economies for all. We thank the supplier diversity & inclusion leaders who participated in this effort and provided key information which will serve as an important benchmark going forward. I'm confident that business owners, corporations and governments will find this report insightful and helpful as a tool for inspiring action!



### **EXECUTIVE SUMMARY**

Our comprehensive survey covered questions, some multiple-choice and some open-ended, that addressed a variety of Supplier Diversity topics. Some of the more interesting findings, which are detailed throughout this report, include:

62%

of respondents were from Supplier Diversity programs that were less than 3 years old.

over

**55**%

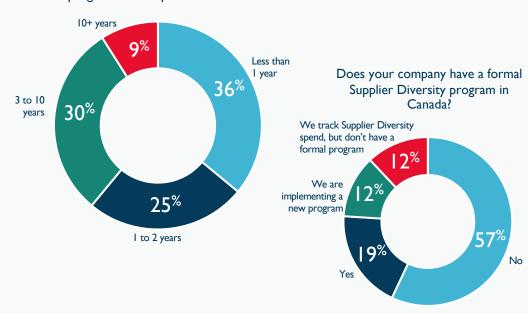
of companies have corporate leaders who actively engaged in promoting and supporting Supplier Diversity.

43%

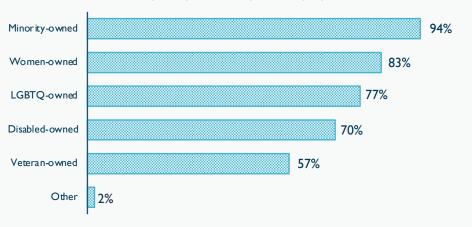
of responding companies are track spending with Canadian diverse suppliers, even if they do not have a formal Supplier Diversity program.



### How long has your Supplier Diversity program been in place in Canada?



### Which diversity categories does your company track in Canada?

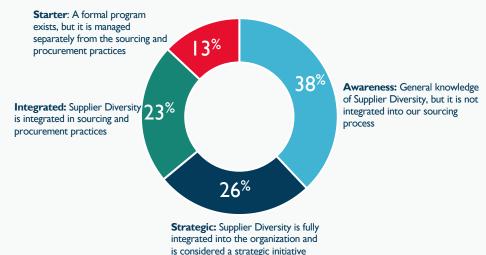


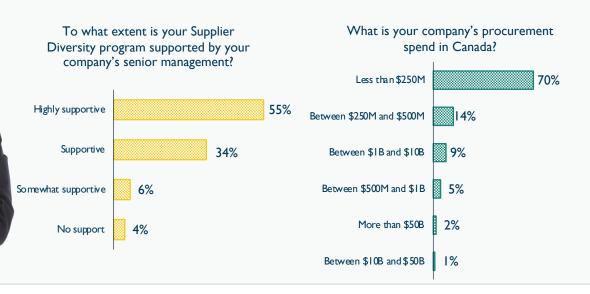
### **EXECUTIVE SUMMARY**

(cont.)



### How would you best describe the Supplier Diversity initiative for Canada at your company?





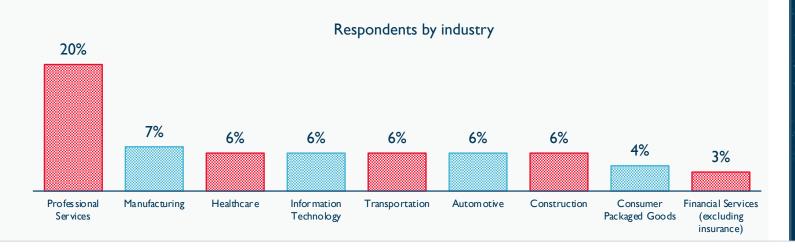
### **METHODOLOGY**

In partnership with WEConnect International, Canadian Minority Supplier Development Council (CAMSC), Canadian LGBT+ Chamber of Commerce (CGLCC), and supplier.io, we developed a new framework to measure and report on performance and impact of a firm's Supplier Diversity program within Canada. The framework evaluates programs in the following 10 areas:

- I. Business Case
- 2. Leadership Commitment
- 3. Program Infrastructure
- 4. Policy & Process
- 5. Tools & Training

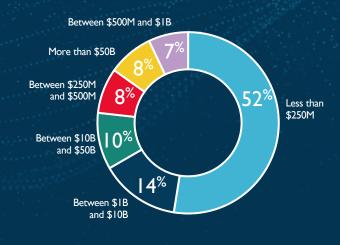
- 6. Measurement
- 7. Tier 2
- 8. Marketing Communications
- 9. Advocacy & Engagement
- 10. Supplier Diversity

- In charts throughout this report, answers of "Unsure/Not Applicable" were removed from the results and total percentages.
- Finally, responses to open-ended questions that we've highlighted have been edited for grammar, clarity, and length.



In 2022, Supplier Diversity professionals across all industries participated in our inaugural survey about their Supplier Diversity program in Canada. We received 109 responses in March 2022. The following charts detail the size of the respondents' companies and their industries of operation. The respondents were a mix of small and big companies of various industries.

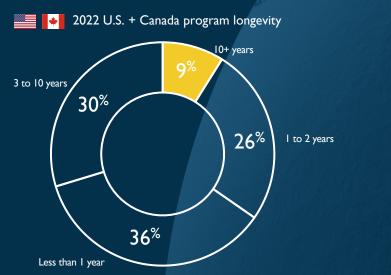
### Respondents by annual revenues

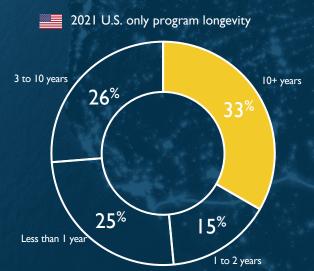


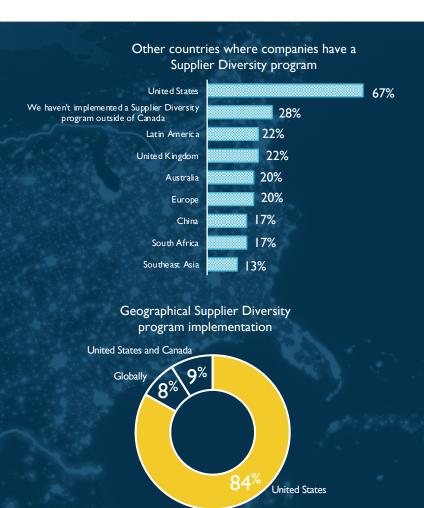
### **MATURITY**

Supplier Diversity programs that have a presence in both the US and Canada are newer than U.S. only programs. 62% of U.S. and Canada Supplier Diversity programs are under 3 years old, while only 40% of U.S. only programs fall into this category. While only 9% of U.S. and Canada Supplier Diversity programs are over 10 years old, 33% of U.S. only programs fall into this category.

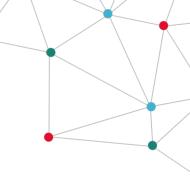
Corporations with Supplier Diversity programs in both the U.S. and Canada are far more likely to have Supplier Diversity programs globally.





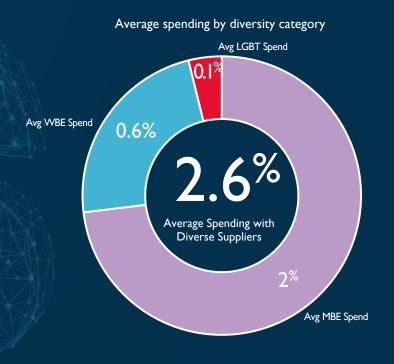


### SUPPLIER DIVERSITY SPEND

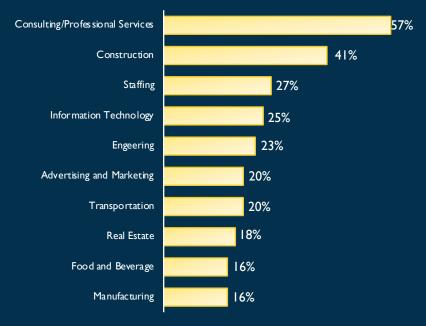


Spending with diverse businesses varies by the Company's industry and the maturity of the program. Advanced programs spend more than 15% of their spending with diverse businesses.\*

\* Note: Only data from respondents who submitted spend information was included for this analysis.



Top 10 commodities purchased from diverse suppliers



### BUSINESS \_ CASE



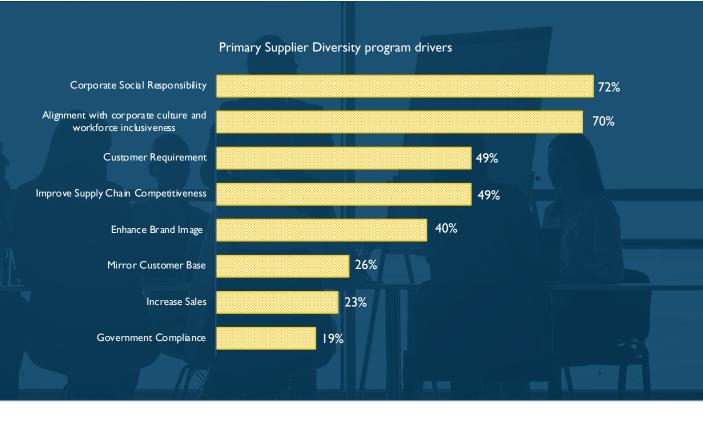
While the vision behind a Supplier Diversity program has broad support, a formal business case is key to make progress and commit resources and visibility. A clearly articulated and established business case remains the essential foundation of successful Supplier Diversity programs today.



# PRIMARY DRIVERS OF SUPPLIER DIVERSITY PROGRAMS

Over 70% of respondents stated
Corporate Social Responsibility and
alignment with corporate
culture/workforce inclusiveness was the
main driver for having a Supplier Diversity
program within Canada.

Interestingly increasing sales and government compliance were the lowest reasons to implement a Supplier Diversity program. More businesses are looking to inclusiveness within their supply chain.



# CORPORATE BENEFITS OF SUPPLIER DIVERSITY

Most respondents believed that Supplier Diversity yields benefits to the top and bottom lines by increasing brand value and reducing costs. They also perceive that it benefits corporate culture and inclusion efforts and improves employees' perception of the company.

60%

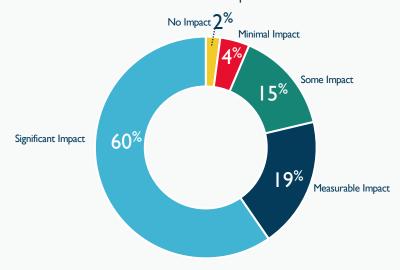
of respondents believe engaging with diverse suppliers has a positive impact on their company.

70%

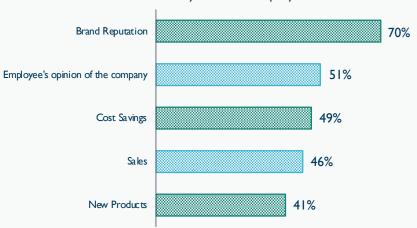
of businesses are tracking the success of their Supplier Diversity through their Brand Reputation.



### Level of impact respondents believe Supplier Diversity has had on their companies

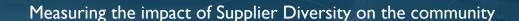


### Measures companies utilize to track the impact of Supplier Diversity on their company



### COMMUNITY IMPACT OF SUPPLIER DIVERSITY

An overwhelming 88% of respondents measure their community impact through spending with diverse businesses and 87% believe engaging with diverse suppliers has measurable and significant impact on their community.

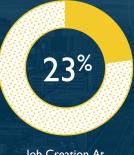








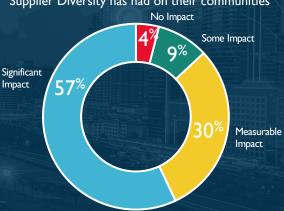
**Economic Impact Of** Your Program



lob Creation At **Diverse Businesses** 



Level of impact respondents believe Supplier Diversity has had on their communities



### COMMON CHALLENGES

Survey respondents identified a range of challenges that reflect the reality of program implementation as well as overall maturity

- Cross-departmental KPIs: Sourcing is mainly focused on savings while Sales pushes for Supplier Diversity
- Decentralized procurement across many lines of business makes it hard to align on cross project objectives
- Our company is very large, and so matching buyers with the right diverse suppliers can be a slow and challenging process
- We struggle with the shortage of diverse suppliers able to compete for large contracts-- this forces us to split up work into smaller packages and to work with prime suppliers to use diverse subcontractors to hit our goals

Percentages of challenges faced by respondents in establishing support for Supplier Diversity within their organization

	l Not a challenge	2	3 Somewhat challenging	4	5 Extremely challenging
Establishing a business case	47%	17%	28%	9%	_
Standard practice of including diverse suppliers in sourcing	19%	11%	51%	17%	2%
Adequate staffing of the Supplier Diversity program	19%	17%	23%	15%	26%
Adequate budget to meet the objectives of the program	23%	21%	23%	15%	17%
Finding qualified diverse suppliers	9%	9%	26%	38%	19%

# LEADERSHIP COMMITMENT



Leadership endorsement of Supplier Diversity is critical and provides a solid foundation for the program. Active engagement of senior leadership within the organization determines the overall success of the program.

# LEADERSHIP COMMITMENT TO SUPPLIER DIVERSITY PROGRAMS

Currently, Supplier Diversity programs have the highest level of management engaged with their companies, including Boards of Directors, CEOs, CPO, and Chief Diversity and Inclusion Officers. However, the next step will be reviewing and measuring the progress of supplier diversity programs across the executive team.

Level of management engaged with their company's Supplier Diversity initiatives



Board of Directors



CEO



CPO



Chief Diversity & Inclusion Officers



Sourcing Directors



Senior Business Owners



Sourcing Managers

Level of management that reviews progress against Supplier Diversity targets



**Board of Directors** 



CEO



CPO



Chief of Diversity & Inclusion Officers

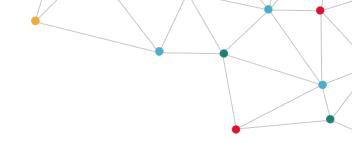


Senior Management



Supplier Diversity Manager

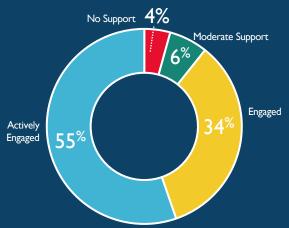


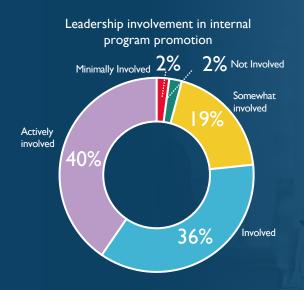


### LEADERSHIP PROMOTING SUPPLIER DIVERSITY INTERNALLY

Many organizations have gone beyond making statements of support for Supplier Diversity and have committed to change the way they operate internally. As a result, over 89% of company's senior management are engaged or actively engaged. And over 76% of companies' leadership are engaged and actively engaged in promoting Supplier Diversity within their company.

To what extent is your Supplier Diversity program supported by your company's senior management



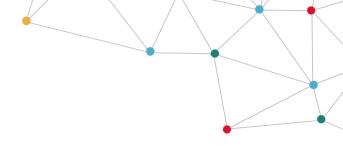




# 3 PROGRAM INFRASTRUCTURE

Financial, operational, and organizational support are critical pillars of a successful program. Programs that start with the right intent can fail to deliver results because of inadequate resource allocation, lack of tools, and insufficient integration with operational processes.





### PROGRAM INFRASTRUCTURE

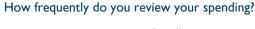


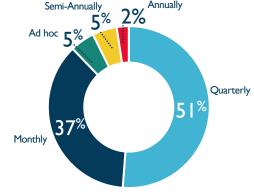
of Supplier Diversity programs are managed by Procurement departments.

of respondents have at least one full-time person dedicated to Supplier Diversity.

of respondents have an annual plan for Supplier Diversity, including goals and planned

of respondents review progress against the plan monthly or quarterly.





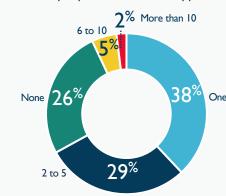
Functional ownership of the Supplier Diversity program



Percentage of respondents who create an annual Supplier Diversity program with goals and planned activities

77%

### Number of people dedicated to Supplier Diversity



### PROGRAM INFRASTRUCTURE (cont.)

### How is Supplier Diversity integrated in procurement and sourcing processes?





22



Considering diverse suppliers is mandatory for all sourcing projects



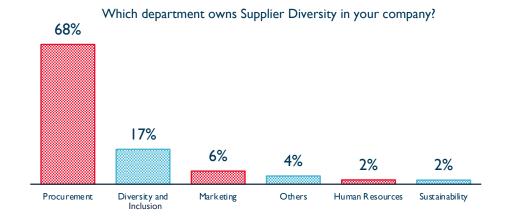
Supplier Diversity is included if required by customers or regulations



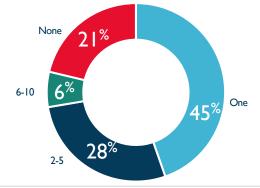
Diverse suppliers are mandatory for sourcing projects above a certain dollar threshold



Supplier Diversity is not integrated in the sourcing process or is included on ad hoc basis



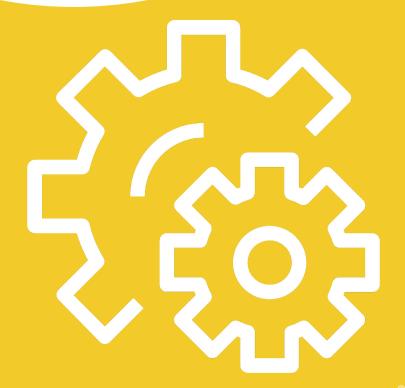






2022 STATE OF CANADIAN SUPPLIER DIVERSITY REPORT © supplier.io 2022. All Rights Reserved.

# POLICY & PROCESS



Supply chain teams today are distributed across regions and business units. To scale Supplier Diversity efforts, it is essential to embed Supplier Diversity in every sourcing process and support it with standard policies, frameworks, and processes.

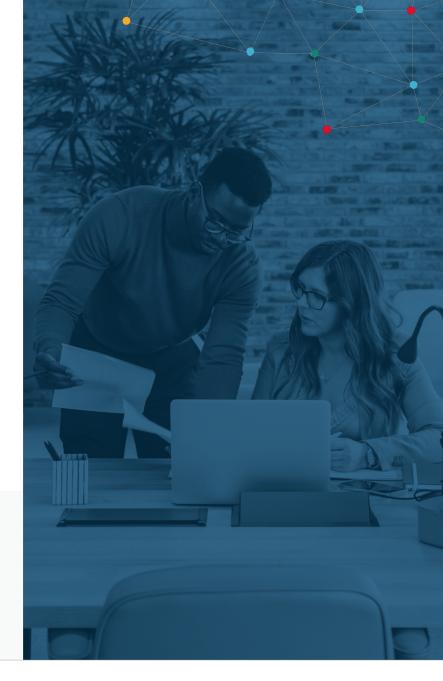
### POLICIES AND PROCESSES FOR SUPPLIER DIVERSITY

Adoption of standardized supplier diversity practices within a procurement team's processes and practices is essential to build a sustainable program. This begins with establishing a formal supplier diversity policy, followed by training, new processes, tracking, and management incentives that guide the inclusion of diverse suppliers during sourcing activities.

In our survey, only 62% of programs have a formal supplier diversity policy, only 53% of programs included supplier diversity metrics in management performance objectives. Programs will likely need to implement more robust practices to ensure that their supplier diversity programs take root.

of supplier diversity programs have a formal supplier diversity policy.

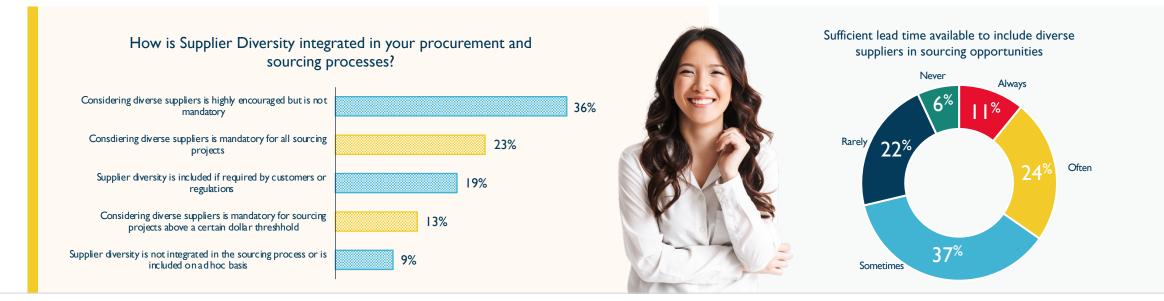
include supplier diversity in management performance objectives.



# ROOM FOR IMPROVEMENT IN ADOPTION OF POLICIES & PROCESES

Supplier Diversity programs have made great strides; however, there are opportunities for improvement. Including diverse suppliers in sourcing opportunities is still optional at most companies. Additionally, sourcing and Supplier Diversity teams cite insufficient advanced visibility

into purchasing opportunities. Finding and qualifying diverse suppliers takes time and effort. Over 30% of Supplier Diversity teams report they rarely or never have sufficient lead times to include diverse suppliers in sourcing opportunities.



# 5 TOOLS & TRAINING



Sourcing teams juggle many competing priorities. Companies must remove hurdles to the implementation of Supplier Diversity practices to increase adoption. Supplier Diversity training, tools, and technology should be easily and widely available and integrated into daily work processes to help teams perform effectively and deliver results.



### TRACKING DIVERSE SUPPLIER STATUS

The most significant findings are the percentages of respondents who maintain manually collected certifications from suppliers and certifying bodies as needed (48%) and maintain an Excel spreadsheet (48%). While a smaller segment use third-party data services more than once a year (30%) and use

third-party data services once a year or once every few years (14%). In the coming year, there are opportunities for Supplier Diversity programs to leverage third-party aggregated diverse supplier data services.

### Methods companies use to maintain diverse supplier certifications



Manually collect certifications from suppliers and certifying bodies as needed



Collect the information during supplier on-boarding



Maintain an Excel spreadsheet



Use third-party data services more than once a year



Use third-party data services once a year or once every few years

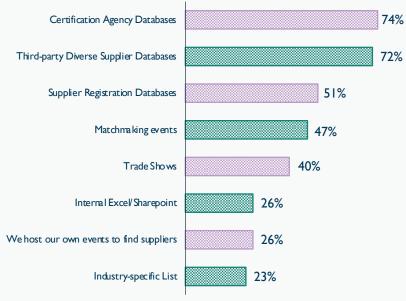


### FINDING DIVERSE SUPPLIERS

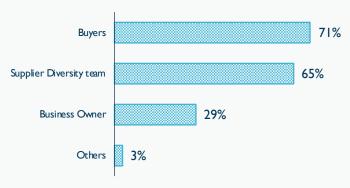
Finding qualified diverse suppliers is a necessity for growing Supplier Diversity programs. Use of certification agency database such as CAMSC and WEConnect (74%) and third-party databases (72%) are the main tools this year. In most organizations, the Buyers and Supplier Diversity team are primarily responsible for finding diverse suppliers for the organization.



### Tools used for finding diverse suppliers



### Responsibility for finding diverse suppliers



# 6 MEASUREMENT



Measuring results is critical to tracking progress of Supplier Diversity programs. Measurement must include quantitative metrics that track spending and impact, and qualitative measures that track program health and adoption.



### **MEASUREMENT**

In a sign that Supplier Diversity is fast becoming a norm in procurement organizations, an overwhelming majority of companies identify and track their diversity suppliers and track spending with those suppliers, but this step does not lead to increased diversity in and of itself. For this, companies need to set targets and increase the granularity of their reporting below the corporate level.

Percentage of respondents who create an annual Supplier Diversity plan with program goals and planned activities 77%

Percentage of respondents whose organization have a written supplier policy

62%

Percentage of respondents whose management reviews progress against this action plan

86%

Percentage of respondents who identify and track their diverse suppliers

94%

Percentage of respondents who include Supplier Diversity metrics in management's performance objectives

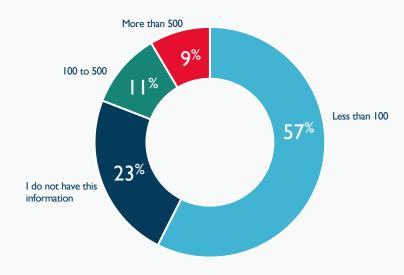
53%

supplier.io

### **METRICS**

KPIs procurement teams use track diverse supplier spend management initiatives. While most companies (87%) are tracking their spend with diverse suppliers, 51% of companies are not tracking how many new suppliers are added via sourcing projects each year, a critical KPI for identifying the available opportunities to add new diverse suppliers. Indirect sourcing categories, Consulting/Professional Services (53%) and Construction (38%), are the common commodities for spending with diverse businesses.

### Number of opportunities to add new suppliers every year?



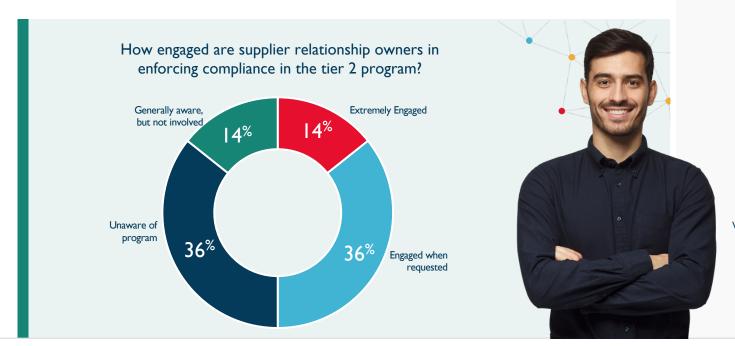


# TIER 2

For many diverse businesses, the real opportunities are down the supply chains. Tier 2 initiatives amplify the reach of Supplier Diversity by asking suppliers to also do business with diverse companies.

### TIER 2 SUPPLIER SPEND

For mature Supplier Diversity programs and companies, Tier 2 programs are a natural extension of their programs to expand their Supplier Diversity efforts. Tier 2 programs require engaging larger suppliers to commit to diverse supplier subcontracting targets. Only 30% of respondents collect Tier 2 data, and 14% are extremely involved with supplier relationship owners on enforcing compliance in their Tier 2 programs.



© supplier.io 2022. All Rights Reserved.

Percentage of respondents that have a program to collect Tier 2 information from primes in Canada



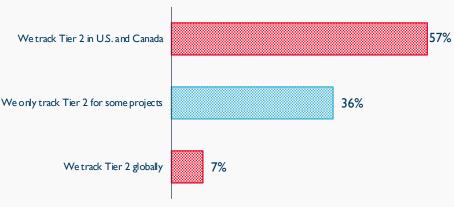
Percentage of respondents that include Supplier Diversity subcontracting requirements in their sourcing activities and contracts



Percentage of respondents that have a Tier 2 program that accepts diverse Canadian Tier 2 suppliers



What is the scope of your Tier 2 program?



# 8 MARKETING



Supplier Diversity programs must actively market their programs, both internally and externally. Awareness of the program and its benefits for suppliers and the company attracts suppliers and builds momentum within the company.

### PROMOTING SUPPLIER DIVERSITY PROGRAMS

Supplier Diversity programs benefit from internal and external awareness of their activities and accomplishments. Such marketing educates diverse suppliers of potential opportunities and methods to engage with the company. Internal communications help build acceptance of the program and celebrate successes.

Over 87% of respondents promote Supplier Diversity effort internally. Fewer, but still a majority of respondents (68%) promote their efforts externally.

Most companies, however, do not utilize employee and supplier recognition efforts to promote their successes. Only 24% of respondents recognize employees that exceed their Supplier Diversity performance objectives. Similarly, only 28% of respondents had programs to recognize and promote their diverse suppliers that exceeded expectations. These are missed opportunities to highlight successes that can help promote the benefits of working with diverse suppliers.

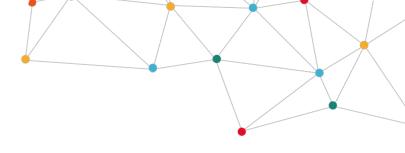


2022 STATE OF CANADIAN SUPPLIER DIVERSITY REPORT © supplier.io 2022. All Rights Reserved.

# 9 ADVOCACY & ENGAGEMENT

Advocacy organizations play an important role in helping companies implement successful Supplier Diversity programs. They offer access to knowledge, best practices, and networks of diverse businesses and other program managers.





## SUPPLIER DIVERSITY ADVOCACY AND ACTIVITIES

62% of respondents' organizations are engaged at some level with advocacy organizations. Advocacy organizations such as CAMSC, WEConnect, cglcc, WBE Canada, and others can help companies access tools, knowledge, and development programs to grow their programs. They provide access to industry peers with experiences in navigating each stage of a program's maturity.



### THE JOYS OF SUPPLIER DIVERSITY

The impact a for profit organization can have to drive change in the communities we operate.









The success of implementing a new supplier that demonstrates costs savings, diverse thinking and positive results.



Opportunity to meet new and innovative suppliers.







success that



Making an impact in the communities while seeing our customers happy.





**Engaging diverse** suppliers offer experience and knowledge from different perspective.

supplier.io





More small diverse suppliers awarded contracts to create real economic change in their communities."



More corporations implementing Supplier Diversity programs"

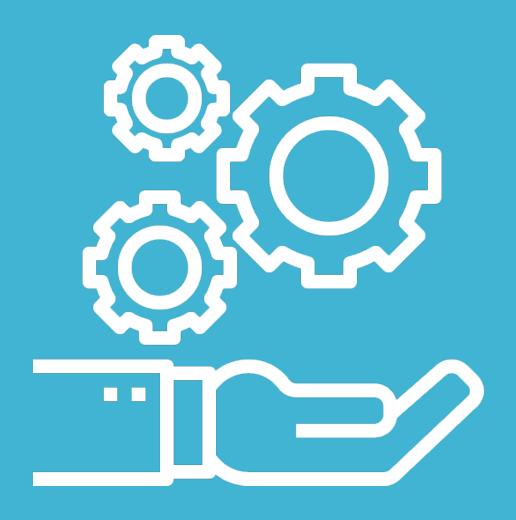
Scale Supplier Diversity globally." **66** Increase diverse supplier spend and inclusion for bids."

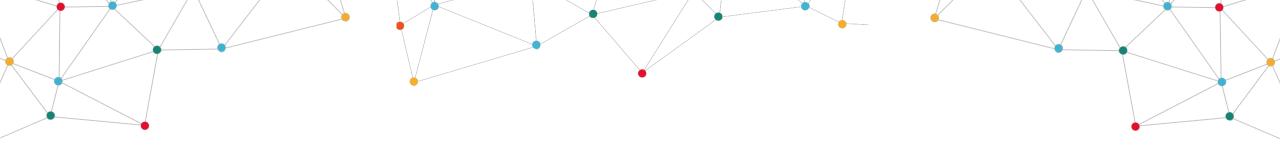
**66** More awareness of the value of certified diverse suppliers."



### CONCLUSION

Awareness of supplier diversity and its benefits is growing among Canadian firms. With support from advocacy organizations, Canadian firms adopting supplier diversity in increasing numbers. As the ecosystem to support these initiatives grows stronger, Canadian firms have the opportunity to drive considerable economic benefits to their diverse communities.





supplier.io offers solutions that help companies unlock the full potential of their Supplier Diversity programs.

Visit our website at supplier.io or call us at 708-236-2000 to learn more.

### supplier.io



info@supplier.io



708.236.2000



supplier.io







Any redistribution or reproduction of part or all of the contents in any form is prohibited other than the following: (i) you may print or download to a local hard disk extracts for your personal and non-commercial use only, and (ii) You may not, except with our express written permission, distribute or commercially exploit the content. Nor may you transmit it or store it in any other website or other form of electronic retrieval system.